KOREA

Physical and Social Geography

JOHN SARGENT

The total area of Korea is 223,337 sq km (86,231 sq miles), comprising the Democratic People's Republic of Korea (North Korea), the Republic of Korea (South Korea) and the demilitarized zone (DMZ) between them. North Korea has an area of 122,762 sq km (47,399 sq miles) and South Korea an area of 99,313 sq km (38,345 sq miles). The DMZ covers 1,262 sq km (487 sq miles). The Korean peninsula is bordered to the north by the People's Republic of China, and has a very short frontier with Russia in the north-east.

PHYSICAL FEATURES

Korea is predominantly an area of ancient folding, although in the south-east, where a relatively small zone of recent rocks occurs, a close geological similarity with Japan may be detected. Unlike Japan, the peninsula contains no active volcanoes and earthquakes are rare.

Although, outside the extreme north, few mountains rise to more than 1,650 m, rugged upland, typically blanketed in either pine forest or scrub, predominates throughout the peninsula. Cultivated lowland forms only 20% of the combined area of North and South Korea.

Two broad masses of highland determine the basic relief pattern of the peninsula. In the north the Changpai Shan and Tumen ranges form an extensive area of mountain terrain, aligned from south-west to north-east, and separating the peninsula proper from the uplands of eastern Manzhou (Manchuria) in the People's Republic of China. A second mountain chain runs for almost the entire length of the peninsula, close to, and parallel with, the eastern coast. Thus, in the peninsula proper, the main lowland areas, which are also the areas of maximum population density, are found in the west and south.

The rivers of Korea, which are short and fast-flowing, drain mainly westwards into the Huang Hai (Yellow Sea). Of the two countries, North Korea, with its many mountain torrents, is especially well endowed with opportunities for hydroelectric generation. Wide seasonal variations in the rate of flow, however, tend to hamper the efficient operation of hydroelectric plants.

In contrast with the east coast of the peninsula, which is smooth and precipitous, the intricate western and southern coasts are well endowed with good natural harbours, an asset which, however, is partly offset by an unusually wide tidal range.

CLIMATE

In its main elements, the climate of Korea is more continental than marine, and is thus characterized by a wide seasonal range in temperature. In winter, with the establishment of a high pressure centre over Siberia and Mongolia, winds are predominantly from the north and north-west. North Korea in winter is extremely cold, with January temperatures falling, in the mountains, to below −13°C. Owing to the warming influence of the surrounding seas, winter temperatures gradually rise towards the south of the peninsula, but only in the extreme southern coastlands do January temperatures rise above freezing point. Winter precipitation is light, and falls mainly in the form of snow, which, in the north, lies for long periods.

In the southern and western lowlands summers are hot and humid, with July temperatures rising to 26°C. In mid-summer violent cloudbursts occur, often causing severe soil erosion and landslides. In the extreme north-east summers are cooler, and July temperatures rarely rise above 17°C.

Annual precipitation, of which more than one-half falls in the summer months, varies from about 600 mm in the north-east to more than 1,500 mm in the south.

NATURAL RESOURCES

Although 70% of the total area of Korea is forested, high-quality timber is virtually limited to the mountains of North Korea, where extensive areas of larch, pine and fir provide a valuable resource. Elsewhere, excessive felling has caused the forest cover to degenerate into poor scrub.

Korea is fairly rich in mineral resources, but most deposits are concentrated in the north, where large-scale mining operations were begun by the Japanese before the Second World War. In North Korea the main iron-mining areas are located south of Pyongyang, and in the vicinity of Chongjin in the extreme north-east.

Throughout Korea many other minerals, including copper, sulphur, lead, zinc, tungsten, gold, silver and magnesite, are mined.

POPULATION

At mid-2003 the estimated population of North Korea was 22,522,000, while that of South Korea was 47,849,227, giving a combined total of some 70m. The population of the Korean peninsula has thus more than doubled since 1954, when the combined total was 30m.

Population density is higher in South Korea (481.8 per sq km in 2003) than in North Korea (an estimated 183.5 per sq km in 2003), but mean density figures conceal the crowding of population on the limited area of agricultural land, which is a salient characteristic of the geography of South Korea.

In 1970 about 40% of the population of South Korea was concentrated in cities with populations of 100,000 and over. According to the final results of the census of 1 November 2000, Seoul, the capital of South Korea, had a population of 9,853,972, while Busan, with 3,655,437 inhabitants, was the second largest city, followed by Daegu (2,473,990) and Incheon (2,466,338). In 1985 the urbanization rate was 65%, with 24% of the population concentrated in Seoul.

According to the 1993 census results, the population of Pyongyang, the capital of North Korea, was 2,741,260. Apart from Pyongyang's port of Nampo (population 731,448 in 1993), the other two principal cities are Hamhung (709,730) and Chongjin, the leading port of the north-east coast (582,480).

History up to the Korean War

ANDREW C. NAHM

HISTORICAL BACKGROUND

Political History

Tribal units of the Puyo people (later known as Koreans) emerged in c. 3000 BC, when the Tungusic people migrated into south Manzhou (Manchuria) and the Korean peninsula, bringing with them their Ural-Altaic tongue, shamanistic religion and a palaeolithic culture. A mythological figure named Dan'gun is said to have consolidated tribal units into a 'kingdom' named Joseon in the northern part of Korea in 2333 BC. Ancient Joseon of the Dan'gun, the Kija and the Wiman dynasties lasted some 2,225 years, but it was overthrown by the Chinese in 108 BC. The Chinese colonies in the north-western region of Korea lasted until the fourth century AD.

A new kingdom of Goguryeo, which emerged in 37 BC in the southern region of Manzhou, along the Yalu River, and later extended into the Korean peninsula, ended Chinese domination in Korea and successfully defended its territory against Chinese aggression in the late sixth and early seventh centuries. Meanwhile, tribal federations which existed in the central and southern regions of the peninsula were consolidated into the kingdoms of Baekje and Silla in 18 BC and 57 BC respectively, ushering in the 'Three Kingdom' period in Korean history.

Silla destroyed Baekje in 663 ADand Goguryeo in 668, in collaboration with China, so unifying Korea. However, the kingdom of Goryeo, which rose in the central region in 918, brought about the demise of Silla in 935. Korea (Corea) is the Western version of Goryeo. During the Goryeo period the political system became similar to that of China, and in the 13th century Korea became a vassal to China, then ruled by the Yuan dynasty (established by the Mongol conquest).

In 1392 Gen. Yi Song-Gye overthrew the Goryeo dynasty, which had suffered invasions by the Khitans in the 10th century and by the Mongols in the 13th century. He established the Yi dynasty and renamed the kingdom Joseon, with Seoul as the new capital. The Yi dynasty brought the entire Korean peninsula and the island of Jeju (Cheju) under its rule, and it governed the kingdom with a Confucian bureaucracy manned by an élite class of scholar-officials. Korea became increasingly Confucianized as a vassal to China, then under the Ming dynasty.

While the power struggle among scholar-officials and between the monarchy and bureaucracy weakened the foundation of the nation, Korea suffered much from Japanese invasions in the late 16th century and Manzhou invasions in the early 17th century. Following the opening of Korea to the West in 1882, an international power struggle developed in Korea, initially between China and Japan, and then between Russia and Japan. The Japanese victories in the Sino-Japanese War of 1894–95 and the Russo-Japanese War of 1904–05 virtually sealed the fate of Korea, although nationalistic reformists made gallant efforts to save the sinking nation.

Despite the repeated invasions of foreign aggressors, Korea maintained its independence and preserved its national territory. However, in 1905 Korea became a Japanese protectorate, and in 1910 was annexed by Japan, ending the rule of the Yi dynasty as well as Korea's independence. The Japanese colonial rule in Korea was highly repressive and exploitative. Freedom of speech and press was non-existent, human rights were completely disregarded, farm lands were confiscated under various pretexts, economic and educational opportunities were extremely limited, and Korean workers and peasants alike were exploited under the repressive rule of the Japanese.

The Koreans retaliated in various ways. On 1 March 1919 some 2m. Koreans demonstrated peacefully, expressing their desire to be free from Japanese colonialism and to restore national independence under the principle of self-determination and the concept of 'one people, one nation'. A provisional government of Korea in exile (established in Shanghai in April 1919), and various non-violent as well as militant organizations of overseas Koreans, kept alive hopes for the eventual restoration of the Korean nation.

Economic and Social Development

An agricultural life developed during the bronze and iron ages (c. 2000 BC–200 AD), and a fully-fledged agricultural economy grew during the 'Three Kingdom' period, when land was monopolized by the aristocrats and cultivated by peasants who constituted the majority of the population. Domestic commerce did not develop until after the 10th century, but foreign trade with China and Japan had flourished during the 'Three Kingdom' and the unified periods.

The anti-commercialism of Confucianism did not encourage commercial economy to grow. However, as cities and towns expanded during the Yi period, government-approved commercial enterprises, as well as rural markets and fairs, increased in number, and cottage industries developed rapidly. Land continued to be owned by the gentry class (*yangban*), and cultivated by peasants and slaves.

Social evolution brought about the stratification of the people into the landed gentry and the toiling masses. The toiling masses were classified into 'good people' or 'common people', who were engaged in agriculture, and 'the low-born', who were engaged in trade, manufacturing of goods and other lesser occupations. The *yangban* formed the educated and land-owning class of the Yi period, and provided all high-ranking government officials. The 'middle people' class provided the middle- and lower-ranking officials. Only those who passed the civil service examinations were qualified to be government officials during the Yi period.

Modern commerce and industry developed during the Japanese colonial period. Food production was accelerated to feed the ever-growing number of Japanese as an increasing amount of Korean rice was exported to Japan. Rapid industrial growth came after the Japanese invasions of Manzhou and China proper in the 1930s. With this, the number of industrial workers increased rapidly as the influence of the gentry class diminished.

Cultural History

During and after the period of Chinese domination of the north-western region of Korea, the sinification of Korean culture occurred. Buddhism, which migrated from China to Korea during the third century AD, reached its zenith following the unification of Korea by Silla. Many historic and renowned Buddhist temples, pagodas, statues of Buddha and Buddhist writings were produced by the Koreans during the 'Three Kingdom' and the unified Silla periods.

Buddhism became the state religion of Goryeo. With the growing influence of Buddhism, book-printing techniques became advanced and sophisticated. *Tripitaka Koreana*, a Buddhist text of over 81,000 pages, and other Buddhist works were printed in Korea with movable type (wooden and metal blocks) in the 13th and 14th centuries.

Confucianism spread slowly but, after the establishment of the Tang dynasty in China in the early seventh century, Confucian influence grew strong in Korea. The increasing influence of Chinese culture had led to the development of native songs, called *hyangga*, as well as the creation of a system of writing Korean words in Chinese, called *idu*, during the unified Silla period. During the Goryeo and Yi periods, scholarship grew rapidly as more books on early Korean history, geography and other subjects were published by Confucian scholars. All scholarly books were written in the Chinese language.

The adoption of neo-Confucianism as the state creed and rapid Confucianization of political and social patterns and institutions during the Yi period brought about a sudden decline of Buddhism. At the same time, the growing number of public and private schools of Confucian and Chinese learning, and the

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introduction of the Chinese civil service examination system, resulted in the rise of an educated élite.

The adoption and promulgation of a new Korean script, commonly called *han'geul* ('Korean Letters'), by King Sejong in 1446 constituted an important milestone in the cultural history of Korea. With this, the Korean form of poetry, called *sijo*, flourished, as it enabled more Koreans to become literate.

The *Sirhak* ('Practical Learning') school of reformist Confucian scholars not only stimulated the development of a new interpretation of Confucianism, but also Korean studies, including historical and geographical studies, during and after the 17th century. Genre and folk painters, together with folk musicians, dancers and players, contributed greatly to the preservation, and also to the growth, of a distinctive Korean folk culture during the Yi period, as novels and travelogues, written in *han'geul*, appeared.

The arrival and growth of Roman Catholicism and the 'Western Learning' after the 18th century, and the establishment of contacts with the West after 1882, led to the modernization of Korea. The creation of a modern educational system and the introduction of Western culture during the late Yi and Japanese colonial periods brought about a rapid increase of an educated population, and the growth of modern culture and the number of Christians.

The Japanese endeavoured to impose their culture on Korea by forcing Korean people to adopt Shintoism and to change their names to read like Japanese names. Efforts made by the Japanese to destroy the language and the racial and cultural identity of the Koreans were to no avail.

Liberation and Partition

On 15 August 1945 the Japanese surrendered to the Allies. The Cairo Declaration of December 1943, issued by the British and US leaders and Chiang Kai-shek of China, had stated that 'in due course Korea shall become free and independent'. The USSR accepted the Cairo agreement, but proposals made by the USA in 1945 led to the division of Korea into two military zones: the area south of the 38th parallel line (latitude 38°N) under US occupation and the northern area under Soviet control.

The Japanese Governor-General in Korea had persuaded Yo Un-Hyong, a prominent left-wing nationalist (socialist), to form a political body to maintain law and order at the end of the Japanese colonial rule. The Committee for the Preparation of the National Construction of Korea was thus organized. After Japan's surrender, Korean political prisoners were freed and the committee began to function as a government. Provincial, district and local committees were organized to maintain law and order. On 6 September 1945, two days before the arrival of US occupation forces, the committee called a 'National Assembly' and established a 'People's Republic of Korea', claiming jurisdiction over the whole country. Meanwhile, Soviet troops, which had entered Korea in early August, quickly moved southward as they crushed Japanese resistance, and within a month the entire northern half of Korea had come under Soviet occupation.

The US occupation authority accepted the surrender of Korea from the Japanese Governor-General, but, unlike the Soviet authorities in the North, refused to recognize the legitimacy of either the 'People's Republic' or the provisional Government of Korea, based in China. The United States Army Military Government in Korea (USAMGIK) was established and operated until the proclamation of South Korea's independence in August 1948.

Exiled political leaders returned to Korea toward the end of 1945—Dr Syngman Rhee from the USA, Kim Ku and Dr Kim Kyu-Sik from China, and Kim Il Sung and other communists from the USSR and China. Pak Hon Yong, a communist who had been released from Japanese imprisonment, quickly formed the communist South Korean Workers' Party in the US-occupied zone. Freedom of political activity permitted by USAMGIK resulted in a proliferation of political parties and social organizations of all political orientations, each vying for prominence. USAMGIK attempted in vain to bring about a coalition of moderate nationalists and the non-communist left wing.

In December 1945 representatives of the United Kingdom, the USA and the USSR entered into the Moscow agreement, providing for a five-year trusteeship for Korea under a four-power regime (China was the fourth power), with a view to establishing an independent and united nation of Korea. Despite violent anti-trusteeship demonstrations, the Allied occupation authorities resolved to implement the Moscow plan. Then, abruptly, the communists throughout Korea changed their attitude in favour of the Moscow plan, splitting the Korean people into two opposing camps. In the US-occupied zone left-wing organizations created serious political and economic problems. Communist-directed labour strikes became widespread, and terrorism of both right- and left-wing organizations became rampant.

A joint US-Soviet commission was formed to establish a national government of Korea in consultation with Korean political and social organizations. The first session of the joint commission was held in Seoul, the capital of the South, in March–May 1946. The Soviet delegate insisted that only 'democratic' organizations should participate and that only organizations which supported the Moscow agreement were 'democratic'. It became clear that the USSR sought to establish a national government of Korea dominated by the communists. In May 1947 the second session of the joint commission, held in the northern capital, Pyongyang, similarly failed to achieve any agreement and in June the commission's business was suspended indefinitely.

Realizing that the establishment of Korean unity and of a national government was a remote possibility, USAMGIK adopted new plans for South Korea. The Soviet occupation authority likewise proceeded to establish a client regime under Kim Il Sung. All anti-Soviet and anti-communist organizations were either dissolved or placed under communist leadership. A centralized, communist state began to emerge in the North, as Kim Il Sung formed his own party in defiance of Pak Hon Yong, head of the South Korean Workers' Party, whose headquarters were in Seoul.

The USA established a South Korean interim Legislative Assembly in late 1946, and in May 1947 an interim Government was created, both under moderate nationalists. These actions were bitterly criticized by right-wing leaders such as Dr Rhee and Kim Ku. The relationship between the USA and the right-wing nationalists worsened, while terrorist activities created an extremely uneasy situation. Several prominent politicians were assassinated. Neither the interim Legislative Assembly nor the interim Government was effective, for both were regarded by the conservative nationalists as US protégés attempting to prolong the US military occupation of Korea.

In September 1947 the US Government discarded the Moscow plan and placed the Korean question before the UN. The UN General Assembly formed the UN Temporary Commission on Korea in November and authorized it to conduct a national election in Korea to create a national government for the whole country.

The UN decision was welcomed by the USA and by most people in South Korea. The Soviet occupation authority and the Korean communists in the North, however, rejected the UN plan, and did not allow the UN Temporary Commission to visit North Korea. It soon became apparent that the UN plan would not work in the whole of Korea, and the Commission adopted an alternative plan to hold elections in those areas where it was possible, namely in South Korea only. It was assumed by the Commission that UN-sponsored and supervised elections would be held in the North in the near future, that a National Assembly created by the first democratic elections in Korea would represent the entire country, that the government to be established would be that of all Korea, and that the people in the North would elect their representatives to the National Assembly at a later date.

Whereas the right-wing nationalists welcomed such an alternative plan, the moderate and progressive nationalists, such as Kim Kyu-Sik, the head of the Democratic Independence Party, as well as Kim Ku, an extreme right-wing nationalist, vehemently opposed it, fearing that it would turn the temporary division of Korea into a permanent political partition. They visited North Korea and talked with Kim Il Sung and other communists, but failed to achieve their objective.

The Soviet authorities in the North had already begun to transfer power to the Supreme People's Assembly and the Central People's Committee, both established in early 1947. Dr Rhee's organization, the National Society for the Acceleration of Korean Independence, advocated the immediate independence

of South Korea. The UN-sponsored elections held in the South in May 1948 created a National Assembly heavily dominated by the right wing. About 7.5m. people, or 75% of the electorate, elected 198 of 210 representatives from the South, while 100 unfilled seats in the 310-member Assembly were reserved for North Korean representatives. The National Assembly drew up a democratic Constitution for the Republic of Korea. Dr Rhee was elected the first President of the Republic of Korea, whose legitimacy was immediately recognized by the UN. On 15 August 1948 the Republic of Korea was inaugurated, and the US occupation came to an end.

In August 1948 the communists in the North held an election and established the new 527-member Supreme People's Assembly of the Democratic People's Republic of Korea (DPRK), which was proclaimed on 9 September.

THE KOREAN WAR, 1950–53

(This section was contributed by the editorial staff)

US forces were withdrawn from South Korea in June 1949, leaving only a small military mission. South Korea's own forces were weaker than those of the North, which had been built up with Soviet help. Increased tension between the North and the South culminated in the Korean War, beginning on 25 June 1950, when a North Korean force of over 60,000 troops, supported by Soviet-built tanks, crossed the 38th parallel and invaded the South. Four days later the North Koreans captured Seoul; US forces, whose assistance was requested by the Seoul Government, arrived on 30 June.

In response to North Korea's attack, the UN mounted a collective defence action in support of South Korea. Armed forces from 16 UN member states, attached to a unified command under the USA, were sent to help repel the invasion. Meanwhile, the North Koreans continued their drive southwards, advancing so rapidly that they soon occupied most of South Korea, leaving UN troops confined to the south-east corner of the peninsula. Following sea-borne landings by UN forces at Incheon, near Seoul, in September 1950, the invaders were driven back and UN troops advanced into North Korea, capturing Pyongyang in October and reaching the Chinese frontier on the Yalu River in November.

In October 1950 the People's Republic of China sent troops to assist North Korea: 200,000 Chinese crossed the Yalu River into Korea, forcing the evacuation of South Korean and UN troops. The Chinese advanced into South Korea but were driven back by a UN counter-attack in April 1951.

Peace negotiations began in July 1951, but hostilities continued until an armistice agreement was concluded on 27 July 1953. The war caused more than 800,000 casualties in South Korea and enormous damage to property. The 1953 cease-fire line, roughly along the 38th parallel, remains the boundary between North and South Korea, with a narrow demilitarized zone (DMZ) separating the two frontiers.

THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

History

AIDAN FOSTER-CARTER

Based on an earlier article by ANDREW C. NAHM

INTRODUCTION

Strong nationalist leadership, with potentially large popular support, was available in North Korea when the Second World War ended. It consisted chiefly of democratically inclined, Western missionary-educated individuals, of whom the most outstanding leader was Cho Man Shik. In August 1945 the Japanese Governor in Pyongyang relinquished control to Cho and a newly formed Provincial People's Committee. In the same month Soviet troops reached Pyongyang, accepted the legitimacy of the committee, and approved Cho as Chairman of the Five Provinces Administrative Bureau, formed to act as the indigenous government organ for North Korea.

In September 1945 Kim Il Sung, a young communist who had led a guerrilla group of Korean communists in south-eastern Manzhou (Manchuria), returned to Korea with Soviet troops. Kim, however, had to cope with the 'domestic' communists who challenged his 'Kapsan' or 'partisan' faction. Two further groups of communists returned to North Korea following its liberation from the Japanese: one associated with the Soviet Army known as the 'Soviet faction', the other from Yanan, China, under the leadership of Kim Tu Bong of the Korean Independence League. In the early power struggle among the communists, Hyon Chun Hyok, the leader of the 'domestic' faction, was assassinated in September 1945. In the following month Kim Il Sung formed the North Korean Central Bureau of the Korean Communist Party (KCP) in order to consolidate his political position. In this he received covert support from the USSR.

Cho Man Shik organized the Korean Democratic Party (KDP), which received the support of the majority of the people, but his uncompromising stand against the Moscow plan for a five-year trusteeship of the Allied powers led to his downfall in January 1946. He was promptly placed under house arrest, and many members of the KDP fled to South Korea.

After the departure of the nationalists, a North Korean Provisional People's Committee was established in February 1946, with Kim Il Sung as Chairman and Kim Tu Bong as Vice-Chairman. The USSR accorded government status to the Committee. Kim Tu Bong formed the New People's Party (NPP) in March, to expand his power base, and managed to increase his party's membership. In July the North Korean Central Bureau of the KCP and the NPP merged to form the North Korean Workers' Party, with Kim Tu Bong as its Chairman and Kim Il Sung as Vice-Chairman. Real power, however, was in the hands of the latter.

In early 1947 the Supreme People's Assembly (SPA) was established as the highest legislative body in North Korea, and the Assembly, in turn, established a Central People's Committee to exercise executive authority. The Committee's first major act was to direct land reforms. No real attempts were made to establish collective farms, and the land which was distributed to landless peasants became the private property of the cultivators. It was not until the end of the Korean War, in 1953, that the agricultural 'co-operativization' programme was inaugurated. Land reform was followed by the nationalization of industry, transport, communications and financial institutions.

In early 1948 Pak Hon Yong, with other leaders of the communist South Korean Workers' Party, fled from the South when the party was outlawed by the US occupation authority. Pak, who enjoyed strong support from the 'domestic' faction, felt that he, instead of Kim Il Sung, should lead the movement in Korea. However, he was unable to achieve his objectives, and he grudgingly accepted a position subordinate to that of Kim.

THE ESTABLISHMENT OF THE DEMOCRATIC PEOPLE'S REPUBLIC

After refusing to allow the United Nations Temporary Commission on Korea to visit North Korea and to conduct elections there, Kim Il Sung established a separate, pro-USSR state. In August 1948 elections were held in the North for a new SPA. The newly created Assembly drafted a Constitution, ratified it on 8 September and proclaimed the Democratic People's Republic of Korea (DPRK) on the following day. Kim Il Sung was named Premier, while Pak Hon Yong was made Vice-Premier and Minister for Foreign Affairs. In June 1949 the merger of the North Korean Workers' Party and the South Korean Workers' Party brought about a unified communist party, the Korean Workers' Party (KWP), with Kim as its Chairman and Pak as its Vice-Chairman. The establishment of the DPRK entrenched the temporary military division of Korea as a permanent political partition. The USSR announced the withdrawal of its troops from North Korea, completing the process in December 1949. However, a large number of Soviet advisers in various fields remained.

During 1950 North Korea substantially increased the size and strength of its armed forces with Soviet supplies. In June the North Korean invasion of the South precipitated the Korean War (see p. 506), inflicting great damage on both sides. During and after the unsuccessful attempt to conquer South Korea, Kim Il Sung purged many of his enemies, including Pak Hon Yong. Conflict among the surviving communist leaders, however, did not end, and Kim Tu Bong remained a formidable figure. Kim Il Sung's economic reconstruction programme, which emphasized the development of heavy industry, met strong opposition. The debate lasted until 1956, when Kim Tu Bong fell from power. Meanwhile, the 'Yanan' faction attacked the growing personality cult of Kim Il Sung; he counter-attacked, forcing some 'Yanan' communists to flee to China. The USSR and China effected a temporary reconciliation, but leaders of the 'Yanan' faction were systematically relegated to less important posts or eased entirely out of power. By 1958 it had ceased to pose any further threat, and Kim Il Sung continued to consolidate his position of unassailability during the following decade.

DEVELOPMENTS DURING THE 1970S

Following the announcement of the 1972 joint North-South agreement to open dialogue for the peaceful unification of the peninsula, the KWP proposed amendments to the Constitution. General elections to the fifth SPA were held in December. The newly elected representatives adopted a socialist Constitution, and elected Kim Il Sung and Kim Il as President and Premier, respectively. For the first time, the North Korean Constitution stated the capital to be Pyongyang, not Seoul. It also elevated the Central People's Committee, headed by the President, to become the highest organ of state, while an Administration Council, headed by the Premier, was established as the DPRK's cabinet.

In 1973 North Korea gained observer status at the UN. This status nullified both the branding of North Korea as an aggressor in 1950 and the view that the Government of South Korea was the only lawful government in Korea. Both Koreas

were invited to the UN General Assembly in November 1973 for a debate on the Korean question. North Korea was also given membership of the UN Conference on Trade and Development in May 1973.

In February 1974 the Central Committee of the KWP launched the 'Three Great Revolutions': ideological, technical and cultural. It emphasized the promotion of a self-orientated, self-reliant and independent ideology, or *juche* thought. The KWP also reorganized the structure of the Administration Council and reshuffled its membership twice in 1974. Kim Yong Ju, younger brother of Kim Il Sung, who had been regarded as heir apparent, was demoted in the party hierarchy, while Kim Il Sung's son, Kim Jong Il, rose in rank as a possible successor to his father. Significantly, a military leader, Gen. O Jin U, also rose in rank within the KWP.

One of North Korea's major objectives in the mid-1970s was the intensification of diplomatic activity to strengthen ties between non-aligned nations. The ministerial conference of the Non-aligned nations in Lima, Peru, in August 1975 voted to accept North Korea's application for participation.

Economic problems increasingly troubled the Pyongyang regime. Critical shortages of food and commodities were reported in the mid-1970s. In 1977 North Korea signed a new trade pact with the People's Republic of China, and an economic and technical co-operation agreement with the USSR. It was reported that the USSR had made large shipments of military goods to North Korea and had sent technical advisers in 1977.

During 1978 an important ideological-political campaign was undertaken to strengthen *juche* thought. A renewed drive to promote the 'Three Revolutions' was reportedly led by Kim Jong Il. In April a new socialist labour law was promulgated, which called for a change in the way of life for workers—eight hours of work, eight hours of rest, and eight hours of study of Kim Il Sung's *juche* thought.

The visits to Pyongyang by China's then Premier, Hua Guofeng, and his Vice-Premier, Deng Xiaoping, in 1978, and the trade agreement between Pyongyang and Beijing, seemed to improve Sino-North Korean ties. China reportedly promised to supply more petroleum and greater economic assistance. Pyongyang dealt cautiously with the new Sino-US relationship and, while criticizing the Vietnamese invasion of Kampuchea (now Cambodia), eschewed any comments on China's punitive war against Viet Nam.

The new trade agreement between Moscow and Pyongyang, Vice-President Pak Song Chol's visit to the Soviet capital in January 1979, and increasing contacts between Soviet and North Korean military leaders appeared to indicate a growing solidarity between the two countries. North Korea provided special privileges to the USSR in the port of Rajin on the north-eastern coast, making it a Soviet 'leased' territory and a Soviet naval base.

THE EMERGENCE OF KIM JONG IL

After conducting intense campaigns to select reliable and loyal supporters of Kim Il Sung's son, Kim Jong Il, as delegates, the Sixth Congress of the KWP met in early October 1980, the first such congress since 1970. Many significant structural and personnel changes in the party hierarchy were made. Although Kim Jong Il was not officially designated as successor to his father, as anticipated, he became a key member of several crucial committees in the party. A new five-member Standing Committee of the Political Committee (Politburo) of the Central Committee of the KWP was established, and Kim Il Sung became its Chairman, thus strengthening the concentration of power in the hands of a few. Many new members of the Central Committee and its subcommittees were supporters of Kim Jong Il, and it was reported that those who opposed his succession to power were removed from other key positions in the party, Government and military.

In April 1981 elections were held for members of provincial, city and county people's assemblies in the usual manner: one candidate named by the KWP for each position and a 100% turnout of voters. In February 1982 elections were held to the SPA, and the Seventh Assembly emerged in early April. It approved the reappointment of the President, three Vice-Presidents, the Premier and 13 Vice-Premiers, but, contrary to expectations, it failed to name Kim Jong Il as a Vice-President.

Shortly before the convening of the SPA, the Central Committee of the KWP met, followed by a joint conference in mid-April 1982 of the Central Committee and the SPA. Both meetings failed to resolve the question of succession. Meanwhile, the power struggle intensified between the respective supporters of Kim Jong Il and his half-brother, Kim Pyong Il, son of Kim Il Sung's second wife. While the political turmoil surrounding the issue of succession increased instability in North Korea, several armed clashes between the military and workers occurred in Chongjin, in the north-east, in September 1981, followed in June 1982 by civil disturbances in Nampo, near Pyongyang, involving Koreans who had come to North Korea from Japan. Some 500 workers were reported to have been killed in the clashes in the north-eastern regions, while many fled into Soviet territory. For undisclosed reasons, an emergency meeting of the Central Committee of the KWP was convened in April 1982, and it was reported that some 12 generals and a large number of party leaders were purged in July. Furthermore, Choe Hyon, an experienced politician and a key member of the Central Committee of the ruling KWP, died in April, amid rumours that he had been murdered. However, Gen. O Jin U, a staunch supporter of Kim Jong Il, was retained as Minister of the People's Armed Forces.

It became known in April 1982 that there were several concentration camps for political dissidents and 'undesirables' in north-east Korea. More than 100,000 persons, including 23,000 Koreans who emigrated from Japan to North Korea, were reported to have been among the internees. (A report issued in January 1992 by the US Department of State estimated there to be a total of 12 concentration camps in North Korea, in which between 105,000 and 150,000 political prisoners were being detained.)

THE 1980s: SURVIVAL OF THE STALINIST REGIME

Elections were held in March 1983 to choose members for the local people's committees. The second session of the Seventh SPA met in April and elected Rim Chun Chu as Vice-President, succeeding Kang Ryang Uk. At the same time, it elected Yang Hyong Sop as Chairman of the SPA. Both were believed to be trusted supporters of Kim Jong Il.

The defection of a North Korean airman, in his fighter aircraft, to South Korea in February 1983, a labour uprising in Yanggang (North Hamgyong Province) and mass riots among workers in Wonsan (Kangwon Province) in April created serious domestic problems. It was reported that some 500 air force officers were purged on charges of disloyalty. As a result of the Rangoon (Yangon) bombing incident of October 1983 (see below), which was allegedly planned by North Korean agents, the intra-party struggle between moderates and radicals intensified.

In January 1984 Ri Jong Ok was dismissed from the premiership, a post he had held since 1977, and replaced by Kang Song San. Ri became a Vice-President. In early March 1984 Vice-President Kim Il, who had been critical of the junior Kim, died after a long illness. His death effectively marked the conclusion of the period of dominance by the 'old guard' of political leaders who had been associates of Kim Il Sung before he came to power.

The Government took a significant economic step in September 1984, announcing a new joint-venture law. It sought capital investment in North Korea on the part of foreign nations, particularly those of the West and Japan. This action was regarded as an admission of the failure of North Korea's 'self-reliant', closed economic policy. According to a Chinese source, the North Korean Government allowed some farmers to have private plots and fishermen to have private shops on a limited basis.

In August 1984 North Korea's official radio station confirmed, for the first time in a public broadcast, that Kim Jong Il would succeed his father as President, claiming that the transfer of power had been 'internationally acknowledged'. When the Central Committee met in early December, Kim Il Sung resumed direct control over economic and international affairs, including policy toward South Korea, which had been under the direction of Kim Jong Il. It was reported that there was conflict between

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the hard-line, pro-Soviet faction of the junior Kim, and the moderates who had been pro-China.

Frequent changes of personnel in the KWP Politburo and the Administration Council, effected during 1985 and 1986, were interpreted as an indication of North Korea's complex economic problems. In November 1986 unfounded reports that Kim Il Sung had been assassinated focused international attention on Pyongyang, and led to speculation that there had been an attempted *coup d'état*. However, stability was apparently restored promptly, and, after elections to the Eighth SPA, held in the same month (when its 655 members were elected unopposed), Kim Il Sung was re-elected President, and a new Administration Council was formed. Ri Kun Mo, a member of the Central People's Committee, became Premier, replacing Kang Song San.

In February 1988 Gen. Choe Kwang replaced Gen. O Kuk Ryol as Chief of General Staff of the Korean People's Army (KPA). Gen. O was regarded as a close ally of Kim Jong Il. His replacement by Gen. Choe, a veteran associate of Kim Il Sung, led to speculation among foreign observers that the President had strengthened his position to the detriment of his son, owing possibly to a series of economic failures for which the latter was allegedly responsible.

In December 1988 Ri Kun Mo resigned as Premier, reportedly because of ill health, and was replaced by Yon Hyong Muk, a former Vice-Premier and a member of the KWP Politburo. In late 1988 suspicions increased that Kim Il Sung was reclaiming much of Kim Jong Il's power in favour of Kim Pyong Il. However, in April 1989, when the then General Secretary of the Chinese Communist Party, Zhao Ziyang, visited Pyongyang, Kim Jong Il played a conspicuous diplomatic role.

In July 1989 North Korea hosted the 13th World Festival of Youth and Students, both in an attempt to enhance the country's international image, and, it was surmised, as a rival event to the Olympic Games held in Seoul in 1988. More than 15,000 delegates from 165 countries (including one student from South Korea) participated in the festival, which was the largest international event ever staged in North Korea.

The announcement in February 1990 that elections to the SPA would be held on 22 April, six months ahead of schedule, led to renewed speculation that Kim Il Sung was preparing to transfer presidential power to Kim Jong Il. In the event, however, Kim Il Sung was re-elected President, although the junior Kim did acquire his first state (as distinct from party) post: in late May he was elected First Vice-Chairman of the National Defence Commission, a body responsible to the Central People's Committee.

Following the elections to the SPA, the number of seats in the Assembly was increased from 655 to 687. In a concession to statistical impossibility, the electoral turn-out was put at only 99.78%, rather than the usual 100%, excluding those abroad or at sea. All 100% of those who did vote, however, were claimed to have supported the single approved list of candidates.

CRACKS IN THE MONOLITH

Compared with the momentous developments in inter-Korean and foreign relations in the early 1990s (see below), North Korean domestic politics showed few overt signs of change during the same period. Recurrent speculation that Kim Jong Il would formally take over from Kim Il Sung reached a peak in early 1992, when father and son celebrated, respectively, their 80th and 50th birthdays, but once again proved premature. The younger Kim's role did, however, become more emphasized, and there was a noticeable intensification of 'loyalty campaigns' for the promotion of his personality cult. In December 1991 Kim Jong Il was appointed Supreme Commander of the KPA, a post hitherto constitutionally reserved for the President. One month later, a major policy statement issued in the junior Kim's name declared North Korea's unwavering allegiance to socialism (notwithstanding its demise elsewhere), including an explicit rebuttal of any market-orientated economic reforms.

Such public continuity and defiance, however, scarcely concealed the pressures for change in a country increasingly isolated and impoverished. Defectors (including the first diplomat ever to do so) revealed that even major enterprises were often inoperative owing to shortages of power and raw materials, and that senior officials were now openly critical of party economic policy. Rumours of unrest also continued. Japanese press reports that young Soviet-trained army officers had, in February 1991, attempted a coup against Kim Jong Il were predictably denied in Pyongyang. Better attested were demonstrations in the north-western border town of Sinuiju in August by some 7,000 people, protesting against food shortages and working conditions.

During 1992 several measures, seemingly designed to quell discontent, were adopted by the Government. In February, immediately before Kim Jong Il's customarily lavish birthday celebrations, it was announced that wages were to be increased by an average of 43.4%. Two months later, the SPA approved the budget for 1992, which included an increase of 11.6% in expenditure on social welfare (compared with an increase of only 3.5% in the 1991 budget). Efforts to placate the armed forces were also apparent. In April 1992 the celebrations of Armed Forces Day were given an unusually high profile, and included the first military parade in seven years and promotions for several hundred senior officers. In the same month Kim Il Sung was given the title of Grand Marshal, while his former rank of Marshal was conferred on Kim Jong Il and on O Jin U, Minister of the People's Armed Forces and hitherto Vice-Marshal.

There was a minor reshuffle of the Administration Council in December 1992, which included the replacement of Yon Hyong Muk as Premier by Kang Song San, an economist who had previously held the post in 1984–86. His appointment was interpreted by foreign observers as an attempt to provide fresh stimulus for economic reform. However, the fact that Kang was neither seen in public nor mentioned for several months subsequently led to speculation that his reputed reformist tendencies had fallen foul of close confidants of Kim Jong Il.

Two further promotions at the same time raised hopes of a liberalization in Pyongyang. Both Vice-Premier Kim Tal Hyon and Kim Yong Sun attained candidate (alternate) membership of the Politburo. Moreover, the former, who had impressed his hosts during a business-orientated visit to South Korea in July 1992, relinquished responsibility for external economic affairs to become Chairman of the State Planning Commission. In April 1993 Kim Yong Sun, who (as the KWP's international secretary) had also impressed foreign opinion, replaced Choe Tae Bok as the party's secretary for reunification. Initial hopes for a new openness proved unfounded, however, since from late 1992 North Korea reverted to more hard-line positions.

Legislative changes showed a similar ambivalence. In October 1992 the SPA adopted three new laws on foreign investment and joint ventures. However, the overall commitment to centrally planned socialism remained unchanged, and indeed was constantly reaffirmed. Meanwhile, certain constitutional amendments had been made in April 1992, although they were not published (except several months later in South Korea). Principal among the changes were the deletion of the last remaining references to Marxism-Leninism, and the upgrading of the National Defence Commission (now chaired by Kim Jong Il, and the highest military organ of state power) to become the most senior executive body below the President.

The first party youth congress in 12 years was held in February 1993, amid fulsome pledges of loyalty to both the 'Great Leader' (Kim Il Sung) and the 'Dear Leader' (Kim Jong Il). No full KWP congress had been convened since 1980, possibly because North Korea's crises were by then so deep that such a gathering could not be successfully staged. Furthermore, the country's growing economic hardships were reflected in the budget for 1993, which envisaged substantially reduced increases in expenditure as compared with 1992. Both Kim Il Sung's birthday and that of his son were much less lavishly celebrated in 1993 than in the previous year.

Kim Jong Il was not seen in public between late April and late July 1993, when he re-emerged for the 40th anniversary of what North Korea proclaims as its 'victory' in the Korean War. There were reports that he had been treated for a heart condition (related to his alleged unhealthy lifestyle). An intriguing alternative version was that he had suffered a nervous breakdown after an upbraiding by his father on account of various policy errors, above all North Korea's threatened withdrawal from the Treaty on the Non-Proliferation of Nuclear Weapons (see below).

Important economic and political changes took place at the end of 1993. In what may have been the first admission ever of failure by Pyongyang, the KWP Central Committee announced, in early December, that the Seven-Year Plan (1987–93) had not been fulfilled. It was to be followed by a three-year 'adjustment period', giving priority to agriculture, light industry and foreign trade. As scapegoat for these economic failures, Kim Tal Hyon was removed from his post of Chairman of the State Planning Commission and reportedly allocated the even more onerous task of directing the Sunchon Vinalon Works—a perennially underperforming favourite project of Kim Il Sung. His replacement was the previously unknown Hong Sok Hyong, who formerly managed the Kimchaek Iron and Steel Complex (the largest in the country).

What attracted most attention was the return to political life of Kim Il Sung's younger brother, Kim Yong Ju, after a 17-year absence, as both a full member of the Politburo and one of four state Vice-Presidents. Kim Yong Ju's reappearance now, however, was interpreted less as the emergence of a rival to Kim Jong Il than as evidence of a continuing need to bolster the 'Dear Leader' as successor, with the overt backing of such a senior figure. Also appointed as Vice-President was Kim Pyong Shik, a returnee from Japan, who earlier in 1993 had assumed the chairmanship of the 'puppet' Korean Social Democratic Party.

The hardships of ordinary North Koreans, meanwhile, intensified, and in 1994 the trickle of defectors increased both in quantity and 'quality', the latter including two sons-in-law of government ministers. All painted a grim picture of deteriorating economic conditions and tight political control. The former was confirmed by the 1994 budget, which for the second successive year anticipated only modest increases in expenditure. It was revealed, however, that actual spending on social services in 1993 had needed to be greater than that originally budgeted for.

THE DEATH OF KIM IL SUNG AND BEYOND

Questions as to how long the world's last remaining Stalinist regime could endure unchanged acquired a sharp new focus in mid-1994. On 8 July, after almost 46 years in power, Kim Il Sung died, reportedly of a heart attack. Amid extraordinary scenes of mass mourning, Kim Jong Il was named as head of the funeral committee and, as in the past, he was generally referred to as the inheritor of his father's work. North Korea's first year without its founding 'Great Leader' presented a mixture of continuity and ambiguity. Continuity was evident in the style of the regime, where internally the cult of Kim Il Sung continued unabated, culminating in his embalmed body being placed on display in his former palace, now referred to as the 'holy land of *juche*'. There was continuity, too, in personnel, with few major new appointments among the ruling élite. The second most powerful figure in the regime, Marshal O Jin U, died in February 1995; his successor as Minister of the People's Armed Forces, Marshal Choe Kwang, was announced only in October. North Korea's stance toward the wider world also displayed elements of continuity, with characteristic militancy of rhetoric shown toward South Korea, Japan and the USA.

However, there was also growing ambiguity in North Korean political life. More than a year after the death of Kim Il Sung, his son and heir-presumptive, Kim Jong Il, had still not been officially appointed to any of the three top posts: General Secretary of the KWP, state President, and Chairman of the party's Central Military Commission. This was not the only failure of due process. General elections to the SPA (due to have been held by April 1995) did not take place, and the Assembly (still operational, albeit technically unconstitutional) failed to hold its annual meeting to consider the state budget. Amid increasingly unconvincing excuses of the need to observe a period of national mourning, the official media continued to treat Kim Jong Il as *de facto* leader, particularly in 1995, referring to him as the 'Great Leader'. Kim, however, remained as reclusive as ever, invisible to public view for long periods at a time. His appearances were confined mainly to army units and military occasions, which suggested that Kim's acceptance by the armed forces was not yet complete. The rise to prominence in early 1995 of several Vice-Marshals of the KPA, who were believed to be sympathetic to Kim, was interpreted as a further attempt by Kim to enhance his prestige among the military. Meanwhile, speculation continued that Kim Jong Il was in poor health. As in the past, there were rumours of coup attempts and popular unrest.

At the same time, however, there were signs of attempts to change. These included an international sports festival, held in Pyongyang in April 1995, which was attended by several thousand foreign visitors. More substantially, the nuclear agreement with the USA, signed in October 1994 (see below), gradually began to be implemented in the ensuing months, despite many difficulties. North Korea also expanded efforts to attract foreign (including South Korean) firms to invest in its only free economic and trade zone, at Rajin-Sonbong, in the north-east of the country. However, hopes for a more general turn toward economic reform, as in China and Viet Nam, remained unfulfilled. Rather, works by Kim Jong Il continued to inveigh against private ownership, pluralism and any effort to 'pollute' pure socialism.

The impression that North Korea was lacking in any form of effective leadership continued into 1996. Despite several occasions when Kim Jong Il might have been officially inaugurated, no ceremony took place. Kim Jong Il continued to be treated by the media as *de facto* leader, and to appear periodically, both at major state occasions and local 'guidance' visits. As before, these visits were confined mainly to army units.

Analysts' opinions were divided as to whether the 'Dear Leader' was quietly consolidating his power, was the hesitant arbiter of an ongoing struggle between hard-liners and reformers, or merely a figurehead for senior officers in the KPA. There were several indications that the military were in the ascendant. In October 1995 the 50th anniversary of the KWP was celebrated more as an army than a party affair. At official events, senior Vice-Marshals were given higher precedence than party and state representatives. One of these, Kim Kwang Jin, made two extremely bellicose speeches in March and July 1996, warning that it was only a matter of time before an inter-Korean war broke out, and threatening that North Korea would be the first to attack. In other respects, however, such as the nuclear issue (see below), North Korea was pragmatic and co-operative.

There was little overt sign of the problems attendant upon any political succession. Two senior figures, Vice-President Kim Yong Ju and Premier Kang Song San, hardly appeared in public in the first half of 1996; yet in July both were cited as still in office, with their membership of the Politburo intact. Kim Jong Il was said to favour some Vice-Ministers, such as the First Deputy Minister of Foreign Affairs, Kang Sok Ju, who seemed to be acting as Minister—for example, with regard to nuclear negotiations—while his nominal superior, Kim Yong Nam, appeared on ceremonial occasions.

The uncertainties over the situation in North Korea were not confined to the higher echelons of society. Ordinary citizens saw their already spartan living standards further eroded as the economy, still unreformed, contracted throughout the 1990s. Furthermore, the main farming areas in the west of the country were badly damaged in August 1995 by the worst floods of the century, forcing the 'hermit kingdom' to appeal for help from the international community. Foreign aid workers were given unprecedented access to the country, and were impressed by the degree of organization of the Government and the stoicism of the people, in the face of ever-worsening living conditions. Further flooding in mid-1996 threatened to exacerbate an already critical situation.

It was also clear, however, that, apart from the natural disaster, North Korea's major problems—both in agriculture, and on a more general level—were structural, and thus demanded bold new policies of reform. Without such steps, even in this most controlled of societies, there could be no guarantee that an ever more impoverished citizenry would remain quiescent indefinitely. The growing numbers of defectors, albeit perhaps surprisingly few, were an indication of the worsening situation.

This curious combination of political uncertainty and economic decline persisted well into 1997. Despite earlier indications, the third anniversary of Kim Il Sung's death passed in July without the formal inauguration of Kim Jong Il. However, the mourning period was officially declared to be over, prompting renewed speculation that the junior Kim would soon succeed his father officially, although some analysts regarded it as too risky to essay the pomp and circumstance of a 'coronation'

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while the country suffered serious famine. Nevertheless, in April 1997 Kim Jong Il presided over a typical parade in Pyongyang, taking the salute (in front of Western television cameras, for the first time) from goose-stepping soldiers who did not appear to be noticeably underfed.

None the less, questions persisted as to who, if anyone, was really leading North Korea. A 'leaked' speech by Kim Jong Il, published in Seoul in April 1997, revealed him to be well aware of his country's plight (not least, the food shortages) and its vulnerability. Yet he disavowed any responsibility for the economy, declaring that his job was to guide the party and army. The latter aspect was clearly more in evidence: most of Kim's appearances were still on military occasions and the role of the KPA (both symbolic and real) continued to increase, including the drafting of soldiers to assist with farming.

The long-delayed reshuffle seemed to be under way in February 1997, when the defection of the senior leader, Hwang Jang Yop (see North-South Relations), appeared to precipitate a spate of morbidity. Both the Minister of the People's Armed Forces, Marshal Choe Kwang, and his deputy, Kim Kwang Jin, died within a week of one another. The latter was replaced by the head of the navy, Vice-Marshal Kim Il Chol, who by late 1998 had also assumed the responsibilities of Choe Kwang. The most powerful man in the military was evidently Vice-Marshal Jo Myong Rok, head of the KPA Political Bureau and Kim Jong Il's constant companion.

Meanwhile, North Korea's condolences on the death of the Chinese leader, Deng Xiaoping, in February 1997 were sent by Hong Song Nam as acting Premier, implying that Kang Song San had been dismissed. The impression of a purge was strengthened by Choe Kwang's funeral committee, from which several senior, pro-reform figures were absent. Besides Kang, these included the former Premier, Yon Hyong Muk, and the Minister of the Metal Industry, Choe Yong Rim. Perplexingly, however, all these absentees subsequently reappeared (if briefly) at major ceremonies in April and July. To mark the third anniversary of the passing of the 'Great Leader', North Korea introduced a new 'Juche' calendar, starting from 1912, his year of birth. If Pyongyang's aim was to keep the world guessing as to its true intentions, it certainly succeeded.

From late 1997 there were some signs of moves towards political normalization, at least by North Korea's own standards. The official rationale was that, following the end of the three years of official mourning for Kim Il Sung, normal life could now resume. Thus, on 8 October, Kim Jong Il at last assumed one of his late father's two vacant posts, becoming General Secretary of the KWP. The manner of his elevation was, however, unorthodox, being by acclamation at a series of provincial party conferences, rather than through election by the Central Committee, as laid down in the KWP's rules. There was still no sign that the Central Committee had actually met since Kim Il Sung's death, and there was no immediate prospect of a full party Congress, none having been convened since 1980. The legislature, however, was revived. The elections for the SPA, which should have been held in 1995, finally took place on 26 July 1998. As ever, the electorate was presented with a single list of candidates, which it reportedly endorsed unanimously: some 99.85% of electors voted (that is, all North Koreans except those who were abroad or at sea), and fully 100% of voters supported the candidates.

The 10th SPA was duly convened in September 1998, the 50th anniversary of the foundation of the DPRK; the expected and long-awaited appointment of Kim Jong Il as President did not, however, occur. In an unexpected move, the Constitution was amended to elevate Kim Il Sung posthumously to the rank of 'Eternal President' and thus perpetual Head of State. The chairmanship of the National Defence Commission (the highest military office, to which Kim Jong Il had been re-elected, having stood for election in a military constituency) was defined as the most senior position in the state hierarchy. Kim Jong Il consequently assumed the role of *de facto* Head of State, while remaining in the shadow of his father. The 10th SPA, like the Ninth, had 687 members. Usually the number increases at each election, so there was speculation that famine had taken its toll on population growth. Of the 687 members, as many as 443 (or 64%) were new, indicating that Kim Jong Il was at last able to promote his own generation and supporters. Military predominance was striking, with some 50 younger generals included among the new deputies. The composition of the assembly was also a guide to the ongoing power struggles in Pyongyang. Absentees included Kim Song Ae, Kim Il Sung's widow (and Kim Jong Il's stepmother); Kang Song San, at last officially replaced as Premier by Hong Song Nam (as part of the extensive government reorganization of September 1998); and several officials who in the past had handled relations with South Korea, including Kim Tal Hyon (who had been regarded as a possible candidate for the premiership). On the other hand, Vice-President Kim Yong Ju, Kim Jong Il's uncle and once his rival for the succession, retained an SPA seat despite being all but invisible since the death of his brother, Kim Il Sung.

Politics in North Korea also proceeded behind the scenes and by harsher means. Several reports claimed that So Kwan Hi, the long-serving party secretary for agriculture, had been executed during late 1997, presumably as a scapegoat for the ongoing food crisis. The head of the youth league, Choe Ryong Hae (a friend of Kim Jong Il since childhood), was purged in January 1998 after reports that several youth league officials had been executed for spying for South Korea. It was reported in October that Kim Jong U, formerly the reformist Chairman of the DPRK Committee for the Promotion of External Economic Co-operation, had been executed.

In April 1999 the SPA resumed the annual sessions to consider the budget, which had lapsed since the death of Kim Il Sung in 1994. Unusually, some 50 of the newly elected members were absent, prompting speculation of continuing purges. The budget itself gave only broad magnitudes, but these revealed that both revenue and expenditure had declined by one-half in the five years since figures were last published: a fact that passed almost without comment. The SPA approved a new economic planning law during the same session. Several other economic laws were also announced during 1999, covering specific areas such as agriculture, forestry, and even fish-breeding. Most of this legislation appeared to codify rather than alter existing arrangements, and gave the impression of a 'rearguard action' by the centre, to try to exert control over an economy which *de facto* had become increasingly anarchic, as the old planned economy had broken down. The revised Constitution of September 1998 gave slightly more scope to private enterprise and market forces, but the amendments failed to keep pace with the actual situation, even though in theory the DPRK remained bonded to communism and hostile to any explicit market reforms. In June 1999 a major policy statement proclaimed a 'military-first' policy, giving defence absolute priority.

Kim Jong Il himself remained elusive, although his 'on the spot guidance' broadened from visits to military bases to include more economic sites (many of them run by the military). He continued to delegate the task of meeting foreigners to Kim Yong Nam, the former Minister of Foreign Affairs, in his new capacity as President of the SPA Presidium. From mid-2000, however, Kim Jong Il adopted a less reclusive attitude and a startling change of image, if only for the purposes of external display. Within two months he met the heads of state of China, South Korea and Russia, while his polite but affable manner at the North-South summit meeting, which took place in mid-June, impressed television viewers in South Korea. His behaviour was also revealing when entertaining South Korean media executives, whom he had invited to Pyongyang in August. Accounts of this lengthy luncheon showed the North Korean leader as effusive, yet still enigmatic and somewhat eccentric.

How, when, or even whether North Korea's apparent new openness to the outside world would be translated into domestic political and/or economic change remained ambiguous. Hitherto, Kim Jong Il had explicitly and frequently inveighed against reform as a betrayal of socialism. He hinted to his Southern guests, however, that a long-overdue KWP Congress would be held in late 2000, at which the party's statutes might be changed to excise the goal of communizing South Korea, despite the fact that this would necessitate the purging of officials loyal to his late father, Kim Il Sung. However, the Congress was not held or further mentioned. While the KWP formally remained the ruling party, its real power in relation to either the military or Kim Jong Il's circle was not evident. Nor was it clear who served on the Politburo, or even whether the Central Committee met regularly.

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The ambiguity continued in 2001, which began promisingly with a clearly business-orientated visit by Kim Jong Il to Shanghai, China (see below), and the publication by him of maxims emphasizing the need to adapt to new times. However, by late 2001 none of this had been implemented. In fact, the year was largely devoid of overt domestic political activity of any kind. In April 2001 the SPA met for just one day, instead of the usual three. As well as passing a budget, the few figures of which suggested that the economy might have stabilized, the SPA ratified laws on copyright and the processing trade, although no details of these were given. This failure to change suggested fierce debate behind the scenes. Seoul press sources reported that Kim Yong Sun, the party secretary in charge of dialogue with South Korea, spent a week under arrest in March 2001 before Kim Jong Il ordered his release. The implication was that the initial hostility of the new US Administration under President George W. Bush undermined North Korea's more reform-minded figures and strengthened the position of its hard-liners: this interpretation was supported by the suspension of talks with South Korea (see below). Meanwhile, the world had its first glimpse of yet another Kim, the 'Dear Leader's' son and reputed heir, Kim Jong Nam, in an incident that did little to improve North Korea's reputation for bizarre behaviour. In May 2001 the young Kim and his family were detained on entering Japan at Narita airport, having been found to be travelling under false names and on fake Dominican Republic passports. They admitted their identity, stated that they hoped to visit the Disneyland theme park, and were swiftly deported to Beijing. This embarrassment seemed a set-back to possible plans to appoint Kim Jong Nam as his father's official successor.

In March 2002 the Kim Il Sung Socialist Youth League met for the first time in six years. Amid much mention of the need to inherit revolutionary traditions, no details were announced. In April it became known that Shin Il Nam, hitherto a Vice-Minister of People's Security, had been appointed Vice-Premier and Chairman of the Commission for Capital Construction. In August Japanese sources reported that a different son, Kim Hyon (also known as Kim Hyon Nam), had been appointed head of the KWP's propaganda and agitation department. If confirmed, this was the same route by which the young Kim Jong Il had begun his ascent to power, and might herald Kim Hyon's position as heir-apparent.

The year 2002 also witnessed two major anniversaries: Kim Jong Il's 60th birthday—in Korea a key event, called *hwan'gap*—in February, and the 90th anniversary of his late father's birth, in April. Both were celebrated with the usual lavish displays. This ceremonial mode continued with North Korea's largest ever mass arts and gymnastics festival, *Arirang*, held from May to August. Despite denials, this appeared as if it was intended to counter the football World Cup in South Korea; yet poor marketing meant that few foreign visitors attended. Substantive politics was harder to discern. As in 2001, the SPA convened for just a single day, in March. Besides approving the budget, it discussed an (unrevealed) 'organizational matter', and approved a law on land management, thought to be aimed at curbing illicit private use of land and resources, a practice that had spread since the famine of the late 1990s.

The latter part of 2002, however, brought radical changes in economic management, possibly auguring a long-awaited definitive turn to reform. No formal announcements had been made; officials, when pressed, spoke of 'perfecting socialism'. Thus, the full scope of the innovations was unclear. Their core consisted of drastic increases in prices, broadly to match those in the 'black market', and concomitant—but lesser, and uneven—wage increases. Some subsidies remained in place, but in general people and firms alike were thenceforth required to pay, and firms allowed to charge, the real cost of goods and services.

Sceptics suggested that the aim was to curb, not enhance, the free market: for instance, to get household savings, often held at home in US dollars or Chinese yuan, back into won and into banks. Yet other reports implied deeper change, including rumours of experimental private farm projects (the form in which market reform began in China). Also hopeful was the designation in the latter part of 2002 of three new special economic zones. One, at Sinuiju in the north-west on the Chinese border, was swiftly aborted by China's arrest of its first head (see Foreign Relations, below). The other two were the Hyundai group's established tourist concession at Mount Kumgang in the south-east, and a planned industrial export zone at Kaesong in the south-west, close to Seoul (see North-South Relations). Remarkably, in the domestic economy downsizing of unproductive labour was said to extend even to the Party, at least at the 'grass roots'; with drastic reductions in the hitherto ubiquitous and intrusive apparatus of political and guidance secretaries, agitprop teams, and the like in enterprises and even in the KPA. Such measures were highly likely to have political repercussions. It was believed that, if successful and well received, the measures might be extended, and in due time proclaimed as a new turn; perhaps at the long-awaited KWP Congress. If the measures were to prove unsuccessful, on the other hand, some analysts feared hyperinflation and that the result might destabilize the regime.

Instability was not, however, in evidence in 2003: a year when domestic politics was overshadowed by a growing nuclear crisis (see Foreign Relations). The year began in militant style, with a joint editorial of the three main daily newspapers hailing the 'Great Banner of Army-Based Policy' and warning soldiers to 'combat illusion about the enemy and peace'. State television reported on 14 January that of Kim Jong Il's 207 'on-the-spot guidance' visits in 2002, more than half (120) were to military units. In brief mention of the economy, the new year joint editorial called for seeking 'the largest profitability while firmly adhering to socialist principles': a seeming effort to square the circle. As nuclear tensions grew, Kim Jong Il—perhaps fearing the fate of Saddam Hussain in Iraq—disappeared from public view for seven weeks between 12 February and 3 April: his second longest absence after his three months' sequestration in 1994 following the death of his father Kim Il Sung. He thus missed the celebrations for his 61st birthday on 16 February, and—unusually—the annual SPA spring session on 26 March. As had become the norm, the SPA met for just one day, which sufficed to approve both that year's budget and the report by the Minister of Finance on the previous year's budget. Never generous with statistics, this time Mun Il Bong did not provide a single useful figure, but only percentages—presumably because of problems in reconciling data before and after the massive devaluation of July 2002. For 2003, a planned rise in spending of 14.4% was to be financed by North Korea's first bond issue in half a century. This was unlikely to be voluntary, suggesting yet another effort by the regime to gain access to private household savings. The SPA also adopted—unanimously, as always—five bills earlier approved by its Presidium (which meets when the SPA is not in session): on military service, city planning, accounting, rivers, and 'structures'. No further details, much less full texts, were given. Conditions of military service, hitherto lengthy and harsh, were said to have been eased, but with action against draft evaders.

In February 2003 South Korean sources claimed that a campaign was under way to promote another of Kim Jong Il's sons, Kim Jong Chul, born in 1981, as his heir. The evidence was typically indirect and esoteric: a KPA study document in August 2002 praised an unnamed 'respected mother' who 'assists the comrade supreme commander closest to his body'. This was interpreted as a reference to Kim Jong Il's current partner, Ko Yong Hui, a returnee from Japan and former dancer, who is Kim Jong Chul's mother. Little was known of Kim Jong Chul, except that he studied in Switzerland and was said to hold—despite his youth, but like his father before him—a key post in the KWP's agitation and propaganda department. Kim Jong Il's marital history appeared complex, with reports of at least two other sons by different partners.

Normality, by North Korean standards, was seen in elections held on 3 August 2003 for the SPA as well as provincial and local councils. Unlike the last SPA election in 1998, which was three years late, this reverted to the five-yearly intervals stipulated in the Constitution. Typically, a 99.9% turnout was proclaimed—only those abroad or 'working on the far-off seas' could not participate—and 100% voted for the single list of candidates. Kim Jong Il cast his ballot at Kim Il Sung Military University, whose candidate (unsurprisingly) was a KPA officer. The 'Dear Leader' himself was elected by another military constituency; he apologized to voters elsewhere that the rules forbade him to accept the nominations which all 687 constituencies had unanimously bestowed upon him. As in 1998, at least half the

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deputies were reported to be new members. Separately, in July the elderly Minister of People's Security, Paek Hak Rim, had been replaced by Choe Ryong Su, whose background was unknown. Other posts rotated in 2003 included the Ministry of Education, where Kim Yong Jin replaced Pyon Yong Rip, and the heads of the Sinuiju and Kaesong special economic zones and of Nampo, the port for Pyongyang. It was believed that this last trio of appointments might lead to more economic opening. In an important development, in June, the role of markets had for the first time been officially acknowledged; the official Korean Central News Agency (KCNA) carried a photograph of a large covered market under construction in Pyongyang.

When the 11th SPA convened a month after its 'election', on 3 September 2003, it endorsed a partial cabinet reorganization, mainly of economic portfolios. Pak Pong Ju, hitherto Minister of Chemical Industry, replaced Hong Song Nam as Premier. In his former post Pak had visited South Korea in 2002 in an economic delegation, impressing his hosts. Also on that trip were Pak Nam Gi, who moved from managing the State Planning Commission (SPC) to chairing the SPA budget committee; and Kim Kwang Rin, promoted from SPC Vice-Chairman to replace him. Two new Vice-Premiers were appointed: Ro Tu Chol, whose background was unknown, and Jon Sung Hun, who was previously Minister of Metal and Machine-Building Industries; he was replaced by his Vice-Minister, Kim Sung Hyon. There were also new Ministers of Agriculture, Ri Kyong Sik; Power and Coal Industry, Ju Tong Il; and Culture, Choe Ik Gyu. Not for the first time, the composition of the new Cabinet raised hopes that pragmatic technocrats might be gaining in power over ideologues.

There were changes, too, on the National Defence Commission (which outranks the Cabinet). Three aged generals left the body. They were replaced by the new Minister of People's Security, Choe Ryong Su, and by a hitherto unknown official, Paek Se Bong. Yon Hyong Muk, a former Premier and rare civilian on the National Defence Commission, became a Vice-Chairman, replacing the Minister of the People's Armed Forces, Vice-Marshal Kim Il Chol, who remained an ordinary member of the Commission.

As the full SPA met for only a few days each year, most legislative business continued to be conducted by its Presidium. The latter's officials were unchanged, but four of the 11 ordinary members were new. Most notable was a return by Hong Sok Hyong, a former chief planner and alternate Politburo member, appointed party secretary in North Hamgyong in the north-east, the province worst affected by famine and the source of most migrants to China. Other new members were Kim Kyong Ho, secretary of the youth league, which underwent a major purge; Pak Sun Hui, who chaired the women's union; and Pyon Yong Rip, the former Minister of Education who had moved earlier in the year to head the Academy of Sciences. Of the four Presidium members ousted, only one was known to have transferred to a new post: Ri Kil Song, formerly party secretary in South Pyongan province, was appointed as Procurator-General. While it is hard to identify any political trend in this turnover, there was satisfaction in Seoul that at least five figures prominent in inter-Korean dialogue had also became members of the SPA.

Soon after the SPA meeting, Kim Jong Il again went to ground. After the DPRK 55th anniversary ceremonies on 9 September 2003, he was not seen again until 21 October. He thus missed, unusually, the other main autumn festival: the KWP's 58th anniversary, on 21 October. Once more rumours abounded: that his consort Ko Yong Hui was ill with cancer, and that a power struggle was taking place for the succession between Kim Jong Chul and another hitherto unknown son, Kim Jong Un, aged only 20. According to a book by Kim Jong Il's former sushi chef, Kenji Fujimoto, the 'Dear Leader' favoured the latter, regarding the former as effeminate.

Questions were also raised by the death of one of Kim Jong Il's closest aides, Kim Yong Sun, on 26 October 2003. A party secretary and long-serving senior diplomat, Kim had latterly been in charge of North-South links. He had been in a coma since a road accident in June; there was speculation that this followed one of Kim Jong Il's parties. The urbane and able Kim was likely to be much missed.

Hopes of a technocratic turn were not borne out by the 1 January 2004 joint editorial of three main daily newspapers, which set a political course for the New Year. As summarized by KCNA, this called for 'giving top priority to increasing the military muscle'. Other goals included strengthening the defence industry, and mounting 'a strong counter-attack on the imperialists in the ideological and cultural fields'. Three 'fronts' of struggle were highlighted: politics and ideology, anti-imperialism and military affairs, and economy and science—in that order. Reflecting these priorities, a Japanese source claimed that among Kim Jong Il's 86 'on-the-spot guidance' trips in 2003—said to be a reduction from 117 in 2002; the official figure was 207 (see above)—the number that were military-related increased from 24 to 56, or 65% of the total.

In April 2004 Japanese reports claimed that Kim Jong Il's brother-in-law Jang Song Taek, hitherto a key confidant, had been demoted following a disagreement with the Premier. Jang had reportedly criticized recent reforms as inviting 'unhealthy ideas from outside'. Jang was not part of Kim Jong Il's entourage when he visited Beijing in April. Ambivalence over reform was evident at the SPA's usual spring meeting to review the budget, in March. As in 2003, not a single meaningful figure was given, but only a few percentages. Premier Pak Pong Ju called for profitability to be ensured—alongside socialism and 'the fighting trait and working method created by the People's Army', with priority going to the defence industry. There was thus no change in the avowed military-first policy; nor was any reference made to partial market reforms introduced since mid-2002.

On 22 April 2004 a serious railway explosion occurred at Ryongchon, near the Chinese border, just hours after Kim Jong Il had passed through on his way back from Beijing. Initial reports claimed 3,000 casualties, but the eventual official toll was 161 dead and more than 1,300 injured. This might have been lower, had the Government accepted international aid immediately. Nevertheless, for a state where news of accidents was routinely suppressed, the fact that North Korea allowed access to foreign aid workers two days after the accident was some progress. The official account stated that this had been a shunting accident: a short circuit had ignited flammable cargoes of fuel and fertilizer. Speculation of foul play, however, was rife. A ban in May on mobile telephones, permitted only 18 months earlier, was interpreted by some as reflecting suspicions that such a device had been used to trigger the explosion. A less conspiratorial view was that Kim Jong Il's special train had disrupted the usual timetables, thus contributing to the accident. Given the dire condition of North Korea's rail network and other infrastructure, the catastrophe was no surprise. Yet the dismissal on 10 July of the Minister of People's Security, Choe Ryong Su, after just a year in office suggested that concerns remained in this area. His successor was an army general, Ju Sang Song.

On 8 July 2004 a nation-wide three minutes' silence marked the 10th anniversary of the death of Kim Il Sung. In 1994 few had expected the DPRK to endure without its founding leader. Yet a decade later, Kim Jong Il appeared firmly in control of a state which, while belatedly embarking on partial reform, was still desperately poor and defiant of the international community, and whose long-term prospects remained uncertain.

With real (as opposed to ceremonial) politics as opaque as ever in Pyongyang, in the latter half of 2004 tensions behind the scenes were rumoured, especially in relation to the eventual succession to Kim Jong Il. In September there were reports that the 'Dear Leader's' main consort, Ko Yong Hui, had died aged 51, probably in July and from cancer. (In death, as in life, Ko Yong Hui received no public acknowledgement.) In November claims that Kim Jong Il's portrait was no longer to be seen in Pyongyang prompted speculation of a power struggle. Amid (unusually) conflicting comments in official media, the truth seemed to be that some portraits had been removed in sites frequented by foreigners, but elsewhere his visage remained ubiquitous.

Subsequently, reports from Austria claimed that in November 2004 a plot had been foiled there to assassinate Kim Jong Il's eldest son, Kim Jong Nam. Rarely seen since his unmasking in Japan in 2001, in December the latter (or someone purporting to be him) made e-mail contact with Japanese journalists who had previously encountered him at Beijing airport and given him their business cards. Admitting that he was based mainly abroad, he denied being in exile but would not divulge what

work he did. Regarding the succession, he said that no decision had been made but that his father's word would be final. These communications stopped abruptly after four days. There was speculation about rivalries between Kim Jong Nam and his younger half-brothers Kim Jong Chul and Kim Jong Un, sons of the late Ko Yong Hui. A further contender was thought to be Kim Hyon Nam, a natural son of the late Kim Il Sung by a nurse, later adopted by Kim Jong Il's brother-in-law, Jang Song Taek. The latter's demotion in 2004 might therefore, it was thought, have been connected to the issue of succession as well as policy differences. Other reports suggested that Kim Sol Song, the 'Dear Leader's' daughter by his official wife Kim Yong Suk, was also a potential successor. A trained economist, she was observed to accompany her father in 'on-the-spot guidance' visits and to provide him with advice.

There were signs of unrest in 2005 among the traditionally dormant 'grass roots' as well as among the élite. In January a South Korean non-governmental organization (NGO) released what it claimed were the first videotaped images of dissent in the North, including anti-regime posters and an interview with an alleged dissident. Some in Seoul questioned the tape's authenticity. Separately, the Japanese television channel NTT acquired a film apparently showing grim scenes (but no dissent) in the north-eastern city of Chongjin, including alcoholism among street children and public trials for rape, prostitution and robbery. Yet another video, broadcast in Japan in March, appeared to show two public executions of men who had tried to organize defections from North Korea. Official politics, meanwhile, remained largely ceremonial. There were the customary celebrations for Kim Jong Il's birthday in February and for Kim Il Sung's in April. For unexplained reasons, the SPA's regular spring session, scheduled for 9 March, was postponed at short notice; it was eventually held on 11 April. Kim Jong Il attended, having been absent in 2004. The 'Dear Leader' apart, the only dignitaries named as attending were Kim Yong Nam, Jo Myong Rok and Pak Pong Ju. For the third consecutive year, neither the Premier's economic report nor the budget speech contained a single solid statistic, suggesting that any reforms had been limited.

The latter half of 2005 saw the 60th anniversaries of two major events: the liberation of the Korean peninsula from Japanese occupation (on 15 August) and the foundation of the KWP (on 10 October). To mark the former, the *Arirang* mass gymnastics festival, held in 2002 to mark Kim Jong Il's 60th birthday and the 90th anniversary of the birth of his father Kim Il Sung (see above), was revived and enlarged. For this occasion, in early July the KWP's Central Committee and Central Military Commission issued some 185 new slogans. The overall tenor of these slogans was old-fashioned, triumphalist and militarist, suggesting disappointment for those hoping that North Korea's political system might be in the process of change.

NORTH-SOUTH RELATIONS

Relations (or the lack thereof) between North and South Korea must be understood against a very particular and, indeed, unique background. Both the Democratic People's Republic of Korea and the Republic of Korea still claim, as they have done ever since their founding in 1948, to be the sole legitimate government on the peninsula. Constitutionally and legally, each still defines the other as an enemy. Indeed, they remain technically at war, inasmuch as the Korean War (1950–53) concluded only with an armistice, not a peace treaty (and South Korea did not even sign the armistice).

Against that background, for most of the subsequent four decades both regimes not only eschewed all mutual contacts but also forced their citizens, on pain of draconian penalties, to do likewise. Quite unlike former East and West Germans, North and South Koreans have never been able to write to or telephone one another, let alone visit. Several million people have thus spent more than half a century utterly cut off from close relatives, not knowing if they are alive or dead. Each regime has also suppressed all but negative information about the other. As a result, over the years the two Koreas (unlike the two former Germanys) have become strangers as well as enemies, a fact that has added to the already huge incubus of mutual mistrust.

Only in the early 1990s did real signs of change begin to emerge. Previously there had been several attempts at dialogue, all abortive. The first began with secret visits in 1971, at which time both Korean states were alarmed by the recent US-Chinese *rapprochement*. This led to a joint statement on 4 July 1972, and the establishment of a South-North Co-ordinating Committee (SNCC). Red Cross talks also began, with the aim of arranging family reunions. Although SNCC meetings continued until 1975 and Red Cross talks until 1978, neither produced any result. The same was true of a further brief round of dialogue in 1979–80, during the democratic interlude in South Korea between the assassination of President Park Chung-Hee and Chun Doo-Hwan's coup.

Meanwhile, North Korea did nothing to enhance its trustworthiness, committing regular acts of aggression against the South. In August 1974 a North Korean resident of Japan shot at President Park, killing his wife. In the late 1970s South Korea discovered the existence of several tunnels, dug under the demilitarized zone (DMZ) separating the two countries, large enough for an invading force from the North. In October 1983, while on a visit to Rangoon, Burma (now Yangon, Myanmar), President Chun Doo-Hwan narrowly escaped an assassination attempt, which, however, killed 17 members of his entourage, including four cabinet ministers. The attack was believed to have been perpetrated by North Korean agents.

Perhaps because of the opprobrium incurred by the Rangoon bombing incident, North Korea subsequently adopted a different approach. What may have been intended only as a propagandist offer of 'aid' to South Korea, after severe floods occurred there in late 1984, was shrewdly accepted by Seoul. This led to a year of three-tiered dialogue in 1985, comprising economic, parliamentary and Red Cross talks. Only the last session yielded results, in the first reunion of separated families, which took place in September.

North Korea suspended all dialogue in early 1986 in protest against the annual 'Team Spirit' US-South Korean military exercises, and resumed its duplicitous policy: negotiating (unsuccessfully) with the International Olympic Committee to host part of the 1988 Seoul Olympic Games, only to bomb a South Korean civilian airliner in November 1987, causing the loss of 115 lives. None the less, South Korea's growing economic and diplomatic strength (symbolized by the full participation in the 1988 Olympics by China, the USSR and the countries of Eastern Europe, even though, at that point, none recognized the legitimacy of Seoul) brought the North back into the negotiating process, albeit sporadically. Red Cross talks resumed in 1988, although planned family reunions in late 1989 failed to take place. There was, however, some progress in the sporting arena. The first ever inter-Korean football matches were held in Pyongyang and Seoul in late 1990, and in the following year joint Korean teams participated in two international sporting events. However, North and South Korea sent separate teams to Spain to participate in the 1992 Barcelona Olympics.

Meanwhile, although there was no resumption of economic talks, in 1988 South Korea initiated indirect trade with the North. Direct inter-Korean trade, which began in late 1990, increased rapidly in 1991, and was equivalent to some US $210m. annually by 1992, when the South became the North's fourth largest trading partner (after China, Russia and Japan).

In the political arena, the first ever talks between the countries' heads of government finally took place in September 1990. The three such meetings in that year were largely symbolic, and the premiers did not meet again until October 1991. However, progress was made in mid-1991, when North Korea withdrew its long-standing objection to both Korean states joining the UN as separate entities (if only because it became clear that neither the USSR nor China would any longer veto South Korea's unilateral application). Both Koreas were thus admitted to the UN in September 1991. (They were already members of most of its specialized agencies, including FAO, WHO and UNESCO.)

At the resumption of the premier-level talks in October 1991, both parties agreed on the title, and envisaged provisions, of an accord governing future inter-Korean relations. Under the 'Agreement on Reconciliation, Non-aggression and Exchanges and Co-operation', which was signed in December and ratified in February 1992, North and South pledged, *inter alia*, to desist

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from mutual slander and sabotage, and to promote economic and other co-operation, as well as the reunion of separated family members. The accord was widely hailed as a milestone, and subsequent premiers' meetings, in May and September 1992, resulted in agreements to fulfil its provisions, as well as to establish several joint commissions.

Thereafter, however, relations worsened and the agreement remained largely unimplemented. In late 1992 South Korea was angered by the discovery on its territory of a large-scale Northern espionage operation, while North Korea criticized the South's decision to resume in 1993 the 'Team Spirit' exercises (which had been suspended in 1992). The projected ninth meeting of premiers in December 1992 was cancelled, and such meetings were not subsequently resumed.

The main impediment to a real improvement in inter-Korean relations was the question of suspected nuclear ambitions (see below). Although the accord of December 1991 omitted any reference to nuclear issues, a separate agreement was signed later that month to create a bilateral Joint Nuclear Control Committee (JNCC). This made no progress, however, with North Korea opposing the South's demand for unannounced inspections, while Seoul resisted Pyongyang's demand to open all the US bases stationed on its territory to Northern scrutiny.

The visit to South Korea of Kim Tal Hyon, the North Korean Vice-Premier in charge of trade and investment, who toured a range of factories and met prominent business leaders as well as the then President, Roh Tae-Woo, in July 1992, brought hopes of a breakthrough. While North Korea desperately needed Southern aid and investment, it still seemed reluctant or unable to convince the South (and indeed the world) that it had unequivocally abandoned any nuclear ambitions; indeed, prior to October 2002, it had always denied ever having had a military-nuclear programme. Such suspicions were only enhanced by Pyongyang's announced intention, in March 1993, of withdrawing from the Treaty on the Non-Proliferation of Nuclear Weapons, which it had signed in 1985 (see below). The nuclear issue continued to blight inter-Korean relations throughout the remainder of 1993, not least because of Pyongyang's insistence on negotiating with Washington rather than Seoul. There were contacts in the 'peace village' of Panmunjom (in the DMZ) in October 1993 and March 1994, but both proved abortive; at the latter, the chief Northern delegate threatened to reduce Seoul to 'a sea of fire'. This was on a par with other North Korean rhetoric, which included regular denunciations of the Southern President, not to mention a call by the Chief of General Staff of the KPA, Vice-Marshal Choe Kwang, in a speech to soldiers in late 1993, for 'reunification with guns'.

Despite tense relations between the two Governments, however, their companies continued to do business. Inter-Korean trade in 1993 totalled some US $195m., slightly less than in 1992. With more than 90% comprising Southern purchases, this represented an important source of revenue for Pyongyang. Although Seoul still banned its companies from strengthening these ties by investing in the North, the fact that businessmen from both Koreas were now in regular contact (mainly in China) provided some hope—as with Taiwan and the People's Republic of China—of a slow improvement in their political relationship, too.

Just such an improvement became dramatically apparent in June 1994, when the former US President, Jimmy Carter, returned from Pyongyang (see below) with an offer from Kim Il Sung for a summit meeting with his South Korean counterpart. Kim Young-Sam accepted with alacrity, and two highly successful planning meetings were held at Panmunjom. Following the death of Kim Il Sung on 8 July, however, the summit (which had been arranged for 25–27 July) was postponed. Not only did the summit not take place in the ensuing months (technically North Korea remained without a Head of State), but North-South relations became markedly worse. Pyongyang professed outrage when Seoul failed to issue any condolence on the death of Kim Il Sung and acted harshly against the few Southern radicals who did so. Northern denunciations of Kim Young-Sam, former dissident though he was, were, if anything, more virulent than they ever had been against the generals who preceded him.

The new bilateral relationship with Washington, engendered by the Geneva nuclear agreement of October 1994 (see below), had the advantage, from Pyongyang's viewpoint, of excluding Seoul—at least formally. Although this remained the North's official position, in practice by mid-1995 North Korea had accepted South Korean light-water reactors (LWRs) and engineers to build them. The North also continued business links with South Korean companies (if not with their Government), and in July 1995 13 technicians of the Daewoo conglomerate became the first Southerners since 1953 to settle in the North with both Governments' approval. The technicians were to supervise Daewoo's new export factory at the port of Nampo, a pioneer venture which other Southern firms were thought likely to emulate.

Yet the North's policy of ignoring or bypassing the South Korean Government was hardly sustainable as a long-term strategy, particularly in the light of the agreements signed in 1991–92 (albeit only partially implemented). In June 1995 North Korea appeared to have changed its tactics, accepting an offer of rice aid from the South, following a request for similar aid from Japan in the previous month (see below). However, the first ship was forced to fly the Northern flag on its arrival in the port of Chongjin (for which Pyongyang later apologized), while in August another Southern vessel was detained on spying charges. South Korea was aggrieved that its generosity did not elicit a similar spirit on the part of the North.

Such incidents embittered both the public and official moods in Seoul. When the floods of 1995 (see above) led to fresh appeals by the UN and the Red Cross for food aid to North Korea, South Korea was reluctant to oblige. The Government gave US $3m. in June 1996 and allowed small shipments from the Red Cross, but tried to prevent church groups and other private organizations from sending food aid to the North independently.

In so far as the rice aid of 1995 failed to herald the desired improvement in inter-Korean relations, both states shared the responsibility, albeit not equally. North Korea, which was willing to hold discussions and even sign agreements with the South in the early 1990s, had no convincing reason for its subsequent refusal of such dialogue. Its professed insistence on signing a peace treaty with the USA to the exclusion of South Korea, was patently unrealistic, while its continuous denigration of former President Kim Young-Sam was unacceptable practice by international standards. Yet the South Korean President was widely seen as having no clear or consistent strategy towards Pyongyang, oscillating between an uncompromising attitude and a more relaxed stance.

As ever, spies and refugees enlivened inter-Korean relations in the mid-1990s, while doing nothing to improve them. The report of Kim Dong Sik, a Northern agent captured after a gun battle in October 1995, was worthy of any spy novel; he landed by midget submarine after a decade of training, which had included the use of full-scale models of areas of Seoul. In July 1996 another alleged spy was arrested after living for more than a decade in South Korea disguised as a Lebanese-Filipino history professor. Two dramatic incidents affected inter-Korean relations during 1996–97. In mid-September 1996 a North Korean submarine ran aground off South Korea's east coast. In the ensuing manhunt, all but two of its crew of 26 died (some by their own hands, apparently; one was captured alive and one escaped). Seoul's fury was only assuaged in December when, pressed by the USA, Pyongyang perfunctorily apologized for what, it still claimed, was an accident caused by engine trouble. Then, in mid-February 1997, Hwang Jang Yop, one of North Korea's most senior leaders, sought asylum in the South Korean embassy in Beijing, while returning from a visit to Japan. Ranked 25th in the hierarchy, Hwang was the main theorist of North Korea's official ideology of *juche*, and was currently serving as party secretary and Chairman of the SPA foreign affairs committee. This defection was awkward for China, but the situation was eventually resolved by sending Hwang first to a third country, the Philippines, before allowing him to enter South Korea. Once in Seoul, Hwang warned that his former comrades were serious in threatening to attack the South. Even before Hwang's arrival, an earlier high-ranking defector had been assassinated near Seoul by unknown gunmen.

While both these events were set-backs for inter-Korean relations, there were also more positive signs. In particular, nuclear co-operation through the Korean Peninsula Energy Development Organization (KEDO) reached the stage where groundbreaking for construction of the new LWRs began in mid-August

1997. Several dozen South Korean engineers were already on site at Shinpo, Southern ships had delivered machinery and materials, and a telephone link with South Korea was in service. KEDO's office at Shinpo included the first South Korean diplomats ever to be based in North Korea.

In 1997 South Korea also appeared to be easing its restrictions on Southern businesses wishing to invest in North Korea. In May five more companies received permission to explore joint ventures. Though the parlous state of the Northern economy dampened optimism somewhat, in April North-South trade reached US $37.4m., its highest-ever monthly total. While infinitesimal to South Korea, annual trade of some $200m.–$300m. in the late 1990s sufficed to make it North Korea's third largest trading partner, after China and Japan. South Korea also announced its support for the North's bid to join the Asian Development Bank, which, however, was obstructed by Japanese opposition. Meanwhile, negotiations concerning the opening of North Korean airspace—only maritime hitherto—to flights to and from Seoul finally yielded results in April 1998, so that the tiny numbers of North and South Koreans in regular contact with one another began to include air traffic controllers.

In general, North Korea continued its venomous diatribes against the South and, in particular, Kim Young-Sam during 1997, while South Korea, for its part, appeared ambivalent, not to say inconsistent, over how to approach the North. This was particularly evident over the issue of North Korea's food shortage. Although South Korea did give some relatively small amounts of aid, both in response to UN appeals and bilaterally through the Red Cross (the latter including actual visits by Southern officials to the North, from China, to deliver 50,000 metric tons of grain), it often seemed more concerned either to play down the severity of the North's suffering, or to suggest that Pyongyang should help itself by spending less on the military and by privatizing the country's farms. This uncompromising approach placed Seoul somewhat at odds with the USA, where the Administration of President Bill Clinton remained committed to seeking engagement with Pyongyang and, in particular, to persuading it to enter four-way talks (see below).

The prospects for inter-Korean relations improved markedly with the election of Kim Dae-Jung as South Korea's President in December 1997. Kim Dae-Jung had long preached, and once in office immediately began to implement, a so-called 'sunshine' policy towards Pyongyang, involving consistent openness towards the North (while maintaining a strong security posture), in the belief that this would eventually elicit a positive response. The policy entailed a distinction between governmental and private (including business) contacts, and a much more relaxed attitude towards the latter whatever the vicissitudes of the former. The acknowledged model here is relations between China and Taiwan. The first official North-South talks since the death of Kim Il Sung (there had been others which were quasi-governmental) took place in April 1998. Held in Beijing to discuss a Northern request for fertilizer, the talks failed when South Korea linked this issue to its own demands for progress on family reunions. Yet, in a break from the past, Seoul made no effort to prevent the transfer of private Southern aid to the North. The pace of civilian and business contacts thus increased in 1998, even though the South's economic crisis took its toll on inter-Korean trade, which declined in the first half of the year by almost 50%, to US $77m.

During mid-1998 inter-Korean relations were dominated by dramatic, if contradictory, developments. In mid-June Chung Ju-Yung, the founder of the Hyundai group, South Korea's largest conglomerate, crossed the normally impenetrable DMZ at Panmunjom, bringing 500 cattle as a gift for his home town near Wonsan. During his week-long visit, Chung Ju-Yung also discussed a wide range of potential joint ventures between Hyundai and North Korean interests. The most dramatic involved a plan to run daily tour boats to Mount Kumgang, just north of the DMZ; this commenced in November 1998 and represented the first opportunity for South Korean tourists to set foot in the North. This breakthrough seemed jeopardized, however, when, during Chung Ju-Yung's visit to North Korea, a Southern fishing boat caught a small Northern spy submarine in its nets. When the submarine was eventually towed to port, its crew of nine were found to have killed themselves (or each other). Then in July, a dead North Korean frogman was found on a Southern beach. In the past such provocations would certainly have led Seoul to forbid Hyundai to continue with its plans. It was indicative of Kim Dae-Jung's imagination and courage that on this occasion no such linkage was made, and, after a short delay, Hyundai was allowed to proceed.

During 1999 Hyundai's tourism project proved a major advancement for the 'sunshine' policy, with more than 80,000 South Korean tourists making the journey north in the first eight months alone. There was, however, criticism that Hyundai's payments to Pyongyang—which were to total almost US $1,000m. over six years—might be funding the North's military. The growing scepticism in Seoul reflected the failure of 'sunshine' to generate wider warmth. In June 1999 fresh talks in Beijing on fertilizer and family reunions broke down, even though South Korea softened its stance and sent fertilizer without preconditions. Meanwhile, on 15 June the two Koreas' navies fought a brief gun battle for the first time since the Korean War. North Korean boats were fishing for crab in the Yellow Sea south of the Northern Limit Line (NLL), which Pyongyang did not accept, and, unusually, held their positions when challenged by Southern patrol boats. After several days of confrontation the South resorted to ramming, and the North opened fire; however, one of its boats was sunk (with a reported 80 dead) and three others were badly damaged. Remarkably, both the Beijing talks and fertilizer deliveries—by sea, close to the combat area—continued throughout, and despite, this contretemps. The gun battle may have reassured Kim Dae-Jung's domestic critics that 'sunshine' did not mean appeasement, and the policy remained in place. In August a workers' team from the militant Korean Confederation of Trade Unions was allowed to travel north to play soccer with Northern counterparts.

The 'sunshine' policy finally achieved results in 2000. In March Kim Dae-Jung's offer in his 'Berlin Declaration' of Southern aid to rebuild infrastructure in North Korea led to secret talks in China, and the announcement in April of the first ever North-South summit meeting. This momentous event duly took place on 13–15 June, after a last-minute 24-hour delay. Kim Dae-Jung made the first ever official direct flight between Seoul and Pyongyang. Kim Jong Il met him at the airport with a full honour guard of the KPA's three services. South Korean television viewers—but not their Northern counterparts, who saw only the formalities—marvelled at the friendly persona of a man hitherto viewed as a completely evil figure. After two days of public affability and private tough negotiations, the two leaders signed a brief declaration pledging further progress. The document's only substantive stipulation was the reunion of separated families, duly held on 15–18 August when two sets of 100 elderly Koreans flew in each direction to meet relatives whom they had not seen for 50 years. Two further reunions took place in December 2000 and February 2001 (but a third, scheduled for October, was cancelled). In the following month the first exchange of personal mail in over 50 years—involving some 300 letters from each side—was permitted between North and South Korean families.

The bilateral summit meeting and family reunions ushered in a wider inter-Korean peace process. Ministerial meetings to follow the summit began in Seoul at the end of July 2000, with a second round held in Pyongyang at the end of August and two further sessions thereafter. The first session agreed to reconnect railway lines across the DMZ: a goal endorsed by Kim Jong Il soon afterwards, with work inaugurated by Kim Dae-Jung in September. In a related development, Hyundai won Kim Jong Il's approval to build a vast industrial estate in, and run tour buses to, Kaesong, the ancient Korean capital just north of the DMZ. The project was envisaged as being comparable to the relationship between Shenzhen Special Economic Zone, in the People's Republic of China, and Hong Kong: serving both to link the two economies and as a basis for growth in the North. There were also positive security implications if the DMZ were to become a thoroughfare, instead of an all but impassable barrier. Economic talks were also held, during which a basic framework for business co-operation was agreed. North Korea's Minister of the People's Armed Forces, Vice-Marshal Kim Il Chol, visited Seoul in September, but would only discuss railways (the

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relinking of which was being carried out by the army on both sides); no return visit was arranged.

These promising beginnings came to a halt in 2001. In January economic talks broke down when the South refused a technically unfeasible Northern demand for the immediate supply of electricity. In the following month North Korea agreed, but failed to ratify, a protocol on joint railway building within the DMZ; construction work on its side had barely begun. In March the North withdrew from the fifth ministerial talks only hours before they were due to start. Thereafter it refused all official contact with South Korea for six months, seemingly as a corollary of its annoyance with the new US Administration, except for sending a condolence delegation on the death of the Hyundai patriarch, Chung Ju-Yung. A further Southern donation of fertilizer in May did not soften this stance. Indeed, June saw a reversion to provocation, when several Northern merchant ships took short cuts through Southern waters. The restrained response of the South Korean navy angered hardliners in the South; as did a later incident, when a few members of a South Korean unification activists' delegation, allowed to visit Pyongyang for Liberation Day celebrations on 15 August, appeared to support North Korean positions. The controversy that this generated brought down South Korea's ruling coalition (see below).

All this gravely weakened the position of Kim Dae-Jung. By late 2001 most South Koreans endorsed the opposition's criticism of the 'sunshine' policy as appeasement. North Korea's erratic behaviour did not help matters. It accepted a fifth round of ministerial talks in September, only to cancel family reunions, at short notice in October, on the pretext of South Korea's heightened state of alert after the 11 September terrorist attacks on the USA. A sixth round of ministerial talks in November, held (at the North's insistence) at Mount Kumgang, ended with no agreement to meet further; the South's unification minister was dismissed soon after. Official relations thus remained suspended; although, in a major change from past policy, business and private contacts continued. So did links through KEDO: an unpublicized Northern team inspected South Korean nuclear facilities in December, and other delegations followed in 2002. In December 2001 also, Hyundai sharply reduced its Mount Kumgang tours because of falling demand.

In February 2002 North Korea cancelled a joint celebration of the Lunar New Year, for which the Southern civic delegates had already arrived at Mount Kumgang. President George W. Bush's designation in January of North Korea as part of an 'axis of evil' alarmed Kim Dae-Jung; in April he sent his adviser Lim Dong-Won, the 'sunshine' policy's *éminence grise*, to try to persuade Kim Jong Il to agree to talks with the USA. This visit also revived North-South dialogue: April witnessed a fourth round of family reunions, this time at Mount Kumgang (on the North's insistence, again) rather than in the two capitals. In May, however, North Korea withdrew from economic discussions at a day's notice. It also disregarded all entreaties to share in the football World Cup co-hosted by South Korea and Japan, but did broadcast highlights of some matches held in the South.

Yet private and semi-official contacts burgeoned. Official subsidies revived Mount Kumgang tourism. South Korean firms established several business and educational joint ventures in information technology (IT), including a college and Pyongyang's first internet café. In June 2002 South Korea's assistant Minister of Information and Communication led a delegation from major companies to Pyongyang; but North Korea later denied reports that agreement had been reached to install mobile telephone services in Pyongyang and Nampo, and no further detail emerged from this. Provincial links continued: Jeju sent oranges, and Gangwon (divided by the DMZ, and later to be badly hit by typhoon Rusa in late August) jointly sprayed against pine pests. In June 320 members of a South Korean Christian aid NGO, when denied a promised church service in Pyongyang, held their own impromptu worship in a hotel; they were not impeded. In May, in an encounter that would have startled their parents, Kim Jong Il hosted a dinner for Park Chung-Hee's daughter, Park Geun-Hye, herself a possible presidential candidate. Kim also agreed to a friendly football match in September.

On 29 June 2002 relations sharply deteriorated when North Korean warships without warning fired on and sank a Southern patrol boat in the Yellow Sea, killing six crew members. As in the 1999 incident, for which this may have been revenge, this occurred in disputed maritime border seas during the crab-fishing season. Yet it was wholly unexpected, prompting further criticism of the 'sunshine' policy and of the South Korean navy's lack of preparedness; the Southern Minister of National Defence was dismissed a fortnight later. Within a month, however, North Korea expressed 'regret', and this sufficed for dialogue to resume. The seventh ministerial talks, held in Seoul in August, arranged a full roster of further meetings in specific areas. Economic discussions later that month set a timetable to open two cross-border road and rail links: not only the previously agreed route near Seoul, work on which had stalled, but a second corridor near the east coast. On 18 September 2002 ceremonies were held on both sides of the DMZ to mark the beginning of reconstruction of the two rail links between the Koreas. North Korea also agreed to take part in the Asian Games to be staged in Busan in October—the first time it had ever participated in an international event held in South Korea—in contrast to its eschewal of the football World Cup. Nearly 700 North Korean athletes and supporters went to Busan; but speculation that Kim Jong Il might attend the opening ceremony proved unfounded.

From October 2002 the growing nuclear crisis cast a pall over inter-Korean relations, but did not derail them. North Korea firmly refused to discuss nuclear matters with the South, and on 12 May 2003 even declared null and void a North-South agreement on a nuclear-free peninsula signed in 1991. Yet most of the now established post-summit channels continued to operate, with some interruptions. Thus, regular ministerial talks reached their 11th round in July 2003, with repeated pledges to expedite substantive co-operation. The other major change in 2003 was the appointment of a new Government in Seoul. President Roh Moo-Hyun, who took office in February (when North Korea upstaged his inauguration by testing a 'cruise missile') pledged to continue Kim Dae-Jung's 'sunshine' policy; but first indications suggested that in practice he might take a tougher line, or a more erratic one. Tallying the results of 'sunshine', the South's Ministry of Unification found 2002 to be the most intensive year for North-South interaction since regular contacts began in 1989. Of a cumulative 39,433 South Koreans who had travelled to the North since 1989, nearly a third did so in 2002. (This excluded tourists to Mount Kumgang, whose total since tours began in 1998 had exceeded 500,000.) By category, the largest group (31%) was involved in KEDO's light-water reactors, followed by non-Kumgang tourism (24%). Aid workers made up 11%, business people 9%, and family reunions just 5%. Travel in the opposite direction was less brisk; but again, of 2,568 North Koreans to visit the South since 1989, 40% went in 2002 alone. A total of 34 sets of North-South talks were held in 2002, or 9% of the cumulative total of 400. Unlike in the past, when inter-Korean contacts were often outside the peninsula, almost all were now taking place in Korea: either in Seoul or Pyongyang, or at Mount Kumgang. For many in Seoul, however, the pace was too slow, and the results disappointing. Thus, family reunions stalled in the last quarter of 2002, as North Korea took umbrage at the South raising the issue of South Koreans abducted to the North (who might number as many as 80,000, mainly taken during the Korean War). Reunions for a fortunate few resumed in 2003, with a sixth and seventh round (since the 2000 summit) in February and June. Yet these isolated encounters had no follow-up; and with a mere 100 from each side meeting each time, most of those affected would die without ever being reunited with their long-lost kin. Plans to build a permanent reunion centre at Mount Kumgang raised hopes of the pace quickening.

A significant development in 2003 was the partial opening to civilians of the long-sealed North-South border. Here again, progress was intermittent, as North Korea delayed matters by denying the jurisdiction of the UN Command (UNC) in the two new road and rail corridors through the DMZ. In February a temporary road to Mount Kumgang in the eastern (Donghae) corridor was used for the sixth round of family reunions and by a few tourists, before North Korea abruptly closed it for unspecified repairs, and then suspended tours altogether as part of

stringent quarantine measures against Severe Acute Respiratory Syndrome (SARS). Work continued on linking railways in both corridors, and on 14 June both were ceremonially joined in the DMZ: a merely symbolic gesture, thus far, as gaps remained in both lines on the Northern side. With genuine completion expected in the western (Kyongui) corridor by 2004, the prospect arose, politics permitting, of trains running for the first time in half a century from Seoul to Pyongyang, and on into China or Russia. For regular service to be possible, however, North Korea's decrepit internal rail network would need massive and costly repairs and upgrading. The Kyongui corridor was also crucial for the viability of the industrial zone at Kaesong. After many delays, ground-breaking took place on 30 June: South Korean attendees crossed for the day from Seoul. Such cross-border commuting, unthinkable previously, had thus become normal for railway work and some other meetings, such as economic talks held in Kaesong in July. Yet, at these, North Korea baulked at making such access—essential if Southern business was to invest in Kaesong as planned—routine. It did, however, agree finally to implement four basic business accords arranged in December 2000, but never subsequently ratified; only to fail to turn up as promised at Panmunjom on 18 August to exchange the documents (they were eventually exchanged on 20 August). This seemed part of renewed displeasure with South Korea; a day earlier, the North withdrew from the Daegu Universiade (world student games) in protest at the burning of its flag—not a rare event—at a conservative rally in Seoul. It relented after an apology from President Roh Moo-Hyun, which in turn drew right-wing wrath at home, and in the event the Northern team, complete with cheerleaders, did in fact take part in the games. These were marred, however, by an assault by North Korean 'journalists' on peaceful human rights protesters, with the police slow to intervene. The nadir of gamesmanship was reached in late October in Jeju, an island province which had given generous aid to the North. The Northern team arrived late, minus the promised cheerleaders, the main attraction; at the end they refused to leave unless paid more.

In a more serious instance of cash diplomacy, the 'sunshine' policy was now tarnished for many South Koreans by allegations that the June 2000 North-South summit had, in effect, been paid for by South Korea. In late June 2003 a special counsel, appointed by the opposition-controlled legislature, confirmed that the previous Kim Dae-Jung administration had secretly sent US $100m. to North Korea just before the summit via the Hyundai group, which itself remitted a further $400m., supposedly as a business fee. Kim Dae-Jung was not questioned, but those charged included the former Minister of Unification, Lim Dong-Won, and the Chairman of Hyundai, Chung Mong-Hun. In early August Chung jumped to his death from Hyundai's headquarters. This tragedy seemed sadly symbolic of the disillusionment and compromises (or worse) in the current state of inter-Korean ties. In September Lim and four others were convicted, but received suspended sentences as they had acted in the national interest. However Park Jie-Won, a former presidential chief of staff, was later sentenced to 12 years in prison, since his case involved corruption.

In the event, despite these set-backs and the continuing nuclear crisis, the Roh Moo-Hyun Government persisted with a 'sunshine' approach, now renamed as 'policy for peace and prosperity'; the more so after the pro-Roh Uri Party won a majority in legislative elections on 15 April 2004. In late 2003 it was estimated that on any given day up to 1,000 South Koreans were visiting the North: tourists, divided families, business people, NGOs and aid workers, civic organizations, educators and other professionals, journalists, cultural figures, government officials, railway inspectors and technicians, nuclear engineers and others. What was once newsworthy and exceptional—direct flights between Seoul and Pyongyang or land travel across the DMZ—was becoming regular, even mundane. A gradual *de facto* normalization of North-South links was gathering pace, even though the broader political and security context remained anything but normal. Most South Koreans, especially younger people, increasingly saw the North more as a junior neighbour in need of succour than a mortal enemy to be guarded against.

Thus, by late 2003 and into 2004, inter-Korean dialogue seemed institutionalized. Its highest normal level was that of so-called ministerial meetings (although the North Korean delegates were described as 'cabinet counsellors'), held quarterly in each capital alternately. The 12th, 13th, and 14th sessions since the June 2000 summit meeting took place in October 2003 and February and May 2004, respectively. On each occasion South Korea sought to raise the nuclear issue but was rebuffed.

The other regular high-level meeting was of the Economic Co-operation Promotion Committee (ECPC). This, too, met quarterly, alternating between Pyongyang and Seoul. Its sixth session, in August 2003, had a typically wide agenda: pledging to expedite cross-border transport, the Kaesong industrial zone, Mount Kumgang tourism, direct trade and processing on commission, Imjin river flood control, mutual economic visits, food aid and inspections, and more. Crucially, unlike in the past, these were not mere aspirations, but projects actually under way, if not always very rapidly. Most were the subject of lower-level working meetings, which were increasingly held in towns near the border (Kaesong or Mount Kumgang in the North; Munsan, Paju or Sokcho in the South) with the visiting side commuting daily across the DMZ, a development that had previously been unimaginable.

Family reunions were another regular event: held at Mount Kumgang in September of 2003 and in March–April and July of 2004. In each case, 100 elderly Koreans from each side met briefly and publicly with relatives from across the DMZ. At this rate, the target group would become extinct before most saw their wish fulfilled. By late 2003, of 122,000 Southerners who had originally applied for reunions, more than 20,000 had already died. The spring meeting was curtailed after a South Korean official made a joke about Kim Jong Il, but this did not prevent the programme resuming with a 10th round in July.

Besides regular meetings, one-off events added to a sense of progress. In October 2003 a 1,100-strong bus convoy drove from Seoul to Pyongyang for the dedication of a new US $50m. gymnasium, built by Hyundai. In September 114 Southern tourists flew from Seoul to Pyongyang for a five-day tour on the first ever direct flight. Presented as the first trip of many, this programme was suspended after just one month; as of mid-August 2004 it had yet to resume. In October 2003 the first private-sector truck delivery was made across the DMZ when Korea Express, South Korea's largest logistics operator, took 100,000 roof tiles to Kaesong: the first batch of 400,000 was donated by South Korean Buddhists, to help restore a temple in this ancient capital city located just across the border.

The Kaesong industrial zone made slow progress. In December 2003 North Korea published detailed regulations for the zone. Some were restrictive, and South Korea continued to demand an investment pact, plus free passage for Southern business executives and equipment. Practically, this would also entail completion of road and rail links, which were ready on the Southern side and due for finishing and test runs by late 2004. A first pilot mini-zone with 15 South Korean firms was due to open in November. The USA pressed South Korea to ensure no breach of the Wassenaar Arrangement (to which both nations were signatories), restricting exports of sensitive technology to communist regimes. A 50-year lease for the first full phase of development was signed in April. It was planned that a business complex covering 3.3 sq km would open in 2007, accommodating 250 South Korean firms. The complex was to be developed by South Korean companies Korea Land and Hyundai.

South Korea was encouraged in August 2003 by the fact that North Korea's newly elected SPA included at least five figures prominent in inter-Korean dealings. These were: Kim Ryong Song, the North's chief delegate to inter-Korean ministerial talks; Song Ho Kyong, who, as Vice-Chairman of the Asia-Pacific Peace Committee, was in charge of projects with Hyundai; Pak Chang Ryon, head of the Northern side in the ECPC; Jung Un Up, chief of another North-South co-operation body; and Choi Seung Chol, in charge of inter-Korean Red Cross contacts.

In an important step forward, in May 2004 North Korea accepted a long-standing Southern demand for bilateral military talks. After just two meetings, a week apart, the two sides agreed in June that their Yellow Sea fleets would keep daily radio contact, to avoid any risk of fatal firefights like those in 1999 and 2002. In return, South Korea accepted a Northern demand to dismantle all propaganda at the DMZ. Loudspeakers fell silent after half a century on 15 June, and all structures were initially due to come down by Liberation Day (15 August).

However, dismantling was suspended by North Korea in July following an incident in which a South Korean ship fired warning shots at a North Korean vessel after the latter crossed a maritime demarcation between North and South Korea. (It was subsequently revealed that information regarding radio communication with the North Korean ship had been intentionally withheld by the South Korean navy; the incident led to the resignation of South Korean Minister of National Defence, Cho Young-Kil.) North Korea resumed removal of its propaganda facilities in August.

A rail explosion on 22 April 2004 at Ryongchon, near the North Korean border with China, led through tragedy to some progress in North Korea's opening, including southwards. The South at once offered an aid convoy, but the North rejected this, insisting that relief goods come by sea; the first boat reached Nampo only on 29 April. However, a day later a Southern cargo plane flew to the North with 70 tons of aid, in the first ever inter-Korean humanitarian direct flight. Not until 7 May was a land convoy permitted; it had to unload just across the border in Kaesong. By then, the cargo was equipment and materials to rebuild schools and other facilities. Useful as these were, the North's initial delay meant that the chance to save more burns victims was lost.

A more divisive development involved Song Du-Yul, a long-time South Korean dissident, who in September 2003 came home after 37 years exile in Germany, where he taught philosophy and held citizenship. Accused of doubling under a pseudonym as a senior KWP official (that he had often visited Pyongyang was no secret), he was arrested, charged, and on 30 March sentenced to seven years in prison. His case divided South Koreans: some thought him a traitor, others a reunification hero, yet others misguided. Freed on appeal in July, he returned to Germany. It was unclear why South Korea had not simply deported him in the first place.

North Korean human rights were a perennially difficult issue, which South Korea, as ever, was reluctant to raise. In April 2003 it absented itself from a vote (which was carried) on this at the UN Commission on Human Rights in Geneva; a year later it was present, but abstained. Yet, as one instance, the plight of refugees from North Korea continued to draw attention. In October 2003 South Korea twice temporarily closed its consulate in Beijing to clear a backlog of about 100 Northern refugees camping there. After a spate of incidents involving North Koreans seeking sanctuary, China had tightened security around embassies in Beijing; but any who successfully ran this gauntlet eventually gained safe passage to Seoul. Many more, however, were forced to pass through China to seek refuge elsewhere. On 26–27 July 2004 no fewer than 468 North Korean refugees were flown to Seoul from Viet Nam (not officially named, for reasons of protocol), which had reportedly threatened to repatriate them. This was by far the largest group of defectors ever to reach South Korea, which some saw as a portent of things to come.

Despite the general progress, North Korea on occasion reverted to previous tactics. In March 2004 it missed a meeting in the South, later claiming (by radio) that Roh Moo-Hyun's impeachment meant South Korea was in anarchy. In August the North failed to organize the scheduled 15th ministerial meeting, seemingly for two reasons: anger at the Viet Nam refugee airlift; and displeasure at the South Korean refusal to let pro-North activists attend joint Liberation Day celebrations (which it cancelled) due to be held in Pyongyang on 15 August. None the less, in August the two Koreas' athletes marched together, as agreed, at the opening of the Olympic Games in Athens, as they had in Sydney in 2000; but once again competed separately.

South Korea also could be negative. In January 2004 it revoked the licence of a Southern firm, Hoonnet, which had installed Pyongyang's first internet café and public server, with online gaming sites (illegal in the South) and an informal North-South internet chat room. Despite the 'sunshine' policy, telephone, fax and e-mail contact with the North remained technically illegal in the South under the still-unrepealed National Security Law.

The fourth anniversary of the first ever North-South summit meeting in Pyongyang was celebrated on both sides of the DMZ in June 2004. To mark the anniversary, a senior North Korean emissary made a rare visit to Seoul. Ri Jong Hyok's bland title—Vice-Chairman of the Asia-Pacific Peace Committee—belied his role as a key confidant of Kim Jong Il. He met President Roh Moo-Hyun, and gave him a message from Kim Jong Il, prompting speculation that the 'Dear Leader' might at last fulfil his promised but long-delayed return visit southwards. This seemed unlikely while the nuclear crisis persisted.

South Korea's Ministry of Unification used this anniversary to sum up and quantify progress. If including the summit meeting, in the previous four years there had been 111 official inter-Korean meetings: 47 economic, 27 military (but usually about cross-border road and rail links), 19 political, and 18 'humanitarian and athletic'. Visitors from South to North, excluding Hyundai's tours to Mount Kumgang, which had brought some 680,000 visitors since 1998, more than doubled, from 7,280 in 2000 to 15,280 in 2003. Traffic in the other direction was smaller, predictably, and more erratic, decreasing sharply from 706 in 2000 to 191 in 2001, rising to 1,052 in 2002, then back to 1,023 in 2003. (None of this was remotely on the scale of interchange between, for example, China and Taiwan.)

From the second half of 2004 North Korea chose to eschew formal contact with the South, apparently angered by the mass airlift of its defectors from Viet Nam to Seoul (see above). This boycott lasted until mid-2005, thus leaving the normal channels of inter-Korean dialogue suspended for a whole year. Civilian contacts continued, and the North took care also to exempt the Kaesong industrial zone. Even here complications arose: in September 2004 the official opening of a South Korean office in the zone was postponed when the North refused to admit 11 legislators of the South's conservative opposition Grand National Party (GNP); North Korea relented three days later. Meanwhile, Hyundai began a daily shuttle bus service to transport its employees from Seoul to the Kaesong zone: a significant breach in the once impermeable DMZ. The first goods manufactured in the zone went on sale in Seoul in December. A ceremony in Kaesong in mid-December to mark this occasion was attended by the South Korean Minister of Unification, Chung Dong-Young, on his first visit to North Korea. The Northern media did not report his presence, while the North Korean Government sent a far less senior official as its representative, who berated the South for allegedly hindering the pace of progress and even walked out during Chung's speech. South Korea refrained from protesting (at least publicly) at such behaviour. In January 2005 North Korea barred Southern doctors who had established a clinic in the zone, rejected coal briquettes and heaters that it had earlier requested, and postponed talks on telephone service to Kaesong. Some in Seoul speculated that this was a reflection of disputes in Pyongyang on how far or fast to open up, with the KPA fighting a rearguard action.

Despite his experience during his recent visit to North Korea, Chung Dong-Young sought to reassure the North that there would be no more mass defections. In December 2004 South Korea tightened its screening of would-be North Korean refugees and reduced grants for new arrivals, who in 2004 totalled 1,890, an increase from 1,281 in 2003, but still surprisingly small numbers. In February 2005 South Korea's first defence 'white paper' for four years abandoned the designation of North Korea as the main enemy (controversy over this move had caused the delay). In April South Korea again abstained when the UN Commission on Human Rights approved a resolution condemning human rights abuses in North Korea.

In March 2005 South Korea began the first cross-border electricity supplies (to Kaesong) since 1947. In April it granted North Korea US $26m. to help complete cross-border railways, and sent veterinary aid to combat an outbreak of avian influenza ('bird flu') in the North. However, when in January North Korea demanded 500,000 metric tons of fertilizer, twice as much as usual, the South insisted that the North must first return to dialogue. Urgent need for fertilizer, plus the impending fifth anniversary of the Pyongyang inter-Korean summit meeting of June 2000 (which could hardly be celebrated unilaterally), combined to persuade Kim Jong Il to end what had all along been a curious boycott.

An improvement in relations began in late April 2005. While visiting the Indonesian capital of Jakarta for the 50th anniversary of the Bandung conference (which had ultimately led to the establishment of the Non-aligned Movement), Kim Yong Nam twice met South Korea's Prime Minister, Lee Hae-Chan, and

agreed that inter-Korean dialogue should resume. Vice-ministerial talks in Kaesong in mid-May resulted in an agreement to send 200,000 metric tons of fertilizer to the North. Days later, the first North Korean merchant ships to enter Southern ports since the 1984 flood aid (from North to South) arrived to take delivery of the fertilizer. Some was also sent overland.

Contacts between North and South accelerated in June 2005. Having invited a huge South Korean delegation for the summit anniversary, at the last minute North Korea reduced the number of invitations in protest at the deployment of US *Stealth* fighter aircraft to the South. Nevertheless, 40 officials led by Chung Dong-Young, plus a 295-strong NGO group, flew to Pyongyang. On the day of his departure, Chung was suddenly summoned for an unscheduled lunch with an affable Kim Jong Il. This positive tone continued in the following week, when, after a year's hiatus, the 15th round of ministerial talks was held in Seoul. This produced a 12-point joint statement that not only restored prior channels of communication but also committed to a significant expansion of co-operation. These provisions were further expanded at the 10th ECPC meeting in July, also in Seoul, which likewise resulted in a 12-point agreement.

Co-operation initiatives increased rapidly from mid-2005; moreover, most were promptly implemented. General-level military talks were agreed, albeit with no date set and in an odd location: Mount Paekdu, a sacred peak on North Korea's border with China. This was also the venue for the 16th round of ministerial talks in mid-September. In August working-level talks agreed to finish dismantling propaganda apparatus along the DMZ and to open a 'hotline' to allow emergency communication between the militaries of the two sides and prevent accidental armed confrontations; the 'hotline' came into operation on 13 August, just before a senior North Korean team led by Kim Ki Nam, a KWP secretary close to Kim Jong Il, visited Seoul for the 60th anniversary of Korea's liberation from Japanese rule in 1945. (These celebrations were notable for the distinct anti-Japanese sentiment on display.) During the visit Kim Ki Nam and his party met President Roh Moo-Hyun and his predecessor, Kim Dae-Jung. In an unprecedented gesture, they also briefly paid respects to South Korea's war dead in Seoul's national cemetery; South Korean conservatives condemned this, criticizing the absence of an apology for the Korean War (such an apology was, however, unlikely to be forthcoming). Another difficult subject, the fate of South Korean prisoners of war and others abducted to the North (which had hitherto denied the existence of such abductees), was due to be raised in Red Cross talks in late August at Mount Kumgang, which was also to host an 11th round of North-South family reunions. For those too infirm to travel, a new cross-border fibre-optic cable laid in July permitted brief video reunions. There was as yet no plan to expand such brief, isolated events by allowing wider visits, or contact by telephone or e-mail.

Economic links, less contentious, looked set to expand. A planned joint fishing zone in the Yellow Sea was expected to prevent border clashes similar to the armed skirmishes of 1999 and 2002 (see above). A new committee on agriculture, co-chaired by vice-ministers from each side, agreed in August 2005 on a wide range of co-operation initiatives, whereby from 2006 South Korea was to aid several North Korean collective farms, as well as helping generally with reforestation, seedlings, pest control and more. It was also resolved to expedite nine sets of regulations on business co-operation, already drawn up but not yet implemented. South Korea consented to send its usual 500,000 metric tons of rice, and a further 150,000 tons of fertilizer. More innovatively, the ECPC agreed that in exchange for supplying urgently needed materials to make soap, clothing and shoes, South Korea might invest in and export such Northern minerals as zinc, coal and apatites; the details were to be worked out in August. With an exchange of economic inspection teams scheduled for November, it seemed that all this might mark the long overdue start of broad North-South business collaboration for mutual gain.

South Korea also considered providing larger-scale assistance. Chung Dong-Young had reportedly offered Kim Jong Il help in seven fields: energy, rivers, railways, harbours, tourism, farming and reforestation. Hints of a further 'special proposal' by the South—a quasi-Marshall Plan of major reconstruction, conditional on a nuclear settlement—were clarified in July 2005 when it emerged that Chung had also offered to supply the North with 2m. kW of South Korean electricity a year (a figure thought to be equivalent to North Korea's entire annual production of electricity), starting in 2008. Although this was credited in Seoul with attracting North Korea back to the six-party talks, it was unclear if the 'Dear Leader' would accept energy dependence on the South, or demand new power stations on his territory.

Neither the ongoing nuclear dispute nor the North's boycott of official meetings deterred South Korean tourists. In April 2005 alone Hyundai took 31,330 people to Mount Kumgang, and in June the Northern resort welcomed its one millionth South Korean visitor since trips began (by sea) in 1998. The number of vehicles crossing the DMZ—an idea unimaginable until recently—rose rapidly, from 3,814 in January to 10,893 in April. Plans for South Koreans to be able to drive their own cars to Mount Kumgang were delayed by fears in Seoul (rather than Pyongyang) about insurance and the like, rather than military risk. Hyundai also claimed that it had been granted permission to develop more than 100 km of coast north from Mount Kumgang to Wonsan for tourism. The Group's Chairwoman, Hyun Jeong-Eun (Chung Mong-Hun's widow), met Kim Jong Il in July and secured approval for new tours to Kaesong (the old city) and Mount Paekdu, where the South Korean National Tourism Organization (KNTO) had agreed to give US $3m. to upgrade roads. However, pilot tours to both were delayed in August, amid speculation of disapproval in Pyongyang at the dismissal of Kim Yun-Kyu, CEO of Hyundai Group's North Korean business operation, Hyundai Asan, who was accused of misappropriating funds.

Furthermore, North Korea agreed to hold opening ceremonies for two recently built cross-border roads, which were already in use by Hyundai. Rail links in the same two corridors, where progress had been slower, were to begin trial runs in October 2005 and an opening ceremony was to be held by the end of the year. Although physical tracks already linked Pusan and Seoul to Pyongyang and Beijing, it was unclear how soon regular services would commence. Meanwhile, South Korea agreed that from August Northern merchant vessels would be allowed to pass between its island province of Jeju and the Southern mainland.

Cultural co-operation also grew, including joint television programmes. A popular South Korean television quiz show purported to show Northern and Southern elementary school pupils competing, but in fact the Pyongyang segments were recorded separately and later interwoven (controversially) with studio shots in Seoul. The Kaesong zone functioned as a social as well as an economic 'laboratory'. In May 2005 it was the location for North Korea's first Western-style fashion show, staged by the South Korean clothing manufacturer Shinwon, which operated a factory in the zone. While 500 South Koreans crossed the DMZ to see the show, none of Shinwon's 280 Northern workers was able to watch it. By mid-2005 3,200 North and 600 South Koreans were working at Kaesong, and these numbers were set to rise.

FOREIGN RELATIONS

Despite (or perhaps because of) North Korea's roots in Soviet military government, it has been the regime's consistent goal to emphasize and maximize what its own slogans call *chaju, chalip, chawi*: independence in politics, economics and defence. In practice, this has largely meant a refusal to be beholden to—let alone a satellite of—either of its giant neighbours and erstwhile sponsors, the USSR and China, while simultaneously exhibiting unremitting hostility towards the USA, Japan and, of course, South Korea. Although the Sino-Soviet dispute enabled Kim Il Sung for many years to play off Moscow against Beijing and receive aid from both, the end of the Cold War and the collapse of the USSR exposed Pyongyang's vaunted self-reliance as ultimately self-defeating isolation and friendlessness.

North Korean foreign policy has undergone several phases over the years. During the 1950s Pyongyang emphasized its adherence to the communist bloc, receiving both military aid during the Korean War (1950–53) and assistance for reconstruction thereafter from the USSR, China and Eastern Europe. Yet already there were disputes with Moscow over how best to

use Soviet aid, with North Korea preferring to develop its own heavy industry rather than join the Council for Mutual Economic Assistance. Meanwhile, although Japan had relations with neither Korean government at this stage, more than 75,000 pro-communist Koreans in Japan (mainly of southern origin) emigrated to the new socialist fatherland in the late 1950s.

In the wake of the public Sino-Soviet split in the early 1960s, Pyongyang demonstrated broad sympathy with Beijing's more revolutionary position, which led to the temporary suspension of Soviet aid. North Korea's own bellicosity peaked in 1968, with its seizure of the *USS Pueblo* and its dispatch of a commando unit to attack the presidential mansion in Seoul.

By contrast, the 1970s were an era of broadening contacts. Suspicious of China's amenability to US 'ping-pong diplomacy', North Korea not only repaired relations with Moscow but sought new allies, particularly in the developing countries and within the Non-aligned Movement (which it joined in 1975). Other initiatives were less successful. Pyongyang's breakthrough in establishing diplomatic relations with the four Nordic countries (its first such ties in the West) was marred shortly thereafter when, in 1976, all four of its ambassadors were expelled, their staff accused of systematic smuggling (a practice in which North Korean diplomats have allegedly been engaged ever since). Similarly, what seemed a useful development of economic ties with Japan and Western European countries came to an abrupt halt when it became clear that Pyongyang had no overt intention of paying for several hundred million dollars' worth of capital equipment imported in the early 1970s.

By the early 1980s North Korea's relations with many of its communist allies showed signs of deterioration. Neither Moscow nor Beijing approved at first of the official designation of Kim Jong Il as his father's successor, although China at length relented and, in 1983, invited the 'Dear Leader' on his first known trip there.

This did not, however, prevent a distinct inclination towards the USSR in the mid-1980s, inspired perhaps by suspicion of Deng Xiaoping's reforms, yet continuing into the era of Mikhail Gorbachev. In 1984 Kim Il Sung visited Moscow for the first time in 23 years, and also spent several weeks touring Eastern Europe. He returned to meet Gorbachev in 1986, in which year joint Soviet-North Korean naval exercises were undertaken. In addition, the North Korean Government granted port facilities and overflying rights to the Soviet fleet and air force, reportedly in return for the supply of Soviet MiG-23 fighters and surface-to-air missiles. Soviet-North Korean trade grew rapidly, with North Korean imports more than quadrupling in the four years between 1984 and 1988.

However, within a period of less than five years, a series of setbacks comprehensively undermined North Korea's foreign policy orientations of the previous four decades. It was inevitable that the lure of South Korea's far greater economic prospects (coupled with the skilful diplomacy of Seoul's 'nordpolitik') would eventually lead pragmatists such as Deng and Gorbachev to qualify their inherited Cold War loyalties towards a Pyongyang that they increasingly considered to be a political and economic liability. Although China moved first to begin trading with Seoul, it was the USSR under Gorbachev's leadership that dealt both the diplomatic and financial *coup de grâce*: first by establishing full diplomatic relations with South Korea in September 1990, and then by stipulating that, from January 1991, its trade with North Korea would be conducted in convertible currencies at world market prices. This caused Pyongyang's total trade volume to decline by more than US $1,100m. (almost one-quarter) in 1991. Although the demise of the USSR itself afforded a certain grim satisfaction, Russia's President Boris Yeltsin had no vestige of comradeship with the Pyongyang regime.

The deterioration in relations with Moscow left China as North Korea's only major ally, although even this relationship was qualified by increasing impatience in Beijing, as much over Kim Il Sung's failure to embrace economic reform as for his suspected nuclear ambitions (see below). With reformers once again dominant in the Chinese leadership, economic ties with Seoul rapidly increased and, in August 1992, full diplomatic relations were established between China and South Korea, much to the consternation of Pyongyang. Sino-North Korean relations subsequently deteriorated significantly. Although China opposed UN action against North Korea over the nuclear issue, its support was tenuous at best.

In the light of these shifts of allegiance, North Korea had no option but to try to repair relations with its traditional enemies. In late 1990 a breakthrough with Japan seemed likely, after a highly successful visit to Pyongyang by Shin Kanemaru, the senior mediator of the ruling Liberal-Democratic Party. Yet, eight rounds of talks, held in 1991–92, on the possible normalization of diplomatic relations between North Korea and Japan made no progress, owing to intransigent demands from both sides. None the less, regular charter flights between the two countries led to an increase in unofficial contacts and visits, although not yet to the aid and investment which North Korea desperately needs. Relations with Japan were severely strained in May 1993, following North Korea's successful testing of the *Rodong-1* medium-range missile in the Sea of Japan. According to US intelligence reports, the missile would be capable of reaching most of Japan's major cities (and possibly of carrying either a conventional or a nuclear warhead).

Contacts with the USA also increased considerably in the early 1990s, although in the early 2000s diplomatic relations had yet to be established. North Korea on four occasions returned the remains of US soldiers who went missing in action during the Korean War, and several high-level US delegations, including retired senior political and military figures (and even the evangelist Rev. Billy Graham), visited Pyongyang. In January 1992 the KWP's international secretary, Kim Yong Sun, visited New York for discussions with the US Under-Secretary of State (although one year later he was refused a visa to attend ceremonies marking the inauguration of President Clinton). US-North Korean discussions did, however, resume in mid-1993 over the nuclear issue.

For both Washington and Tokyo, a major obstacle to better relations with Pyongyang was and remained their suspicion that North Korea was seeking to develop nuclear weapons. In July 1991, after several years of prevarication, North Korea finally agreed a draft Nuclear Safeguards Agreement (NSA) with the International Atomic Energy Agency (IAEA), permitting the outside inspection of North Korean nuclear facilities. Following the announcement by President George Bush, Sr of proposals to withdraw all US tactical nuclear weapons worldwide, and President Roh Tae-Woo's confirmation that none remained in South Korea, North Korea signed the NSA in January 1992. Moreover, Pyongyang subsequently submitted an unexpectedly detailed report on its nuclear facilities, almost one month ahead of schedule. The IAEA Director-General visited North Korea in May 1992 and formal IAEA inspections began later that month.

Yet, despite this unprecedented progress, suspicions were not allayed. Indeed, one large building at the Yongbyon installation, north of Pyongyang, was believed by some outside observers to be a nuclear-reprocessing plant. Likewise, North Korea's apparent attempts to obstruct the separate inter-Korean mutual nuclear inspections (see below) aroused widespread mistrust. Finally, though not part of the nuclear issue as such, the fact that North Korea sold improved *Scud* missiles to Iran and Syria in exchange for petroleum, did nothing to enhance relations with the West.

All these issues came to a head in 1993. In January North Korea refused to allow special inspections (as demanded by the IAEA) of two sites at Yongbyon, which were thought likely to reveal that more plutonium had been extracted than Pyongyang had admitted. Then, in an unprecedented move, on 12 March North Korea announced that it was to withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons (the Non-Proliferation Treaty—NPT), which it had signed with the IAEA in 1985. This led to protracted diplomatic activity between Washington, Seoul and Tokyo, as well as muted criticism by the UN Security Council (in part because China would not support decisive action at this stage). However, the main channel for defusing the crisis was the holding of two rounds of direct talks between North Korea and the USA in mid-1993, which resulted in North Korea suspending implementation of its withdrawal from the NPT.

Despite this hopeful sign, the nuclear crisis continued for a further year. In May 1993 international concern about North Korea's weapons programme was heightened following the suc-

cessful testing of an intermediate-range missile, the *Rodong-1* (see above). Negotiations between North Korea and the USA, and separate inter-Korean talks, continued during the latter part of the year, but with no tangible results. Although some IAEA monitoring and intermittent inspection activities at Yongbyon were permitted, it remained uncertain whether North Korea had already succeeded in producing a nuclear weapon. Alarm was aroused again in May 1994, when North Korea began replacing spent fuel rods without effective supervision, prompting the IAEA to suggest the imposition of international sanctions. The situation deteriorated further on 13 June, when North Korea retaliated by announcing its complete withdrawal from the IAEA (and not merely the NPT), although in fact inspectors subsequently remained at Yongbyon. Meanwhile, the USA began to lobby the UN Security Council to impose sanctions on North Korea, despite objections by China and Russia and an unenthusiastic response from Japan.

The rising sense of crisis was defused in mid-June 1994, when former US President Jimmy Carter visited Pyongyang. After 10 hours of talks with Kim Il Sung, he returned with two offers: a summit meeting with South Korea (see above), and a pledge to suspend North Korea's nuclear programme. While the latter was vague, it sufficed for Washington to resume high-level talks. When the third round commenced in Geneva, Switzerland, on 8 July, however, Kim Il Sung was already dead—although the announcement of his death came only on the following day. The talks were duly postponed. None the less, following several subsequent rounds, a 'framework agreement' between North Korea and the USA was signed in Geneva in October. In essence, Pyongyang agreed to close down its nuclear site at Yongbyon in exchange for substantial compensation, principally in the form of new LWRs worth some US $4,500m., as well as up to 500,000 metric tons of heavy fuel oil annually during the estimated 10 years' construction period of the LWRs.

Although not written into the agreement, it was understood that South Korea would play a key part, both as supplier and main financier of the LWRs, and as a core member, with the USA and Japan, of KEDO, the consortium that was to supervise the entire project. North Korea initially protested bitterly against Seoul's involvement, and for several months it seemed as if the Geneva accord might collapse. By August 1995, however, Pyongyang tacitly abandoned its opposition to the South's *de facto* participation.

The Geneva nuclear accord perhaps set the pattern for a new development in North Korean foreign policy, which might be termed 'militant mendicancy'. Thus, in May 1995, a North Korean delegation visiting Japan made an unprecedented request for rice as aid. Not only was this granted, but South Korea insisted that the North should also, and first, accept free rice from fellow Koreans (see above). This produced the remarkable spectacle of the North Korean regime being in effect sustained by its three oldest and bitterest foes—which it continued to denounce—without any proviso requiring Pyongyang to reform or mend its ways.

North Korea continued to undermine the existing armistice agreements. In March 1995 it expelled the Polish observers of the Neutral Nations Supervisory Commission at Panmunjom, following which it closed its side of the Joint Security Area to all comers from the South. The North's professed aim was a bilateral peace treaty with the USA, excluding the South. Pyongyang continued to pursue this quixotic quest in 1996, declaring on 4 April that it would no longer observe protocol in the DMZ, and raising tension with a few symbolic incursions into the Southern half of the zone. This prompted the USA and South Korea to propose four-way talks with North Korea and China.

In any case, Pyongyang had *de facto* achieved the direct line of communication to Washington that it had long sought. While there were no formal ties, and talks on an exchange of liaison offices stalled, there were now regular contacts between the US State Department and the North Korean UN mission in New York. Discussions on missile control were held in Berlin, Germany, in April 1996, albeit without result. Progress was also made on 'missing in action' (MIA) issues: the USA paid US $2m. (in cash, at Panmunjom) for remains that had already been returned, and US investigators were, for the first time, allowed to search directly inside North Korea. In early 1996 there were also many visits to the USA, including separate delegations led by two leading reformists, Kim Jong U and Ri Jong Hyok.

However, all this was regarded as appeasement in some quarters, both in Seoul and in the Republican Party in the USA. In June 1996 Congress granted barely one-half of the modest US $25m. sought by the White House as the US contribution to KEDO's oil shipments. This was regrettable, since KEDO had achieved the remarkable feat of turning what had been the peninsula's worst risk into its best hope. Not only had North Korea abandoned its initial hostility to the South's leading role in the project, but for much of 1995–96 its delegates were in New York taking constructive part in negotiations over the text of the agreement. South Korean engineers were now travelling routinely to the LWR site at Shinpo, albeit via Beijing, and in August 1997 construction work began at the site.

Pyongyang also made overtures to Tokyo about resuming negotiations towards establishing diplomatic relations. Cautious as ever, Japan insisted that North Korea must first accept the four-way talks with South Korea and the USA. None the less, regular contacts continued. In July 1996 Kim Jong U toured several Japanese cities to try to encourage investment in the Rajin-Sonbong free zone, but had little success. (Kim Jong U subsequently fell from favour, and in 1998 was reported to have been executed; other reports denied this.)

With its old (and former) allies, too, North Korea experienced mixed fortunes. China's avowed support for inter-Korean dialogue annoyed the North, but China, for its part, was equally irritated at Kim Jong Il's refusal of economic reform, not least because Beijing had been continually obliged to offer the country vital assistance. In July 1996 the 35th anniversary of the Sino-North Korean friendship treaty was marked by the exchange of middle-ranking delegations, as well as by a rare visit to Nampo by a Chinese naval flotilla.

Meanwhile, Moscow, which created North Korea and sustained it until the beginning of the collapse of the USSR in 1990, occupied a much less significant position in North Korea's foreign relations. In April 1996 a Deputy Chairman of the Russian Government, Vitalii Ignatenko, led the first major delegation from the new Russia to Pyongyang. There was talk of resuming economic co-operation: most major North Korean industrial installations were originally Soviet aid projects; but since both countries were in economic difficulties, not to mention Pyongyang's huge debts to Moscow, prospects for co-operation were not bright. They did not improve in 1997, when North Korea criticized Russia for supplying ultra-modern armaments (including tanks) to South Korea, in payment of debts.

North Korea's foreign relations neither changed nor advanced greatly during 1996–97. With no Head of State yet inaugurated, there were few high-ranking visitors either to or from Pyongyang, which appeared more isolated than ever. Only with China were there regular exchanges of delegations, and most of these were low-level. Still, as seen in the defection of Hwang Jang Yop (see above), Beijing remained concerned for North Korea's sensitivities, even as its economic and other links with South Korea continued to progress smoothly. China was also the biggest provider of food aid to North Korea. This was so, despite China's displeasure at the somewhat unlikely warming of relations between North Korea and Taiwan: worlds apart ideologically, yet perhaps united in their pariah status. In January 1997 an agreement was signed, whereby North Korea would dispose of low-grade nuclear waste from Taiwan, in a contract believed to be worth more than US $100m. South Korea protested vociferously, and this project seemed to have been abandoned.

Elsewhere, in the first half of 1997 Japan began to adopt a more rigid policy towards North Korea than it had previously. The seizure in April of amphetamines worth US $90m. on a North Korean ship in a Japanese port did not improve relations. Unlike the USA, or even South Korea, Japan declined to respond to the UN's increasingly desperate appeals for food aid for North Korea. (It had supplied 500,000 metric tons of rice in 1995, and received scant gratitude.) Japan insisted that improved relations, including aid, would depend on Pyongyang making concessions, including the disclosure of details of the alleged kidnappings of Japanese citizens in the 1970s. In late August, however, agreement was reached between the two countries, whereby some now-elderly Japanese wives of Koreans who settled in North Korea in the 1950s and 1960s were to be allowed

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to visit their native land for the first time. Only with the USA, ironically, did North Korea enjoy improving relations. Washington was swift to respond to UN appeals for food aid, and bilateral contacts continued in areas ranging from further joint excavation for MIA remains to talks about Pyongyang's missile development and sales. Several senior US politicians visited North Korea, usually by military aircraft, which would have been unthinkable in the past. Washington's main aim was to persuade North Korea to agree to attend the four-way talks first proposed in April 1996. After much prevarication by Pyongyang, preliminary discussions were held in New York on 5 August 1997. China, the fourth party (which was also initially hesitant), became much more positive about the proposal during 1997.

Full four-way talks finally commenced in Geneva in December 1997, and were followed by more substantial discussions in March 1998. These were, however, unsuccessful, owing to wide differences over the agenda, with North Korea demanding that this should include the withdrawal of US troops from the peninsula. Further four-way talks took place in October; agreement was reached on the establishment of two subcommittees, with a view to instituting a permanent peace mechanism. Otherwise, North Korea's foreign relations remained fairly constant during 1998. Of the four major powers, Russia continued to count the least, in stark contrast to its predominance in the Soviet era. Efforts to revise the 1961 friendship treaty, not least in order to strike out its commitment to mutual military assistance, stalled for several years, until 1999 (see below). China, by contrast, continued to shore up Pyongyang with aid, even as its ties with Seoul become ever closer. Senior-level dialogue with the North went into abeyance for a decade, whereas Chinese and South Korean leaders exchanged regular bilateral visits as well as meeting in multilateral forums such as Asia-Pacific Economic Co-operation (APEC) and Asia-Europe Meeting (ASEM). Beijing's long-term aim was to displace the USA as the broker of choice between the two Koreas.

Relations with Japan continued to follow an uneven course. The first ever home visits of two groups of elderly Japanese-born wives of North Koreans were finally realized in late 1997 and early 1998. Thereafter, however, the kidnap issue—in particular, anger in Japan at what was seen as a perfunctory 'investigation' of the matter by Pyongyang—once again cast a shadow, preventing the resumption of talks towards restoring diplomatic ties. At the end of August 1998 relations deteriorated, when Japan accused Pyongyang of test-firing an unarmed *Taepo Dong* medium-range missile over its territory. In a strange twist, the North Korean regime subsequently claimed that the object launched had, in fact, been a satellite intended to broadcast patriotic music. That rocket launch, whatever its purpose, had a lasting effect on North Korea's relations with its main foes. Japanese opinion and policy hardened, both towards Pyongyang and on defence issues more generally; all the more so after a further provocation in March 1999, when the Japanese navy pursued and fired on two intruding boats, which were later traced to the North Korean port of Chongjin. Unlike South Korea and the USA, Japan still gave no food aid to the DPRK, and considered further sanctions such as banning remittances sent by pro-North Koreans living in Japan. The possibility, widely canvassed in mid-1999, that Pyongyang might test another missile carried a real risk that Japan would withdraw from KEDO; which in turn threatened to reopen the North Korean nuclear issue and reactivate the tensions of mid-1994.

The USA shared Japan's alarm at North Korea's missile activities, albeit more with regard to proliferation: purchasers included Libya, Syria, Iran and Pakistan. In the past Pyongyang had hinted it might be 'bought off', as with its nuclear programme; but this seemed less likely after the NATO bombing of Yugoslavia in early 1999. Missiles were only one cause of US concern during 1998–99; the other being a large construction site at Kumchang-ri, near the disused nuclear site at Yongbyon, which was feared to be a covert continuation of nuclear activity. Kumchang-ri dominated US-North Korean relations for many months, until in May 1999 a US inspection team pronounced it 'clean'. While denying any link, Washington simultaneously announced a further 400,000 metric tons of grain in aid. The USA continued to be the mainstay of the UN World Food Programme's aid to North Korea, this operation being its largest ever, prior to Afghanistan in 2001–02. Meanwhile, under pressure from Republican critics in the US Congress, in November 1998 the Clinton Administration appointed William Perry, a former Secretary of Defense, to carry out a full review of US policy towards North Korea. Perry visited Pyongyang in May 1999, and his report was published in September of that year. It offered substantial incentives, in exchange for a definitive and verifiable end to North Korea's nuclear and missile ambitions. During talks in Berlin in mid-September the USA lifted sanctions on trade and travel in return for a promise by North Korea that it would refrain from testing long-range missiles until 2003. As for allies (past or present), in March 1999 a new treaty with Russia was at last agreed, to replace that of 1961 with the former USSR. This was assumed to exclude the military support provided for in the old version. The treaty was signed during a visit to Pyongyang by the Russian Minister of Foreign Affairs, Igor Ivanov, in February 2000; it was ratified by North Korea in April of that year. With China effectively remaining North Korea's sole ally and source of finance, a high-level delegation visited Beijing in June 1999 for the first time in eight years. Led by Kim Yong Nam, the delegates included the Premier and the ministers responsible for defence and foreign affairs—but no economic cadres, to China's reported annoyance. Multilaterally, the quadripartite talks involving the two Koreas, China and the USA continued to be held in Geneva, the sixth round taking place in August 1999, but with no obvious progress.

From the latter part of 1999 onwards, North Korea's diplomacy took a striking new turn, with conscious efforts made both to restore old relationships and foster new alliances. The first sign was a wide range of meetings held at the UN in September 1999 by the North Korean Minister of Foreign Affairs, Paek Nam Sun. In January 2000 Italy became the first of the Group of Seven (G-7) industrialized nations to establish full diplomatic relations with the DPRK. Later in the year Kuwait, the Philippines and Australia followed suit—the last resuming ties first forged in 1975 but abruptly severed by Pyongyang soon after. In October 2000 the United Kingdom announced that it planned to normalize diplomatic relations with North Korea, and duly did so in December. Meanwhile, in July, Paek travelled to Bangkok, Thailand, for North Korea's admission as the 23rd member of the Regional Forum (ARF) of the Association of South East Asian Nations (ASEAN), at which Canada and New Zealand also announced plans to establish relations. Paek also held unprecedented meetings with his South Korean, US and Japanese counterparts.

Progress continued in the development of relations with the USA. In October 2000 Vice-Marshal Jo Myong Rok, North Korea's most powerful military figure, visited Washington as a special envoy of Kim Jong Il. This led in the same month to a visit to Pyongyang by the US Secretary of State, Madeleine Albright. President Clinton was ready to follow to sign an agreement on missiles, but this foundered on verification difficulties. Agreement also eluded high-level bilateral talks with Japan, in abeyance since 1992, of which three rounds were held in 2000. Despite a show of cordiality, the two sides' agendas remained far apart. North Korea demanded compensation of up to US $10,000m. for Japanese colonial rule prior to 1945, whereas Japan continued to prioritize its missile and abduction concerns. There was no obvious way to overcome this impasse. However, in 2000 Japan gave 100,000 metric tons of food aid to North Korea for the first time in several years, and was permitted to monitor its distribution. A third visit home by Japanese wives of North Koreans—the first since 1998—took place in September.

The most important development was a new effort to improve relations with the DPRK's original major allies. In May 2000 Kim Jong Il made an unofficial, and initially secret, visit to China, his first overseas trip since 1983. As well as meeting President Jiang Zemin and other leaders, he toured a computer factory and was quoted—for the first time—explicitly praising China's reform programme. This visit prepared Kim Jong Il for hosting Kim Dae-Jung a fortnight afterwards. One month later the 'Dear Leader' welcomed the President of Russia, Vladimir Putin, as the first ever Russian or Soviet leader to visit the DPRK. By this simple gesture, in a trip lasting less than 24 hours, Putin reversed a decade of hostility which had begun when the then Soviet leader, Mikhail Gorbachev, hastily forged ties with Seoul in 1990; further, the Russian President recon-

firmed Moscow's importance with regard to the possible reunification of Korea, later presenting the G-8 (the G-7 plus Russia) with an offer by Kim Jong Il to abandon his missile programme in return for access to satellite-launching facilities. The 'Dear Leader' later commented that this was said in jest, which left Moscow unamused, and was a reminder that rebuilding ties might not be straightforward. Furthermore, North Korea owed Russia some US $3,000m.

The year 2001 was also an active one for Northern diplomacy, but with more mixed results. Ties with the USA suffered a setback when the new Republican administration under President George W. Bush expressed mistrust towards North Korea, prompting Pyongyang to suspend inter-Korean dialogue as well. No further talks were held with Japan, which Pyongyang denounced (as did Seoul) for a new schools' history textbook that glossed over pre-1945 atrocities, and for Prime Minister Junichiro Koizumi's visit to the Yasukuni shrine which commemorates (among others) convicted war criminals. With other Western countries, however, there was more progress. By June 2001 13 of the 15 member states of the European Union (EU), and the organization as such, had restored full diplomatic relations with the DPRK; the exceptions were France, which cites human rights concerns, and Ireland. In May a high-level EU delegation led by the Swedish Prime Minister, Göran Persson, had visited Pyongyang and met Kim Jong Il, in what was interpreted as a prompt to President Bush to resume dialogue. It was reported that North Korea's leader had pledged to maintain his country's moratorium on missile-testing until 2003. Other states establishing relations with the DPRK during 2001 included Brazil and Turkey.

As in 2000, however, the main trend was restoring good relations with old allies. In January 2001 Kim Jong Il paid his second visit to China in nine months. Again nominally secret, this was mainly to Shanghai and clearly business-related: the week-long itinerary took in several joint-venture factories and even the Stock Exchange, raising hopes that North Korea might at last adopt market reforms. In September President Jiang Zemin reciprocated, with the first visit to Pyongyang by a senior Chinese leader in over a decade. Behind the formal warmth, Jiang would have pressed the case for reform (not least to save Beijing the cost of supporting the DPRK's economy, and coping with an outflow of hungry North Korean refugees); and openly called on his hosts to resume dialogue with South Korea, which they promptly did.

Relations with Russia also deepened. An expected visit by Kim Jong Il in April 2001 did not materialize, but his defence minister returned from Moscow with reported pledges of unspecified new military co-operation. The 'Dear Leader' finally made the journey to Russia in August: by special train, taking over three weeks and causing many complaints as stations along the route were cleared of normal traffic as he passed. A joint statement with President Putin referred to Russian 'understanding' of the DPRK's demand for US troops to leave South Korea. Reports also suggested that a deal had been concluded to repay the DPRK's Soviet-era debts, mainly by sending contract labour (whose working conditions the *Moscow Times* likened to serfdom). As this implied, not all Russians endorsed their Government's efforts for renewed friendship with this relic of Stalinism.

The events of 11 September 2001 cast an especially long shadow for North Korea. The country remained on the US Department of State's list of nations alleged to sponsor terrorism, if mainly for sheltering a number of Japanese hijackers since 1970, rather than for any recent transgressions. No links to the Islamist militant group al-Qa'ida were seriously alleged, and North Korea swiftly condemned the suicide attacks on the mainland USA—but went on to criticize the US war in Afghanistan. For its part, Washington for the first time cited North Korea's suspected biological weapons programme as a major threat, in addition to its nuclear and missile concerns. Besides such weapons of mass destruction, the Bush Administration also gave notice that North Korea's conventional force posture was unacceptably threatening. In January 2002 President Bush notoriously grouped North Korea with Iraq and Iran as forming what he termed an 'axis of evil'. None the less, MIA co-operation and US food aid continued. In December 2001 the pursuit and sinking by the Japanese navy of a suspected North Korean spy ship, later salvaged and put on public display, did nothing for either Pyongyang's relations with Tokyo or its wider reputation.

The DPRK's image also suffered from a growing diplomatic problem in which it was, curiously, both cause and bystander. North Korean fugitives in China—numbering up to 300,000, none of whom Beijing acknowledged as refugees—became more militant in 2002; aided by foreign NGOs, several sought asylum in foreign embassies. Chinese police intrusions to seize them caused disputes with both South Korea and Japan; yet in the end all, including those arrested, were allowed to travel to Seoul via third countries. The price of freedom for the few was a campaign of suppression in the border region, with many more migrants arrested and deported to an uncertain fate. It was doubtful if signs of reform in North Korea, or repression there and in China, could stem this tide from swelling over time, to destabilizing effect. The number of North Korean defectors reaching South Korea is still tiny compared with most refugee situations elsewhere, but is nearly doubling each year. From 148 in 1999, the total rose to 312 in 2000, 583 in 2001 and 1,141 in 2002.

In early 2002 the DPRK's diplomacy temporarily turned away from the major powers, and seemed mainly to be motivated by economic needs. The Minister of Foreign Trade toured Western Europe, while Kim Yong Nam, President of the SPA Presidium, went to Thailand and Malaysia, securing rice and palm oil on generous terms. At home Kim Jong Il hosted Indonesia's President, Megawati Sukarnoputri (their late fathers had been close associates), who then travelled on to Seoul. The ever less reclusive 'Dear Leader' also visited the Russian embassy in Pyongyang three times in as many months. In July Russia's Minister of Foreign Affairs, after visiting both Koreas, declared Kim Jong Il ready for dialogue 'without preconditions'.

This duly ushered in a new bout of North Korean goodwill diplomacy. In July Paek Nam Sun returned to the ARF, in Brunei, having been absent in 2001. An informal meeting with the US Secretary of State, Colin Powell, was the first high-level contact with the Bush Administration. A month later a less senior envoy, Jack Pritchard, represented the USA at KEDO's LWR ground-breaking ceremony in Shinpo; he urged North Korea to submit to full IAEA inspections.

With Tokyo there was faster movement. In Brunei Paek signed a joint statement with his Japanese counterpart, Yoriko Kawaguchi. Within a month, bilateral Red Cross and diplomatic talks were held in Pyongyang, cordially, but with no visible progress. However, Junichiro Koizumi made an historic visit to Pyongyang on 17 September 2002, becoming the first Japanese Prime Minister ever to do so. This was a considerable risk, in view of the outstanding disputes between the two countries. The most significant outcome of Koizumi's summit meeting with Kim Jong Il was the latter's admission that North Korean agents had indeed kidnapped 11 or 12 Japanese nationals in the 1970s and 1980s, and of these, only five were still alive. Pyongyang's long denial of this had been an obstacle to the normalization of diplomatic relations, and the revelation shocked the Japanese public. Kim apologized for the kidnappings, blaming rogue military elements, and agreed to return the surviving Japanese; Koizumi apologized for Japan's colonization of the Korean peninsula. Kim also told Koizumi that he would allow international inspections of North Korea's nuclear facilities, and would maintain the moratorium on missile-testing beyond 2003. The new bonhomie did not last long. Amid the emerging nuclear crisis, Japanese public anger at North Korea's failure to divulge the facts of the deaths of most of the abductees, and its refusal to let the survivors' children join them in Japan, returned relations to their prior state of hostility.

Koizumi's sudden enthusiasm for summit meetings might have been inspired by Vladimir Putin, who in Vladivostok, Russia, in August 2002 met Kim Jong Il for the third time in as many years. The Russian President pressed for inter-Korean rail links, which could create an 'iron silk road'—a freight route from South Korea to Europe via Siberia, which Putin hoped would encourage economic development in Russia's depressed Far East. For his part, Kim Jong Il reportedly sought modern weapons, and visited factories in the region as well as a Russian Orthodox church. (Although not officially acknowledged, Kim was born in Khabarovsk in 1942, where his father was in exile.)

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From October 2002, however, any optimism was reversed by a growing nuclear crisis which dominated North Korea's foreign relations for the next 10 months, with no sign of any early resolution. In mid-October the USA revealed that, two weeks earlier, the Bush Administration's first senior envoy to Pyongyang—the Assistant Secretary of State for East Asian and Pacific Affairs, James Kelly—had confronted his hosts with evidence that they were pursuing a second covert nuclear weapons programme, this time based on highly enriched uranium, in violation of the 1994 Agreed Framework (AF); and that North Korea had, against expectations, admitted this. In November KEDO's executive board, at US urging, voted to suspend heavy fuel oil shipments due under the AF until North Korea returned to full compliance. In December Spanish and US forces detained a North Korean vessel carrying *Scud* missiles off the Horn of Africa; but later let it proceed to its destination, Yemen, since no laws had been broken (neither buyer nor seller being a signatory to the Missile Technology Control Regime). Thereafter the crisis escalated rapidly. North Korea stated that it would reopen its nuclear site at Yongbyon, suspended under the AF, and asked the IAEA to remove seals and monitoring cameras. Later that month it expelled the IAEA's inspectors, and in January 2003 announced its immediate withdrawal from the NPT: the first signatory state ever to do so. In February and March North Korea test-fired two short-range missiles, and one of its jets briefly entered South Korean airspace. More seriously, in early March four North Korean jet fighters harassed a US spy plane west of the peninsula, in an apparent effort to force it to land in Pyongyang. Such provocations dissipated with the start of hostilities in Iraq.

These developments aroused widespread concern, but initially elicited no unified policy response. The Bush Administration, preoccupied with Iraq, said it sought a peaceful solution, but seemed in no hurry to negotiate. A further problem was North Korea's demand for bilateral talks with the USA, which insisted on a wider multilateral forum. Not until April 2003 did talks take place, in Beijing, involving the USA, North Korea and China, which under its new leader, Hu Jintao, had become an active mediator. China of late had become vexed by its old ally's maverick behaviour, and not only on the nuclear issue. In September 2002, meanwhile, North Korea declared the establishment of a free economic zone at Sinuiju on its north-western border with China, and appointed a wealthy Sino-Dutch orchid dealer, Yang Bin, to run it. Furious at not being consulted about either the zone or the appointment of its head, China promptly arrested Yang; in July 2003 he was imprisoned for 18 years on fraud and corruption charges. On the nuclear issue, North Korea's statements remained ambiguous. Before the Beijing meeting, it seemed to claim to have finished reprocessing spent fuel rods from Yongbyon to produce plutonium. At the talks, its chief delegate unofficially told the USA that North Korea had nuclear weapons and reserved the right to sell them. In the absence of hard intelligence data (but with the release of much politically motivated information) on how far along either of Pyongyang's two nuclear programmes might be, it was unclear the extent to which such brinkmanship was bluff. In its public statements North Korea asserted a right to nuclear defence, abandoning its earlier claim that Yongbyon's purpose was to generate electricity.

From May 2003 US policy, in so far as there was one, shifted more towards interdicting North Korean shipments regarded as suspicious, with a new Proliferation Security Initiative (PSI). The 11 nations supporting the PSI included Australia, which in April seized a North Korean freighter suspected of landing heroin worth US $125m., and Japan, which tightened port inspections of North Korean ships, hitherto laxly supervised despite suspicions of smuggling methamphetamines to Japan and missile parts and other strategic materials into North Korea. South Korea did not join the PSI, but fears of a breach with the USA were allayed after its new President, Roh Moo-Hyun, adopted a more aggressive stance on his first visit to Washington in May. Yet with younger South Koreans inclined to blame the USA for exacerbating tensions on the peninsula, acute awareness of the closeness of greater Seoul's 20m. people to the front line—Seoul is within range of KPA heavy artillery, the arsenal of which is believed to include chemical shells—led to much anxiety. Despite this, inter-Korean contacts continued as normal throughout the crisis (see above).

After much diplomatic activity, it was agreed that six-party talks—involving the two Koreas, China, the USA, Japan and Russia—would be held in Beijing in August 2003. While, by any measure, this was a full complement of concerned parties, and despite relief at this prospect, the chances for substantive progress were unclear. Kim Jong Il faced a difficult decision: whether to exchange nuclear programmes—or other activities, such as missile exports—for aid and security guarantees, or keep them as a deterrent against sharing the fate of the regime of Saddam Hussain in Iraq. For his interlocutors, the many dilemmas included: how to prioritize an agenda, with so many concerns; how any nuclear agreement could realistically be verified; and what combination of incentives and punishments to apply. Six-party talks were held in August as scheduled, but ended without resolution. The USA appeared isolated in insisting that North Korea not be compensated for nuclear disarmament. Divisions in the Bush Administration, between those willing to engage Kim Jong Il and 'hard-liners' who sought regime change, seemed likely to come to a head. On 25 August, on the eve of the six-party talks, Charles 'Jack' Pritchard—who had since the Clinton era been considered the US 'point man' on North Korea, meeting regularly in New York with North Korean diplomats at the UN—resigned. Taking up a post at the Brookings Institution in Washington, DC, he confirmed speculation that he had quit in dismay by urging the USA to recommit to serious and sustained engagement with North Korea.

Once launched, the six-party process continued, albeit at a desultory pace and with scant substantive progress. Despite much shuttle diplomacy (especially by China, which as host had invested heavily in this initiative), hopes of holding a second meeting before the end of 2003 were not fulfilled. In November KEDO's executive board voted to suspend the consortium's LWR project for a year. While South Korea hoped this would resume in due course, the USA—which had pushed for formal suspension—made clear that it saw no future for the LWRs. In January 2004 a senior private US delegation visited Pyongyang and the Yongbyon nuclear site, which was once more operational. One US scientist was allowed to handle a lump of what appeared to be plutonium: a signal that North Korea's nuclear intentions were in earnest. A second round of six-party talks was eventually held in Beijing in February, but again made little headway. This time, China and even South Korea were dismayed that the USA merely repeated its demand of CVID—complete, verified, irreversible dismantling of nuclear facilities—and refused to entertain North Korea's step-by-step offer, starting with a 'freeze'. However, it was agreed to meet again by the end of June, with prior working groups to discuss details. The latter met briefly in April, and again just before the third round of full talks in June.

At the third round talks the USA modified its position to offer a phased process, including interim incentives. Details were not published, but this seemed to be a hopeful sign. By now, however, the US electoral cycle had become a factor. A fourth round, due by September 2004, did not take place, since Kim Jong Il was thought to expect a better deal if the Democratic candidate, Senator John Kerry, defeated George W. Bush at the presidential election. Other US incentives, such as a donation of 50,000 metric tons of grain in July, failed to mollify North Korea; which instead reacted angrily to US urgings to emulate Libya and definitively surrender all of its weapons of mass destruction.

Meanwhile, in April 2004 Kim Jong Il visited Beijing for the third time in four years. As ever, he travelled by train, his journey being shrouded in secrecy: his brief trip (of just two nights) was confirmed only after it was over. All was publicly cordial, as usual. This was Kim's first encounter with China's new leadership under Hu Jintao; while the main aim of the People's Republic was to ensure North Korea's commitment to the six-party talks, and its amenability more generally. This all came at a price: China admitted offering aid, but details were not given. By contrast to the China visit, in neither 2003 nor 2004, unlike the two previous years, did Kim's train roll north for summits with Vladimir Putin. However, Russia continued to cultivate North Korea, and to take a soft line within the six-party talks. In July 2004 Sergei Lavrov, Russia's Minister of

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Foreign Affairs, returned home by way of Seoul and Pyongyang from the ARF held in Jakarta.

Japan, meanwhile, displayed its own combination of persuasion and incentives. The Koizumi Government passed laws restricting transfers to hostile nations (though North Korea was not named, nor was the legislation implemented), and tightened inspections of North Korean vessels in Japanese ports. Yet this did not stop Koizumi making a second day-trip to Pyongyang in May 2004. This time he brought back five children of two abductee couples returned in 2002; the apparent price being 250,000 metric tons of rice. In a more complex case, the American husband of another ex-abductee, a former sergeant who had apparently deserted across the DMZ in 1965, and their two daughters were brought to Jakarta for the family to be reunited. They all then travelled to Japan, despite the possibility of the husband, Charles Jenkins, facing a US court martial. Japanese public opinion, quick to anger over the fate of dead abductees, in this case desired a happy ending; Jenkins received only token punishment and a dishonourable discharge. In August Japan and North Korea resumed bilateral talks; but despite Koizumi predicting diplomatic relations as feasible within a year or two, the abduction, nuclear and missile issues all ensured that no headway was made. From December 2004 relations deteriorated further after Japan claimed that the supposed cremated remains of one abductee returned by North Korea were in fact not hers. This caused outrage in Tokyo, despite suggestions that the DNA test could not be conclusive either way.

In December 2003 North Korea and Ireland established full diplomatic relations, leaving France as the sole EU member still resisting this. France's ground remained the issue of human rights abuses: also a major concern for the EU majority which had recognized the Democratic People's Republic. In 2003, and again in 2004 and 2005, European nations successfully introduced resolutions condemning such abuses at the UN Commission on Human Rights in Geneva. China opposed on both occasions, while South Korea absented itself in 2003 and abstained thereafter. The latter resolution provided for the appointment of a special rapporteur, ensuring that the issue would remain on the agenda. In a similar vein, in 2004 both houses of the US Congress unanimously approved a North Korea Human Rights Act (NKHRA), signed into law in October, which committed the US Government to raise this matter.

Amid tension over the nuclear issue and memories of the April explosion, reports on 12 September 2004 of a mysterious 'mushroom' cloud near the Chinese border prompted fears that North Korea had conducted a nuclear test. Two days later Pyongyang media reported that the explosion had been merely a blast during construction of a hydroelectric dam. Foreign envoys were invited to inspect the site, but were taken elsewhere, some 100 km to the east. None the less, intelligence sources in Seoul eventually concluded that what they had seen might have been simply an unusual weather event.

Foreign relations in 2005 remained dominated by the nuclear crisis, now in its third year. The year began promisingly when two US congressional delegations (one led by a sponsor of the NKHRA, Tom Lantos, a veteran member of the US House of Representatives who had also played a key role in Libya's *rapprochement* with the USA) visited Pyongyang in early January. A statement released in the same month by KCNA envisaged treating the USA 'as a friend', provided the USA reciprocated. This apparent upturn in relations was jeopardized, however, when on 10 February North Korea not only stated that it would indefinitely suspend participation in the six-party talks, but also made its boldest claim yet that it possessed a nuclear deterrent and intended to keep it. The reaction of the USA was calm, but a concerned China dispatched a senior envoy, Wang Jiarui, to meet Kim Jong Il; the latter reaffirmed his commitment to denuclearization and the six-party talks, provided conditions were 'mature'.

Relations between the USA and the DPRK were not improved by vague US charges that North Korea had aided Libya's former nuclear programme, nor by the description of North Korea as an 'outpost of tyranny' in January 2005 by the newly appointed US Secretary of State, Condoleezza Rice. In April South Korean intelligence confirmed that the Yongbyon reactor had been shut down, prompting fears that spent fuel was being reprocessed to create further plutonium. There were rumours in the early part of the year of an impending nuclear test; none took place, but on 1 May North Korea fired a short-range missile off its east coast. In late April a series of less than diplomatic remarks were exchanged: George W. Bush referred to Kim Jong Il as a 'dangerous tyrant'; Pyongyang media riposted by describing the US President as a 'half-baked, philistine, ignorant cowboy'. Deeds followed words: in May the contract of Charles Kartman, a career US diplomat and supporter of engagement who had been appointed at the time of the Clinton presidency as head of the KEDO consortium, was not renewed. Two days later the US Secretary of Defense, Donald Rumsfeld, summarily suspended joint US searches with the KPA for MIA remains, a programme that had been ongoing since 1996 (see above), with several visits planned for 2005.

In mid-2005 the mood changed. In late June the USA donated 50,000 metric tons of grain to North Korea via the UN World Food Programme (WFP). A senior North Korean diplomat, Ri Gun, met US officials at a seminar in New York. On 9 July it was announced that a fourth round of six-party talks would be held later that month. This followed a secret dinner in Beijing between the head of the North Korean delegation, Vice-Minister of Foreign Affairs and Trade Kim Kye Gwan, and his new US counterpart, Christopher Hill, Assistant Secretary of State for East Asian and Pacific Affairs. That meeting in itself suggested a fresh US stance; this was subsequently confirmed when talks began again on 26 July, with Hill clearly having more authority to be flexible (including eight one-on-one meetings with Kim Kye Gwan) than James Kelly, his predecessor. In another innovation, this round of talks continued for almost two weeks before going into recess. Further discussions resulted on 19 September in North Korea's apparent renunciation of its nuclear activities and the country's commitment to rejoin the NPT, in return for aid, with the six nations agreeing to resume their talks in November. On the following day, however, the accord was undermined when North Korea unexpectedly reiterated its right to conduct peaceful nuclear activities and declared that it would not abandon its nuclear programme unless it was given a light-water reactor for the purposes of electricity generation. As this suggested, the issues remained intractable, particularly with regard to the refusal of the USA to countenance North Korea's retention of a civil nuclear capability. Despite this and other difficulties, an evident new seriousness of purpose displayed by all parties offered some hope that future negotiations might eventually prove successful.

Economy

ROBERT F. ASH

Based on an earlier article by JOSEPH S. CHUNG

Following the introduction of a highly centralized planning system based on the former Soviet model, and radical economic initiatives introduced during the interim post-war Soviet occupation of North Korea (1945–48) and after the formal establishment of the Democratic People's Republic of Korea (DPRK) on 9 September 1948, the economy has been characterized by a strong orientation towards the socialization of production and productive relationships. By the end of 1958, the full socialist transformation of North Korea had been completed, laying the foundations of what was one of the world's most highly central-

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ized and planned economic systems, and what has become, since the implementation of market-orientated reform in the People's Republic of China, the former USSR and other previously socialist countries, the most isolated, monocratic and autarchic economic regime left in the world. The opacity of official policy statements, as well as the absence of published statistics, are an integral part of the mixture of rhetoric and obfuscation that make it so difficult to assess current economic developments, let alone predict the country's future trajectory.

There is a consensus that, even allowing for the impressive rates of economic growth that were sometimes achieved, central planning systems have generated severe problems of waste and inefficiency. In the case of North Korea, the Government's rigid adherence to central planning has undoubtedly inhibited economic growth and constrained its long-term economic performance. Until the early 1960s, it is true that economic expansion was rapid, but this performance owed more to recovery from a war-ravaged economy (following Japan's surrender and withdrawal in 1945, and, subsequently, the Korean War truce agreement in 1953), than to net growth. Even so, the rate of economic expansion in North Korea (averaging some 12% annually) exceeded that of the South until the late 1960s, and not until around the middle of the following decade did South Korea's aggregate gross national product (GNP) surpass that of North Korea. In per caput terms, the pre-eminence of the South occurred even later.

Economic growth in all communist regimes has been driven by the physical accumulation of resources (especially capital), rather than by qualitative improvements. In this respect, North Korea has been no exception, a high capital accumulation rate—and its corollary, minimal consumption improvements—rather than productivity gains, having been the principal driver of economic expansion. Over time, infrastructural shortcomings and associated difficulties have grown increasingly serious, highlighting the need to enhance efficiency through the more effective use of resources and the adoption of more advanced technology in order to maintain and increase the growth momentum.

Throughout its existence, North Korea's development strategy has been guided by the ideology of *juche*, or 'self-reliance' (the application of this notion having been carried over to the realm of politics). *Juche* has quasi-mythical overtones, although the idea of '*juche* for economic development' was first articulated by Kim Il Sung in December 1956. It dominated the formulation and implementation of economic development policies until well after Kim's death in 1994, and, under the pretext of making working people the masters of agricultural and industrial undertakings, was reflected in a continuing emphasis on the need to generate an independent, self-reliant economy. Indeed, despite a willingness to embrace modest market-orientated policies in recent years, the notion of *juche* has remained a dominant economic organizational principle in North Korea.

Following the death of his father, Kim Il Sung, North Korea's new paramount leader, Kim Jong Il, continued to defend socialist ownership and the consolidation and development of a socialist economic system embodying the *juche* ideal of self-reliance, while emphatically rejecting the introduction of capitalist methods. These principles are reflected in the Government's use of exhortation, mass social mobilization, production campaigns, and similar organizational methods designed to increase output.

The flexibility with which *juche* can be interpreted does not, however, necessarily make it incompatible with economic liberalization. From this perspective, it is significant that a constitutional amendment, introduced in 1998, made explicit reference to privatization, material incentives and profitability, while apparently continuing to endorse North Korea's pursuit of a planned, socialist and self-reliant economy. In the same year Pyongyang sought advice from the World Bank on the establishment of a market economy. Even so, it remains premature to speculate about the outcome of such initiatives: on the one hand, the North Korean Government has shown itself eager to expand foreign trade, encourage foreign investment and embrace modern technology; on the other hand, it has also continued to demonstrate a determination not to allow market-orientated reforms to jeopardize central control over key national assets. In 2003 reports from a group of Swedish visitors to North Korea indicated that Kim Jong Il had decided to embark on a three-year experimental programme of opening up the economy to the outside world. In general, however, official policy emphasis since early 2004 seems to have played down market reforms and shifted back towards the need for enhanced central controls in order to facilitate scientific and technological initiatives. Heavy industrial development has also taken precedence over that of light, consumer goods industries. Although the North Korean Premier, Pak Pong Ju, has been described as a pragmatic technocrat, his would-be reforming tendencies appear to have been stifled by more centralist-minded members of the Government. In early 2005, in his annual report to the spring session of the Supreme People's Assembly (SPA), the main economic focus of Pak's remarks was on state-owned enterprises. The ideological and institutional obstacles facing Pak Pong Ju in his efforts to facilitate reform are formidable. Not least, he will have to overcome political limits imposed by the Korean Workers' Party (KWP), as well as the economically distorting effects of the *Songun* ('military-first') strategy. The *Songun* ethos is reflected in North Korea's possession of the fourth largest armed forces in the world and military spending that is thought to absorb up to one-quarter of gross domestic product (GDP). This overwhelming emphasis on military construction cannot fail seriously to constrain the potential for welfare-enhancing economic growth, although the official view from Pyongyang is that, far from being a drain on the national economy, the military sector *drives* economic growth (in the words of an article published in March 2003 in *Rodong Sinmun*, the organ of the KWP's Central Committee: 'in a powerful state, the defence industry takes a leading and key position in the economy...').

Estimates by the Bank of Korea (BOK) in Seoul indicated a real GDP growth rate of 2.2% during 2004. This was the second year in succession that GDP growth had accelerated, the corresponding rates of expansion having been 1.8% in 2003 and 1.2% in 2002. Despite its upward momentum, however, North Korea's GDP growth in 2004 was well below the previous recent peak of 6.2%, recorded in 1999. All major economic sectors shared in the 2004 positive growth performance. Significantly, however, whereas it was the lagging sector in 2003, in 2004 agriculture (including forestry and fisheries) achieved the highest rate of sectoral growth (4.1%), compared with 2.5% (mining), 1.4% (services) and 0.4% each for manufacturing and construction (all estimates from the BOK). The upturn in farm output growth reflected favourable weather conditions, sown area adjustments and increased supplies of chemical fertilizers. Although growth slowed from the 3.2% achieved in 2003, the performance of mining remained quite buoyant, thanks to further coal-mining developments. Within the disappointing growth performance of the manufacturing sector was a negative rate (–0.2%) recorded by light industry, alongside growth of just 0.7% in heavy industry.

Any optimistic interpretation of improved economic growth in 2004 needs to be tempered by the reality of the severe economic problems that North Korea suffered throughout 2004 and into 2005. Between 1990 and 2004 annual GDP growth exceeded 2% on only three occasions, and was negative in nine of the 15 years. The chronic lack of resources, financial and material, and reliance on obsolete equipment and technology have become increasingly serious problems. More generally, North Korea's poor recent economic record also reflects the implementation of the inward-looking policies of the past, which, as in other former socialist countries, placed undue emphasis on heavy industry at the expense of welfare-enhancing consumer goods and services, while also downgrading the role of foreign trade and inhibiting technology transfer. The outcome of such structural imbalances was to offer protection to domestic industries behind artificial barriers, and thereby prevent the emergence of internationally competitive industries driven by the principle of comparative advantage. This, in turn, not only led to a serious shortage of foreign exchange, but also exacerbated North Korea's long-standing and growing foreign indebtedness. In the first half of the 1970s North Korea's outstanding foreign debt doubled to well over US $500m., as a result of which it became the first communist country to default on its debt. More than three-quarters of this debt was owed to non-communist countries and an important consequence was that, from 1975, North Korea was for many years cut off from access to advanced Western

technology. Notwithstanding the critical need to maintain imports of foreign technology and capital in the interests of economic modernization, North Korea's isolation only served to underline the emphasis on self-reliance.

North Korea has faced persistent shortages of skilled labour, modern equipment and technology. Capacity under-utilization, reflecting congestion in the energy, transport and mining sectors, and inadequate infrastructural investment have further impeded development. In addition, excessive bureaucracy, a shortage of fertile arable land, the absence of modern farming methods and equipment, insufficient power and the lack of incentives have undermined agricultural production (especially grain—rice, maize, potatoes, etc.), giving rise to continued food shortages, widespread malnutrition and starvation. After repeated reports of food supply problems and rationing for several years, North Korea officially acknowledged that, as a result of damage caused in 1995 and 1996 by the heaviest floods of the century, the country faced serious food shortages. The consensus view is that such conditions gave rise to widespread famine during 1996–98. Only thanks to massive international food aid were the most calamitous consequences averted. Food shortages have persisted, although their worst effects have now been overcome (see below). Nevertheless, malnutrition is likely to have a serious long-term impact on the quality of the labour force.

Many would argue that North Korea's economic salvation lies in the direction of gradual, if not radical, economic reform, embracing Chinese-style market-orientated policies and opening the economy to the outside world. As a long-term goal, this is a process that may be facilitated by Korean unification, although the short-term economic and social costs of integration are likely to be considerable (even supposing that unification can be achieved). Meanwhile, important initiatives have been taken to encourage foreign investment in North Korea. For example, as early as 1991, the Government in Pyongyang urged the creation of special economic zones and designated the 621-sq km Rajin-Sonbong Strip on the north-eastern coast as a 'Free Economic and Trade Zone', in imitation of the Chinese model. Whether the North Korean Government will prove itself capable of following China's example in using reform to propel its economy on to a sustained path of renewed growth remains impossible to determine. Indeed, as political tensions at all levels of government increase, the possibility of complete collapse still cannot be ruled out. However, the statement made in November 2003 by the chairman of Standard and Poor's sovereign ratings committee to the effect that economic collapse in North Korea was inevitable seemed, 18 months later, to have been an overstatement. As of mid-2005 the economic survival capacity of the Pyongyang regime looked stronger than at any time during the previous decade. If the Government shows itself willing to embrace economic reform, that capacity will be significantly enhanced, albeit at the likely cost of an erosion of the KWP's authority.

ECONOMIC GROWTH AND STRUCTURAL CHANGE

Throughout North Korea's existence, the pursuit of an unbalanced industrial strategy, geared towards maximizing heavy industrial growth, has characterized its economic development. This, in turn, has been reflected in significant structural change within its economy. At the time of partition, agriculture (including fishing and forestry) generated almost two-thirds of GDP, compared with an industrial contribution of under 20%. By 2004, according to BOK estimates, the agricultural share had fallen to 26.7%, although mining added a further 8.7% to GDP, so that the primary sector's contribution overall was 35.4%. By contrast, despite the industrial thrust of North Korea's development strategy, the share of secondary sector activities was still quite low, at 32.2%; this figure comprised manufacturing (only 18.5%), construction (9.3%) and electricity, gas and water (4.4%). Services, meanwhile, accounted for an estimated 32.3% of GDP, of which 22.6% reflected government activities. Even allowing for a significant margin of error (see below), such figures reveal that the agricultural contribution to overall economic activity is significantly higher than that of low-income countries taken as a whole, while the shares of industry and services (especially non-government services) are lower.

Net cumulative industrial growth (excluding construction) during 2002–04 was a mere 1.1%, although quite buoyant light industrial expansion (4.9% in 2002–04) contrasted sharply with a negative rate of growth in heavy industry (–1.1%). Concealed within these figures are low levels of efficiency and productivity. Industrial plants, most of which were under strict state ownership and control, reportedly operated at an average 30% below capacity for years prior to Kim Il Sung's death, and, by the late 1990s, were believed to be functioning at about 20% of capacity. In the face of chronic resource shortages, it is unlikely that conditions have since changed. Meanwhile, industrial growth in North Korea has never been translated into significant improvements in living standards, owing to the disproportionately high allocation of resources to heavy industry and military expenditure.

Judged by its record of published economic data, North Korea is one of the most secretive countries in the world. The questionable reliability and ambiguities of limited official data pose additional problems in assessing the country's economic performance. Despite such problems and other, more familiar, difficulties associated with estimating the national output of a communist country on a US dollar basis, quantitative insights are available into North Korea's recent economic performance. The general picture that emerges is one of long-term positive growth during the early decades of the regime (for example, average national income growth was probably around 9% per annum during 1960–89), followed by a serious contraction during most of the 1990s, after economic links with the USSR and Eastern bloc countries had collapsed. Contraction during this period was exacerbated by problems of energy shortages, the poor maintenance of existing industrial facilities, technological backwardness and inadequate investment. (Some suggest that by the second half of the 1990s, investment had fallen below the replacement level, leading to a contraction of capital stock.) During 1990–98 the average rate of contraction of GDP was 3.8% annually, the sharpest declines occurring in 1992 (down by 6%) and 1997 (6.3%), as a result of which aggregate GDP contracted by just over one-third. This trend was eventually reversed in 1999, thanks mainly to higher farm production and, more significantly, to much-needed inflows of foreign aid (estimated at US $650m.). Thus, GDP growth in 1999 rose by an estimated 6.2%, and maintained a positive momentum into 2004 (recording an average annual increase of around 2% between 2000 and 2004). The improved economic performance since 1999 reflects efforts by the Government in Pyongyang to stabilize production in the traditional core heavy industries, while seeking to expand the output of consumer goods and promote the development of information and communications activities. A major initiative in 2002 was the Government's announcement of a policy 'package', designed to strengthen a still-nascent orientation towards limited marketization (see below). Gross national income (GNI) in 2004 was an estimated $20,800m., implying an average per caput income of $914 (about 7% of the corresponding South Korean figure). The US Central Intelligence Agency (CIA) suggested that in terms of purchasing-power parity (PPP), North Korea's GDP in 2004 was about $30,000m., while average GDP per head was some $1,400.

With its goal of achieving self-sufficiency and its pursuit of an inward-looking developmental policy that has rejected integration into the international economic order, North Korea's strategy has most closely resembled that of China under the leadership of Mao Zedong. North Korea is also one of the world's most highly defence-constrained economies. Official estimates suggest that the share of spending on defence has fallen steadily, from a peak of 32% in 1968 to about 17% in 2004. However, defence expenditure is notoriously difficult to assess, and some Western sources suggest that as much as 25%–30% of GDP may still be allocated to the military sector. CIA estimates suggested that in 2003 the ratio of military expenditure to GDP was 22.9%.

In 1984, in order to stimulate the economy, North Korea made an unprecedented change to its previously rigid insistence on self-sufficiency, by announcing its willingness to implement joint ventures with foreign companies (including those from capitalist countries). This development marked a logical progression from the new foreign economic policy contained in the January 1984 decision of the SPA, calling for an expansion of

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economic co-operation and technical exchange, as well as trade, with Western countries. Some viewed this readiness to accept inflows of foreign capital as the clearest indication of North Korea's slow but steady progression towards economic modernization. It remains to be seen, however, to what extent recent diplomatic initiatives and co-operative commercial projects reflect Pyongyang's genuine willingness to accept the limits to national self-sufficiency.

POPULATION, LABOUR AND WAGES

Serious demographic losses (estimated at around 1.5m. persons) during the Korean War (1950–53) and migration to the South, as well as a relatively low population density, have exacerbated labour scarcities in North Korea. The average rate of natural increase of total population was close to 2% per year in the 1990s, although there is also evidence of a declining trend rate. A CIA estimate put North Korea's total population as of July 2005 at 22,912,177—less than half that of South Korea—and growing at an average annual rate of 0.90% (birth rate 16.09 per 1,000; death rate 7.05 per 1,000). North Korea's rate of natural increase is below the world average, although low population growth in recent years may reflect the impact of food shortages more than that of family control policies. The CIA estimates indicated a dependency ratio of 47.3% in 2005. This figure conceals a remarkably low age-dependency ratio, and only 7.9% of the population aged 65 years and above (almost twice as many women as men fell into this category in 2005), alongside a more 'normal' young age dependency (24.2% of the population being under the age of 15). In 2005 the infant mortality rate was estimated by the CIA to be 24.04 per 1,000 live births, compared with 24.8 per 1,000 in 2003; average life expectancy at birth was 71.37 years.

An estimated 40% of the North Korean population live in the countryside. Migration is strictly controlled, both within and across the country's borders. Between the end of the Korean War in 1953 and 2000 a mere 5,000 North Koreans successfully crossed the border into South Korea. However, it is estimated that in the period 2003–04 alone between 140,000 and 300,000 people fled to China in the hope of eventually reaching South Korea. Many of these were repatriated, and one authoritative source suggested that fewer than 2,000 North Koreans reached South Korea in 2004.

The constraint on manpower resulting from the maintenance of large armed forces (with 1.2m. members of the Korean People's Army in 2005, North Korea had the fourth largest army in the world) has been offset by the ability of a strong central state to mobilize military personnel for civilian economic purposes. The demographic estimates cited above suggest that in 2005 67.9% of the population, some 15.6m. men and women, were of working age (15–64). However, only about 62% of these (9.6m.) were reckoned to constitute the labour force, of whom more than one-third were engaged in farming. Estimates of unemployment are not available, although, as in pre-reform China, the likelihood is that the organizational framework within which the economy functions has concealed large numbers of people who, using orthodox criteria, would be considered to be unemployed.

Information on wages is scarce. Reports make clear, however, that in 2003 there were dramatic wage increases, especially among some privileged groups such as KWP officials, military personnel, scientists, farmers and miners, all of whom received rises that were well above average. There is evidence, for example, that miners and soldiers were awarded a wage rise of 1,500%, while the corresponding figure for agricultural workers was 900%. One source has speculated that such major adjustments reflected the Government's wish to enhance the role of material incentives in the allocation of labour. In assessing the impact of these wage rises on living standards, it should be kept in mind that sharp price increases took place simultaneously (see below).

PLANNING

Even now, the legacy of central planning is very apparent in North Korea, where some 90% of economic activity remains under state control in the guise of collectivized agriculture and state-controlled industrial and service activities. As early as the interim post-war Soviet occupation of North Korea (1945–48), the North Korean Provisional People's Committee introduced a series of radical economic reforms (including land reform and the nationalization of major industries) which signalled a strong orientation towards the socialization of economic activities and the introduction of a centralized planning system on the Soviet model. Following the formal establishment of the DPRK on 9 September 1948, the new Government launched its first Two-Year Plan (1949–50), whereby it sought to consolidate the foundations of a self-reliant national economy. This process was, however, interrupted by the Korean War.

From the end of the Korean War in 1953 until 1984 North Korea's economic policy was conducted within the framework of five development plans. As a result of revisions, early fulfilment and delays, the dates of these plans are somewhat confusing and discontinuous: a Three-Year (Post-war Reconstruction) Plan (1954–56); a Five-Year Plan (actually 1957–60); the first Seven-Year Plan (actually 1961–70); a Six-Year Plan (1971–76); and, with the designation of 1977 as a year of readjustment, the second Seven-Year Plan (1978–84). Following a further adjustment period, the third Seven-Year Plan (1987–93) was announced by President Kim Il Sung in 1986. However, the process of orderly planning was seriously undermined as a result of the severe economic problems of the 1990s and beyond. The dominance of planning has also been eroded by recent market-orientated initiatives.

The division of Korea after Japan's defeat in 1945 left North Korea in possession of about two-thirds of the peninsula's heavy industrial facilities and infrastructure. With post-war economic rehabilitation completed during the 1954–56 Plan, the country made substantial progress under the 1957–60 Plan towards establishing a firm foundation for industrialization, as envisaged in Plan targets. During this period the 'socialization' process was completed, and the *chollima* movement (which took its name from a legendary flying horse, symbolizing rapid progress) was introduced. Not until the first Seven-Year Plan, however, did the process of industrialization begin in earnest. This was the period in which economic and infrastructural shortcomings first emerged, forcing the Government to extend the Plan and to adjust its policy in order to accommodate economic and military needs. As a result, some of the planned targets for 1961–70 remained unfulfilled. In the subsequent 1971–76 Plan, the basic objectives were unchanged, although greater emphasis was placed on technological upgrading, the attainment of self-sufficiency in industrial raw materials, the development of energy industries, raising the quality of products and restoring sectional balances.

The Six-Year Plan (1971–76) was notable for its attempt to revise North Korea's policy of self-reliance in favour of seeking greater access to foreign capital and technology. The success of this strategy was reflected in the fulfilment of major economic targets ahead of plan. At the same time, however, increased capital and technology imports generated increasing foreign debts, which, in turn, led to problems of debt repayment. As a result, North Korea became the first communist country to default on its debt, preventing further purchases of advanced Western technology and forcing it to return to the previous strategy of self-reliance.

Against this background, the major thrust of the 1978–84 Plan was the achievement of self-reliance—an associated aim being the lessening of dependence on Soviet economic aid—modernization, and 'scientization', as well as the promotion of the export of manufactured goods. Modernization meant increasing mechanization and automation, and North Korea advocated 'scientization' as the means whereby more modern production and management techniques could be introduced. Available evidence suggests that the results of the 1978–84 Plan were disappointing—all the more so, given that major targets were set at levels no higher than those of the previous Plan. The seriousness of continuing economic problems was reflected in the paucity of public official statements or proclamations on the 1978–84 Plan. Even North Korean officials acknowledged that the targeted growth of net material product (NMP) and several major commodities remained unfulfilled, and their claim that NMP growth had averaged 8.8% per year has also been widely questioned. The fact that three years elapsed before the implementation of the next economic plan is an indication of the

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failure of the 1978–84 Plan and of the severity of the economic problems that already confronted North Korea in the mid-1980s.

The targets of the third Seven-Year Plan (1987–93), announced in April 1987, were generally less ambitious than those of previous Plans, reflecting persistent economic shortcomings and a more realistic approach by economic planners. Modernization and 'scientization' were again at the heart of the Plan, which envisaged average annual industrial growth of 10% (below the 12% target of the 1978–84 Plan). The country's NMP was targeted to increase by 70% during the Plan period, compared with the reported 80% under the previous Plan. Annual production of crude steel was projected to reach 10m. metric tons—significantly lower than the target of 15m. tons per year that had been announced as long ago as 1980. By contrast, the projected annual production of non-ferrous metals and aquatic products, two of North Korea's most important export commodities, was increased to 1.7m. metric tons and 11m. tons, respectively, compared with earlier goals of 1.5m. tons and 5m. tons.

At the conclusion of the Plan, in December 1993, official sources conceded that the Plan's targets had, once again, not been fulfilled. The disappointing outcome was attributed to difficulties associated with the demise of the USSR and other former socialist bloc countries. Gross industrial output was reported to have expanded by only 50% over the Plan period (implying an average annual growth rate of 5.6%), and even this figure was questioned by Western sources. The only other production growth estimates released by the North Korean authorities for 1987–93 were: power generation (up by 30%); coal (40%); non-ferrous metal ores (60%); steel (30%); and chemical fertilizers (50%). Significantly, all five were below the planned growth rates.

The scale of North Korea's economic problems—the result of years of planning deficiencies, but exacerbated by developments taking place elsewhere in the communist world—was reflected in the Government's inability to formulate a new long-term economic programme. After 1994 formal economic planning was replaced by greater emphasis on rhetoric, urging the work-force to 'rally under the Red Banner, continue on their arduous march and demonstrate their revolutionary zeal'. Simultaneously, market initiatives began to play a minor, but still significant, supplementary role alongside that of planning. Meanwhile, the years 1994–97 were designated a 'period of adjustment in socialist economic construction'. Few quantitative targets were announced for this transitional period, other than planned increases in textile production (20%), fruit and meat output (both by 30%), chemical fibre and synthetic resin production (10%), and power output (30%). In recognition of North Korea's need to produce more and better consumer goods and to solve its increasingly severe food problem, greater emphasis was directed to agriculture, light industry and foreign trade, while efforts were urged to maintain the development momentum of the coal and power industries, and to expand rail transport.

This transitional programme must be judged as another failure because, rather than consolidation taking place, the mid-1990s witnessed continuing economic decline. Nevertheless, there were some significant developments. They included the introduction of constitutional amendments (September 1998), providing for greater private enterprise and market reform, and, early the following year, the Government's adoption of a new economic planning law, which codified the principles and system of the centralized economy. As the experience of China shows, efforts to integrate reform into a socialist system pose huge difficulties. From this perspective, North Korea's simultaneous commitment to planning—much greater than that of post-1978 Chinese Governments—and economic liberalization lie uneasily with one another. The unambiguous commitment of Pyongyang to radical reform has yet to be demonstrated, and in the mean time there has been evidence of the Government using diplomacy (not least, taking advantage of regional and global aspirations to bring peace and stability to the Korean peninsula) in order to secure foreign exchange and maximize additional resources under the pretext of humanitarian assistance. In short, it seems more than coincidental that North Korea should have become the main recipient of US aid in Asia.

ECONOMIC REFORM AND KOREAN REUNIFICATION

From the outset, Pyongyang's verbal commitment to economic reform—a clear prerequisite of inter-Korean economic integration—was greeted by widespread scepticism. Some, for example, have argued that the true motive behind North Korean diplomatic activity in recent years is to enhance its economic advantage by maximizing foreign exchange and foreign aid. The difficulties of interpreting developments in North Korea were exemplified by the different reactions to apparently path-breaking reformist initiatives announced in July 2002. Suffice to say that statements by authoritative sources claiming that such moves were evidence of Pyongyang's determination to introduce market elements into its economy were matched by others, which insisted that the North Korean Government's true intent was to reinforce state control over an expanding 'underground' economy.

Whatever their impact, the 'economic improvement measures' announced by the North Korean Government on 1 July 2002 marked a watershed in economic thinking and macroeconomic policy formulation unmatched since 1945. Central to the 2002 initiative were incentive- and efficiency-enhancing reforms, such as the withdrawal of subsidies to state enterprises, the payment of factory wages on a piece-rate basis, and the legalization and extension of markets for agricultural and industrial products. In short, the initiative implied a withdrawal of state control in favour of decentralized decision-making and greater autonomy for producers. There was also an external dimension, captured in the establishment of administrative and industrial zones, designed to encourage foreign investment inflows.

Also effective from July 2002, prices and wages were simultaneously increased in an effort to enhance economic management and thereby improve living standards. Alongside major rises in prices of basic goods, including staple foods (rice up from 0.08 to 44 won per kg), transport (bus fares up from 0.1 to 2 won), accommodation and energy (electricity rates up from 0.035 to 1.8 won per kWh), workers' basic wages were also raised from 110 won to 2,000 won. The underlying rationale of the price increases was to eliminate the serious drain on fiscal resources resulting from the use of state subsidies and to allow prices to reflect the true cost of production. Thus, for example, whereas before July 2002 the State had paid state farms and collectives 82 chon per kg of rice, which it then resold through the Public Distribution System (PDS—North Korea's rationing system), at 8 chon per kg, by 2004 the purchase price, at 42 won per kg (1 won = 100 chon), had been overtaken by the resale price of 46 won. It is notable that the price increases implied in this example, which range from over 5,000% to an astonishing 57,500%, are far greater than those that were sanctioned by the Chinese Government during the early stages of its economic reforms. In 1979, for example, China agreed to rises of 20%–50% in the price of grain; by way of comparison, the increase in the price of North Korean rice cited above was far greater than the 1,800% rise in workers' average wage, sanctioned in 2002.

The extent of market-orientated reforms is suggested in statistics that show that, as of mid-2004, there existed 300 profit-maximizing private markets in North Korea. Agricultural reforms are evidenced in the extension of farm households' permitted private landholdings from a maximum of 160 sq m to almost 1,300 sq m. Some 300 North Korean officials were reported to have gone overseas in 2003 in order to receive Western-style training in economics. Yet even accepting the North Korean Government's genuine commitment to a programme of market-orientated reforms, China's experience since the early 1980s is a warning of the high risks of such a strategy—not least, in terms of widening income differentials and the emergence of attendant economic and social strains. Recent measures adopted in North Korea do seem to have improved incentives and led to output growth (especially in light industry, at least until 2004) and enhanced commercial transactions. If the momentum of price reform is maintained, however, widening income gaps may generate new economic, as well as social, problems. In any case, the seriousness of shortages of essential raw materials and energy is such that it cannot simply be assumed that even a genuine reformist commitment by Pak Pong Ju, or even Kim Jong Il himself, will automatically be

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translated into the successful implementation of economic reform. China may appear to be, and probably is, the most obvious model for North Korea to follow (in January 2001, almost 18 months before the July 2002 initiative, a delegation from Pyongyang, led by Kim Jong Il himself, visited Beijing and Shanghai in order to familiarize itself with the Chinese reformist development strategy). However, the political obstacles to market-orientated reform facing North Korea—not least the existence of a fundamental ideological challenge from Seoul—are much greater than those that have confronted Beijing. Nor are North Korea's base economic conditions as favourable as those enjoyed by China at the end of the 1980s. In short, it is not impossible that, far from facilitating sustained growth, reform could face insurmountable barriers and exacerbate existing systemic problems within the North Korean economy.

The economic implications for North Korea of reunification with the South have been the subject of much speculation. So opaque is the screen behind which North Korea operates that it is extremely difficult to interpret its motives with regard to recent diplomatic initiatives—the most important of which include normalization of relations with various countries, the June 2000 Pyongyang Summit meeting between the two Korean leaders (Kim Dae-Jung and Kim Jong Il), subsequent ministerial-level talks and, more recently, in April 2005, the meeting between North Korea's titular Head of State, Kim Yong Nam, and the South Korean Prime Minister, Lee Hae-Chan, in the Indonesian capital, Jakarta (where both were attending the Asian-African Summit).

The relative sizes of the two Korean economies are a salutary reminder of the scale of the economic challenge implied in any North-South reunification. In 2004 North Korea's nominal GNI (at US $20,800m.) was a mere 3% of that of South Korea ($681,000m.), while the ratio of the two countries' average per caput incomes was about 15:1 ($914 in the North, compared with $14,162 in the South). The infrastructural gap is highlighted in transport and energy statistics. For example, there were 24,879 km of roads in the North in 2003, compared with 97,252 km in the South (the corresponding figures for vehicle production were 4,800 and 3,178,000, respectively); South Korean power generation was 342,100m. kWh from a capacity of 59,960 MW, while North Korea produced 20,600m. kWh from 7,770 MW (estimates for 2004). Most dramatic of all were the contrasting levels of foreign trade of the two countries. In 2004, the total value of South Korea's merchandise trade was $478,300m.; the corresponding figure for North Korea was $28,600m.—almost a 170-fold gap.

After the first contacts between North and South Korea, the establishment of discussions by working-level groups facilitated discussion of a number of issues such as the settlement of payments, mutual investment protection, the avoidance of double taxation and the arbitration of disputes. It would, however, be premature to predict the outcome of such talks, and in 2004, four years after the Pyongyang summit, there was no guarantee of deepening bilateral economic co-operation through trade liberalization, let alone through the establishment of a free-trade area or some other form of economic union. The agreement of the two Governments to resume contacts, following the visit to Pyongyang, in April 2002, by the South Korean presidential envoy, Lim Dong-Won, seemed at the time a promising development, although the election in February 2003 of a new President, Roh Moo-Hyun, and the appointment of a new administration in South Korea were viewed with suspicion in the North. The cancellation of economic talks, scheduled to take place in Pyongyang in March 2003, was a discouraging blow to hopes for the further development of inter-Korean economic relations. Nevertheless, meetings of the North-South Committee for the Promotion of Economic Co-operation (NSCPEC) have continued to take place—the ninth such being held in Pyongyang in June 2004. In all, almost 50 meetings on economic affairs were held between North and South Korean representatives during the four years that followed the first summit meeting in Pyongyang. Talks in Jakarta between Kim Yong Nam and Lee Hae-Chan in April 2005 (see above) are the strongest recent sign that a more substantive inter-Korean economic dialogue may be resumed.

Expressions of co-operation between North Korea and the outside world have been few. In 1991 the Rajin-Sonbong 'Free Economic and Trade Zone' (FETZ) was established to fulfil a three-fold role: as a centre of transit trade, an export-processing centre, and a focus for tourist and financial services. It offered rail access to Russia and road access to China, but was only accessible to the rest of North Korea by helicopter. In 2002 the Sinuiju Special Economic District (SED) was inaugurated, the intention being to develop this as an open economic zone offering financial, commercial and industrial services to foreign business, unconstrained by the normal North Korean legal strictures. However, as of mid-2005 neither the FETZ nor the SED had had any significant economic impact: in the case of the former, mainly because of infrastructural and regulatory problems; in that of the latter (see below), because of its peculiar administrative status.

More noteworthy than these hitherto unsuccessful efforts was the 1998 agreement with Hyundai to promote the tourist potential of Mount Kumgang and, potentially far more important, to develop a new industrial park in North Korea (at Kaesong). If the target of attracting 1.5m. visitors to Mount Kumgang by 2005 was to be fulfilled, associated revenue could reach US $450m. per year—sufficient, if it was not misappropriated for party purposes, to pay for imports of essential goods, such as food. Progress towards fulfilling the goals of these co-operative ventures has, however, been halting. The opening of a cross-border road at last enabled Hyundai Asan, the Northern operation of the Hyundai Group, to organize three tour-group visits to Mount Kumgang in the first half of 2003, only for the road subsequently and without warning to be closed by the North Korean authorities in order to undertake unspecified repairs. Thus far, only tour buses have been allowed to travel to Mount Kumgang—a far cry from Hyundai's hopes of direct access by South Koreans driving their own cars. At the end of 2003, work on the construction of the Kaesong Industrial Zone (KIZ), located on the western border between North and South Korea, had still not begun, although in June 2004 representatives attending the ninth meeting of NSCPEC agreed that the pilot phase would get under way by the end of 2004 and that a KIZ management office would be established. They also announced plans to open two roads across the Demilitarized Zone in October 2004, and to institute a full North–South rail service in 2005. By mid-2005 the cross-border link in the western corridor to Kaesong had been completed, although not in the eastern corridor. In April 2005 the Government of the DPRK endorsed South Korean plans to construct six stations in North Korea in order to facilitate access to the KIZ. In general, the difficulties that have confronted the implementation of the KIZ and other co-operative projects designed to facilitate 'enclave capitalism' merely highlight the far greater challenges inherent in other more grandiose schemes, such as building a gas pipeline from Russia (Siberia) through North Korea to its southern neighbour, let alone that of constructing a freight road corridor from Europe to South Korea via Russia and North Korea.

Attempts have been made to estimate the cost of rehabilitation programmes in the North, designed to promote economic integration between the two Koreas. For example, rural energy rehabilitation has been costed at US $2,000–$3,000m. over five years, while the corresponding figure for a more comprehensive programme aimed at stimulating energy improvements throughout the economy has been estimated at $20,000m.–$50,000m. over a 20-year period. A South Korean source has suggested that some $6,000m. would be required in order to upgrade North Korea's economic infrastructure even to South Korea's 1990 level. Elsewhere, it has been calculated that unification could require the expenditure of the equivalent of more than 8% of South Korea's national product in order to bring per caput income in the North to a level approaching that of the South.

The massive economic, developmental and welfare gaps that exist between North and South Korea seem certain to make the process of economic integration at least as difficult as the reunification of Germany, or the enlargement of the European Union (EU). The income disparities between North and South Korea are, for example, much greater than those that formerly existed between West and East Germany, and the costs of reunification are likely to be much higher. At the beginning of the 1990s, the Korea Development Institute (KDI) estimated that total reunification costs would be US $240,000m. In view of

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South Korea's subsequent growth (even allowing for the impact of the Asian financial crisis) and the North's economic stagnation, this figure doubtless needs to be revised considerably upwards. The message underlying all these estimates is that, in pursuit of reunification, the economic challenge facing Pyongyang and Seoul is truly immense.

AGRICULTURE, FORESTRY AND FISHING

North Korea occupies about 55% of the total area of the Korean peninsula; about 80% of North Korea's total surface area consists of mountains and uplands, which extend close to the east coast. Plains are mainly concentrated in the west of the country and constitute the major agricultural base. Of its total surface area, only about 18% is arable. Estimates by the UN's Food and Agriculture Organization (FAO) indicate a total arable area of about 1.9m. ha. Of this, 0.4m. ha comprise high-quality, permanently-irrigated land; 0.7m. ha comprise medium-quality, semi-irrigated land capable of supporting rice production; and 0.8m. ha is low-quality land suitable for cultivating other cereal crops. Harsh climatic conditions restrict the output of arable farming to one crop per year, although a high irrigation ratio helps offset the high summer concentration of rainfall, as well as providing relief in the face of frequent spring droughts. Natural soil fertility is less favourable than in South Korea and the average 'natural' farm size is small (probably less than 2 ha—and more likely 0.55 ha—per member of the agricultural labour force). The emergence of serious food shortages in recent years cannot, however, simply be attributed to a lack of fertile land, nor to the tiny scale of farming (as the experiences of other Asian countries demonstrate, small farm size is not necessarily inimical to the achievement of high yields and sustained agricultural growth). Since the mid-1990s the agricultural growth rate has shown sharp annual fluctuations, varying from a contraction of 3.8% in 1997 to expansion of 9.2% in 1999. During 2002–04 the average annual rate of farm growth was 3.4%

In the far north, summer lasts for only about two months, shortening the growing season considerably, but further south a typical growing season lasts for a minimum of four months. North Korea's moist climate is conducive to forest growth, but high-quality timber is limited to the northern interior, where extensive forests of larch, spruce, fir and pine provide the basis of the timber industry. Domestic timber shortages are offset by substantial imports from the eastern territories of Russia. Years of clearing forest lands for farming reduced the total forest area from 9.9m. ha in the 1970s to 9.2m. ha in 2000. In an attempt to meet the increasing demand for timber, as well as to conserve forest resources, a new forestry law was enacted in December 1992, since when the Government has consistently implemented mass mobilization afforestation campaigns. Even so, it would be premature to claim that such efforts have yet brought about any significant improvement in meeting North Korea's demand for timber from domestic resources.

The Land Reform Act of March 1946 sought to abolish tenancy and redistribute land to the farmers. The outcome was to improve the distribution of land ownership, but at the expense of temporarily further reducing the average size of already small farms. Private farming persisted until the end of the Korean War, but thereafter, as collectivization intensified, it fell into decline until, by August 1958, it had disappeared. Thereafter, except on the small private plots allocated to households (the average size of which was later increased from a maximum 160 to 1,300 sq m), farming was conducted within the framework of co-operative farms (collectives) or state farms. Alongside agricultural collectivization, quantitative planning for production, and state marketing and distribution of grain were also instituted. In the 1980s it was estimated that North Korea had about 3,800 co-operative and 180 state farms, the former managing more than 90% of the total cultivated land. One impact of collectivization was to increase average farm size. In the mid-1990s, however, the Government began to advocate the gradual transfer of collective farms to state ownership, which was considered to be more ideologically sound.

In 1976, in an effort to extend the arable area, North Korea launched a so-called 'nature remaking programme'. As its name implies, the aim was to reconfigure the countryside by establishing fields of 'regular shapes like a chess-board'. Its major economic objectives were to complete the irrigation of non-paddy lands, to reclaim 100,000 ha of new land, to build 150,000 ha–200,000 ha of terraced fields, to reclaim tidal land, and to conduct work on afforestation and water conservation projects. Subsequently, the third Seven-Year Plan (1987–93) set out the goal of reclaiming some 300,000 ha of tidal land, most of it to be used for growing rice. In fact, reclamation work proved to be slow and, according to South Korean estimates, only 28,400 ha had been reclaimed by March 1995.

Central to North Korea's agricultural strategy has been the extension of irrigation and the application of modern farm inputs (in the 1960s, agriculture in North Korea was among the most input-intensive systems in the world). Following success in providing permanent irrigation for rice farmers, the focus of irrigation projects shifted to non-paddy fields, although, despite a 40% extension of the irrigated area, irrigation provision has remained less well developed on such land. In early 1994 there were reportedly 40,000 km of irrigation waterways, which, together with 1,770 reservoirs and 26,000 pumping stations, supplied water to about 70% of the country's agricultural land. By the end of the 1990s, official sources claimed that North Korea had put in place an extensive water conservation and irrigation infrastructure, comprising artificial lakes, reservoirs, pumping stations, groundwater facilities and flumes. Subsequently, however, the combined impact of flooding, inadequate investment and lack of fuel and repair facilities resulted in quite significant deterioration of the irrigation infrastructure. According to FAO, for example, in mid-2001 North Korea's largest reservoir contained less than one-sixth of its total water capacity. The same source reported that between 1994 and 2000 soil erosion and sedimentation from floods and droughts had caused massive destruction, which took a heavy toll on farm output. In 1995 and 1996 alone, 16% of arable land was damaged by floods, which also destroyed irrigation and transport infrastructure. The response to declining production was to cut down trees and convert steep, previously forested slopes into agricultural land, thereby exacerbating the problem of soil erosion. The end-result was to denude about one-quarter of hilly and mountainous non-farm land. In 2005 a more integrated approach to watershed management was being pursued in order to alleviate such problems.

Another key element in North Korea's farm strategy has been the Government's attempt to raise farm yields through an expansion of mechanization (rice planting was already basically—95%—mechanized in the 1980s) and electrification, deep ploughing, close planting and the intensive use of fertilizers. In the face of recent declines in food production, there have also been attempts to introduce double cropping, although the success of this initiative has been constrained by climatic factors and higher resource requirements, in terms of labour and working capital. The number of tractors increased more than three-fold between 1970 and the late 1990s. By around 2003 North Korea possessed about 70,000 tractors and 8,000 tractor crawlers, as well as some 60,000 small motors used on farms. Their impact on farming has, however, been constrained by the limited availability of diesel fuel and shortages of spare parts, both of which have caused a decline in the use of farm machinery. It is estimated that, whereas in 1990 the farm sector used 15% of total diesel supplies, by 2000 this figure had fallen to 10% (diesel supplies having meanwhile contracted by 60%). Chemical fertilizer applications rose quite strongly during the 1970s and 1980s, and it was reported that in 1989 the average quantity of fertilizer applied to cereal crops was about one metric ton per ha. However, under the impact of North Korea's increasing economic isolation and growing domestic economic problems, in the 1990s the situation deteriorated, so that by 1994 the corresponding figure had declined to 750 kg, and to 500 kg in 1995. Estimates suggest that the downward trend in modern fertilizer use has since continued. The farm sector requires about 700,000 tons of fertilizers a year. In the past, North Korea was capable of producing between 600,000 and 800,000 metric tons annually from domestic facilities, thereby supplying up to 90% of its needs. Since 1995, however, domestic output has decreased to below 100,000 tons. In 1999 aid and imports raised this figure to 160,000 tons, but this was still less than 25% of requirements. By 2000 North Korean farmers were operating with only 20%–30% of normal soil nutrients. Although fertilizer aid has risen in

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recent years, shortages persist. Meanwhile, FAO estimates show that in 2001 chemical fertilizer applications averaged 123 kg per ha (kg/ha) for paddy, and 91 kg/ha for maize (although such supplies were supplemented by organic fertilizers). Such levels of application, though high by the standards of many developing countries, are nevertheless well below the average rate for cereals (215 kg/ha) specified by the North Korean Government. The further implication is that, in the absence of increased supplies of chemical fertilizers, it will be difficult to generate sufficient growth to return grain yields to their previous peak levels, attained in the 1980s. Other agricultural chemicals also remain in short supply. One positive aspect of the decline in chemical usage is that it must have reduced the problems of land degradation and water pollution that were said to be corollaries of excessive chemical fertilizer applications at the end of the 1980s.

Agriculture in North Korea is dominated by grain farming. Reliable production data are scarce, but what is beyond doubt is that from the mid-1990s, under the impact of policy failures and natural disasters, falling output resulted in widespread hunger and starvation. The severity of the situation is highlighted in Western estimates, showing that annual grain production averaged a mere 4m. metric tons in 1993–94, far below the planned level of 15m. tons. This figure had fallen to just 3.7m. tons by 1996–98, and although North Korean sources claimed a degree of recovery in 1999, production declined again to 3.6m. tons in 2000. Such figures may be compared with domestic requirements at this time of over 6m. tons. Estimates point to annual grain harvests of 3.9m. and 4.1m. tons in 2001 and 2002. According to FAO, in 2004 rice production totalled 2.37m. tons (5.8% above the 2003 level), while maize output remained unchanged at 1.73m. tons.

In terms of both production and consumption, paddy rice and maize are the two most important crops in North Korea, followed by potatoes. Of much less importance as a source of energy is the production of wheat, barley, millet, sorghum, oats and rye. Potatoes have high calorific yields and, against the background of developing food shortages, it is significant that in recent years there has been an expansion of the sown area for this crop (although potato production, expressed in cereal equivalent, accounted for only 9% of total cereal output in 2001, compared with 53% for rice and 33% for maize). Reports in May 2004 suggested that a 'potato farming revolution' was under way in North Korea, with subsidies being extended to potato farmers. Typically, the calorific content of 5 kg of potatoes equals that of 1 kg of rice. North Korean plans to increase potato output to 8m. metric tons by 2006 would therefore generate energy equal to that of 1.6m. tons of rice, and thereby go a long way towards overcoming current food shortages.

Rice was an important export item until the mid-1980s, although from the late 1990s North Korea began to import rice (from Thailand, South Korea and other countries), as well as some wheat. FAO estimates that between 1997 and 1998 rice imports rose from US $104m. to $112m. (the value of wheat imports, meanwhile, having fallen sharply from $80.5m. to $48m.). In 2000 North Korea commercially imported an estimated 200,000 metric tons of grain, although a further 500,000 tons were made available on a concessionary basis by China and South Korea. In recent years financial constraints have limited commercial imports, and humanitarian assistance has become an increasingly important source of food supplies to North Korea.

The initial response of the North Korean Government to food shortages caused by deteriorating grain production in the 1990s was to urge its people to follow a 'two-meals-a-day' campaign; but subsequently—and unprecedentedly—it sought assistance from various UN and other international organizations, as well as from developed countries. As early as 1992–93, grain imports probably accounted for almost one-third of food requirements. As the food crisis deepened, North Korean policy-makers accorded higher priority to agriculture, allocating additional resources to affected farms and making available extra fertilizer, farm machinery and manpower (including members of the armed forces). The relief provided by such measures was only temporary, and the late 1990s saw a worsening of famine conditions. During May and August 2000, insufficient rainfall and unseasonably hot weather caused the worst drought for 50 years, and in September strong tropical storms resulted in further crop destruction (an official source later stating that 1.4m. metric tons of grain had been lost from the annual harvest).

In November 2004 FAO projected that North Korea's total cereal demand for all uses (human food consumption, animal feed and seeds) during 2004/05 would be 5.13m. metric tons. Given a projected domestic availability of 4.24m. tons, the expected deficit was estimated at 890,000 tons. After deducting anticipated commercial and concessional imports of 400,000 tones, a net deficit of almost 500,000 tons was expected.

Such is the background against which, since the mid-1990s, severe food shortages have persisted in North Korea, resulting in malnutrition, starvation and famine-related diseases. According to Hwang Jang Yop, a senior diplomat who defected from North Korea in 1997, some 2.5m. people died as a result of famine in 1995–98. This figure is close to other estimates, such as that given in 2003 by the US Agency for International Development (USAID), which indicated that famine had resulted in the deaths of 2.5m. people (about 10% of the North Korean population before the 1990s food crisis). Such figures are at the high end of a spectrum of estimates, and others have argued that the true loss was between 600,000 and 1m. lives (3%–5% of the pre-crisis population). Whatever the truth, it is beyond dispute that, food aid notwithstanding, malnutrition rates in North Korea have been among the highest in the world since the early 1990s. Food shortages also gave rise to large-scale emigration, and by 1998 between 100,000 and 400,000 refugees were estimated to have tried, mainly unsuccessfully, to flee across the Tumen River border into China.

Although climatic factors have played their part in causing food deficits in recent years, systemic policy defects have been a more important contributory factor. Until such problems are successfully addressed, food aid will be needed for many years to come. The continuing severity of food shortages has been confirmed by data provided by FAO and the World Food Programme (WFP). A joint FAO-WFP report published in November 2004 warned that dietary deficiencies, low incomes and rising prices meant that 6.4m. people (mainly children, women and the elderly) would require food assistance in 2005. The scarcity of fresh vegetables and fruit exacerbated the situation. The upshot was that at the end of 2004 families spent about one-third of their income on food, which, however, provided only one-half of their minimum calorific requirements. With minimal access to fat, protein and micronutrients, most North Koreans suffered from critical dietary deficiencies. Nor, ironically, has the potential positive effect of recent market reforms on food supplies been forthcoming. Rather, because food prices have risen faster than wages, consumers have found it impossible to buy marketed rice and maize, let alone more nutritious non-staples, as well as paying for other non-food necessities. The price of food available through the official rationing system has remained stable: subsidized rice and maize cost 44 and 24 won per kg at the end of 2004. By October 2004, however, rice and maize prices in private markets had risen by 400% and almost 300%, respectively, above the 2003 average level, and a kilogram of rice cost the equivalent of 30% of a typical monthly wage. A nutritional report published by WFP in March 2005 found some improvement in nutritional conditions in North Korea since 2002, but highlighted the grim situation that persisted. WFP found that the proportion of young children who were chronically malnourished decreased from 42% to 37% between 2002 and 2004; acute malnutrition declined from 9% to 7% in the same period; and, although the share of those who were underweight had risen from 21% to 23%, for the under-two age group there had been a decline from 25% to 21%. One in five children suffered from diarrhoea, while one in eight was susceptible to acute respiratory infection. Meanwhile, almost one-third of women were found to be anaemic and malnourished, the same proportion as in 2002.

In addition to increased grain imports, food aid has played a critical role in preventing famine from becoming even more dire. Implicit in statements by FAO, WFP and other authoritative sources is the reality that North Korea is still dependent on international food donations to feed its population. WFP has been working in North Korea since 1995 and now has access to 161 out of 203 counties. By 2004 it had supplied more than 3.5m.

metric tons of food, valued at US $1,500m.—mainly to small children, pregnant and nursing mothers, and the elderly. WFP has also extended support through the implementation of food-for-work projects. Other international bodies associated with the activities of WFP in North Korea include UNICEF, the UN Development Programme (UNDP), the Adventist and Relief Agency (ADRA), International Fund for Agricultural Development (IFAD) and others. Bilateral assistance has also been important (the most important donors have been the USA, South Korea and Japan), although political tensions have sometimes affected food supplies. For example, US food aid decreased sharply following the election of George W. Bush as US President. (Between the periods 1997–99 and 2002–04 average annual food aid to North Korea declined from 357,000 tons to 102,000 tons.) A more stable source of food has been the South Korean Government, which has made available 300,000–400,000 tons of rice a year.

With a coastline of some 17,000 km, a mixture of warm and cold ocean currents, and many rivers and streams, North Korea has considerable potential for fishery development. The principal fishing grounds are in the coastal areas of the Sea of Japan (or the East Sea as it is known on the Korean peninsula) to the east, and the Yellow Sea to the west. The main fishery ports are Sinpo, Kimchaek and the deep-sea fishery bases of Yanghwa and Hongwon. Besides the fishery stations, smaller fishery co-operatives are located along both coasts in traditional fishing centres. It is estimated that some 129,000 people were engaged in fishing and aquaculture in 2000. Total aquaculture production in that year was 467,700 metric tons, according to one estimate, and average per caput consumption of fish and fishery products was 8 kg per annum (half of the world average), providing a mere 3% of total protein supplies. The number of docked fishery vessels in North Korea was estimated to be 1,553. Despite emerging energy shortages (see below), the value of fish exports doubled between 1980 and 2000, to reach US $87m. (but $74m. in net terms).

MINING

With 80%–90% of the important mineral deposits of the peninsula concentrated within its borders, North Korea is relatively well endowed in natural resources. Most important among the minerals are coal, iron ore, lead, magnesite, graphite, zinc, tungsten, mica, fluorite and precious metals. There is also evidence of the existence of uranium mines in North Korea. Between 1990 and 1998 the share of mining in GDP decreased from 9.0% to 6.6%, although by 2004 it had recovered to 8.7%. The favourable outcome of surveys and further development of coal mines facilitated mining production growth of 2.5% in 2004, although this figure was below the 3.2% expansion achieved in 2003. The transformation from negative (–3.8%) to positive growth between 2002 and 2003–04 no doubt reflected an improvement in labour morale resulting from a major wage increase. Such improvements should not, however, be exaggerated. During most of the 1990s the mining sector experienced substantial negative growth, and energy shortages and the increasing obsolescence of mining equipment remain formidable problems.

Iron ore, with estimated reserves of up to 400m. metric tons, is very important to domestic industry (above all, the steel industry) and has also been a major source of foreign exchange. According to Western estimates, output increased from 8m. tons in 1985 to 10m. tons in 1988, reflecting the opening of new mines at Tokson and Sohaeri, both of which benefited from large-scale state investment. Thereafter, however, despite the commissioning in 1991 of the Chongpyong mine in South Hamgyong Province, production stagnated; indeed, in the mid-1990s it declined significantly, from 4.6m. tons in 1994 to a mere 2.9m. tons in 1997. Recovery subsequently took place, although output remained far below previous peak levels. In 2002 estimated iron ore production was 4.07m. tons. Expanded cross-border co-operation is one way in which North Korea may be able to secure more rapid growth of iron ore production. In 2005 it was reported that South Korea's state-run mining company, Korea Resources Corporation (KORES), planned to join a Chinese company in developing iron ore in Musan, close to the North Korea-China border. Reserves at Musan have been estimated at 5,200,000m. tons, making it the largest open-airmine in Asia. Yet a mere 3m. tons were extracted in 2004, mainly as a result of the technological backwardness of mining techniques.

North Korea is especially rich in magnesite, with reserves—mainly concentrated in the Tanchon District in the north-east—estimated at 6.5m. metric tons. After China, it is the second largest producer of magnesia products in the world. Mining of magnesite and production of its derivative, clinker, are important both for supporting the domestic refractory industry and for exports. The completion of expansion projects at the Tanchon magnesia plant, and the construction of the Unsong crushing and screening plant in the Tanchon District in 1987, raised the production capacity of clinker to 2m. tons per year. The 1994 agreement by North Korea and the USA to lift restrictions on bilateral trade offered an important new market for clinker, facilitating a large-scale expansion of North Korea's magnesite production capacity. In June 1995 the first North Korean trade mission to visit the USA concluded an agreement to export 100,000 tons of magnesite to a US company. In August 2000 a US mining company announced that it had formed a joint venture with the Korea Magnesia Clinker Industry group to mine, process and export magnesia products from North Korea. The first phase of the project envisaged the export of 200,000 tons of magnesia products to the USA and Asia.

Other minerals produced in large quantities by North Korea are lead, zinc, tungsten, graphite, mercury, phosphates, nickel, gold, silver, fluorspar and sulphur. Both zinc and lead ore are smelted domestically (at Tanchon, Nampo, Komdok, Haeju and Mungyong), and zinc and lead ingots are major exports. At the end of the 1980s North Korea ranked third in the world in terms of zinc production. In 1994 North Korea produced an estimated 200,000 metric tons of high-grade electrolytic zinc and 80,000 tons of lead. A joint-venture project to redevelop the Unsan gold mine began operation in April 1987, and the first shipment of gold to Japan (totalling some 100 kg) was reported three months later. Unsan is potentially one of the world's major gold mines, with deposits estimated at more than 1,000 tons. The 1990 target was 2 tons, with an eventual annual production target of 10 tons. In 2001 total non-ferrous metals production was estimated to be 92,000 tons.

MANUFACTURING

In line with its Soviet-style planning system, North Korea has consistently prioritized the development of heavy industry, in the belief that this would ultimately benefit light and domestic consumer industries. This said, the share of heavy industry in total industrial output has fallen significantly in recent years, from 80% in 1990 to under 64% in 2004. As a comprehensive development strategy, the emphasis on heavy industry has been a failure, and even when rapid heavy industrial growth has taken place, quantitative expansion has often been at the expense of major qualitative deficiencies. In particular, excessive emphasis on machine-building (the basis for the munitions industry) generated a highly distorted industrial structure, and the orthodoxy that rapid heavy industrial development would enhance living standards through its ultimate promotion of agricultural and consumer goods industries has proven wholly unfounded. In general, the inwardly orientated nature of North Korea's industrial strategy for many years contributed to inefficiency and low productivity. Hence recent reform initiatives, whereby the Government has indicated a willingness to embrace a greater role for prices, markets and other 'orthodox' economic criteria, such as profitability, in order to enhance manufacturing production efficiency.

Notwithstanding North Korean claims to have fulfilled the second Seven-Year Plan (1978–84) target of increasing industrial gross value output by 120%, it is unlikely that the implied average annual growth of 12.2% is a reflection of reality, given that most major industrial commodities expanded by much less than this during the same period (for example, output of electric power increased by 78%, coal by 50%, steel by 85%, cement by 78%, tractors by 50%, textiles by 45% and chemical fibres by 80%). In the third Seven-Year Plan (1987–93), official claims that industrial growth rose by 5.6% per annum were also contested by Western sources, which suggested that industrial output had actually declined. The years from 1994 to 1997 were

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designated a period of 'adjustment in socialist economic construction', with emphasis shifting from mining, power and metallurgical industries towards agriculture, light industry and trade. The readjustment of economic priorities, which incidentally was similar to those undertaken by China in the wake of its own 'great famine' (1959–61), no doubt reflected the severity of North Korea's agricultural crisis and the urgent need to restore food supplies. That difficulties facing farmers had severe cumulative effects on industry can hardly be doubted, and even official estimates acknowledged that industrial production had fallen sharply between 1992 and 1996. Construction is likely to have been similarly affected, some sources suggesting that investment had fallen below replacement level, thereby causing a contraction in the capital stock. According to BOK statistics, manufacturing output decreased cumulatively by almost 36% between 1990 and 1998 (by an annual average rate of 5.4%). The same source suggested that the construction sector experienced an even sharper decline, of 37%. Subsequently, there was rapid recovery of construction, which reattained its 1990 level in 2001 and in 2002 expanded by 10.5%, before falling back to an average rate of growth of less than 1.3% during 2003–04. The growth performance of the manufacturing sector was less impressive: despite positive growth since 1997 (2000 excluded), manufacturing GDP in 2003 remained 22% below the 1990 level (measured in nominal terms), and in 2004 expanded by a mere 0.4%.

Machine-building and Metallurgy

Through its provision of machinery for domestic industry and agriculture, the machine-building industry is central to any strategy designed to achieve industrial self-sufficiency. In North Korea, it has also made available an extensive range of military equipment, including rifles, mortars, machine-guns, multiple rocket launchers, artillery, anti-aircraft weapons, tanks, personnel carriers, patrol craft and frigates, missile-equipped fast attack craft and amphibious vessels, submarines, medium-range *Scud*-type surface-to-surface missiles, and long-range *Taepo Dong* missiles. The industry accounted for only 5.1% of total industrial output in 1946, but its contribution had expanded to about one-third of the total by the early 1980s. In more recent years declines in production have reflected those affecting other branches of the heavy industrial sector.

The machine-building industry is capable of producing 5,000-metre boring machines, 300-hp bulldozers, 10,000-ton power presses, 50,000-kilovolt-ampere generators, 200,000-kilovolt-ampere transformers for power production, 3,000-hp locomotives, 20,000-ton ships, 7,000-hp electric locomotives, 100-ton freight cars and 10-cu m excavators for construction and mining. Such impressive quantitative measures are, however, belied by the poor quality of North Korean machinery, the technological level of which is well below international standards. From the mid-1970s North Korea began to import advanced machinery and equipment from developed Western countries. The 1987–93 Plan sought to modernize the machine-building industry by introducing high-speed, precision machines and equipment, and in early 1990 it was claimed that the Huichon machine-building complex had initiated a flexible manufacturing process by adding robots to its numerically controlled machine tools—an example expected to be followed by other plants. In 2001 the Kusong machine tool factory was selected as a 'model of automation', and it has since been modernized and upgraded. Also in 2001, the Chairman of the National Defence Commission called for factory automation in the machine-building and other industries. From the present perspective, accelerated economic reform and, in particular, the extension of joint ventures would appear to offer North Korea's best opportunity to pursue much-needed technological upgrading in its machine-building industry.

With an annual production capacity of 10m. metric tons of steel and a work-force of 20,000–30,000, the Kimchaek Iron and Steel Works replaced the Hwanghae Iron Works (in Songrim) as the largest North Korean centre for the production of iron and steel. Kimchaek is located in Chongjin (North Hamgyong Province), near the Musan iron ore mine (see above), and has estimated deposits of 100m. tons. In 1996 it installed equipment to produce low-carbon steel, although subsequent reports indicated that coke shortages and other problems caused the plant to operate well below its capacity (an estimated 6m. tons). It currently produces about one-half of national steel output. During a visit to Kimchaek in 2000, Kim Jong Il stressed the need for modernization, and during his visit to Russia (August 2001) he sought Russian assistance in supplying coke to enable the plant to resume full-capacity production. The Russian response was to make available exports of 2,000 tons of coke—a mere 10% of former Soviet supplies. It seems likely that steel produced at Kimchaek has been used in missile manufacturing. Other major steel mills exist at Chongjin and Taean. Chongjin was established in 1938 by the Japanese Mitsubishi Corporation. In the 1950s and 1960s it was expanded as part of Kim Il Sung's heavy industrialization strategy. The disappointing performance of the metallurgical industry was highlighted in estimates for 1995, made by the US Bureau of Mines, which showed total output of pig iron, crude steel and rolled steel to have been, respectively, 6.6m., 8.1m. and 4.0m. tons—figures that can be compared with the unfulfilled targets for 1984 of 6.4m.–7.0m. tons (pig-iron and granulated iron), 7.4m.–9.0m. tons (crude steel) and 5.6m.–6.0m. tons (rolled steel). Outdated technology, shortages of coking coal and the low purity of domestic iron ore have posed serious constraints on the growth of the iron and steel industry. In the past, in addition to the construction of new and/or extension of existing facilities, mass mobilization campaigns to collect scrap iron have also been used in order to alleviate the steel shortage. At best, however, such efforts have been only partially successful: hence Kim Jong Il's emphasis on the need for technological modernization of the steel industry. It is significant too that in March 2001 Yonhap (the South Korean news agency) quoted North Korean sources to the effect that South Korean steel firms should be encouraged to set up steel mills in the North. As in so many other areas of the North Korean economy, steel production statistics are rare. One source suggests that domestic steel output contracted by 24,000 tons (2.3%) between 2001 and 2002, from 1.062m. tons to 1.038m. tons. In 2004 Premier Pak Pong Ju called for a five-fold increase in rolled steel by the end of the year.

Chemicals

Important integrated chemical plants include the Chongyun Works (located in the Anju District, north of Pyongyang), the construction of which began, with French assistance, during the Six-Year Plan (1971–76). This was the country's first petrochemical complex, designed to produce ethylene, polyethylene, acrylo-nitrite and urea, using crude petroleum supplied by the nearby refinery at Sonbong (formerly Unggi). North Korea's output capacity of ammonium nitrate and nitric acid is thought to be 200,000 metric tons, three-quarters of which is produced at the Hungnam Fertilizer Complex. Most chemical products are polymer-based (e.g. polyethylene, acrylonitrile, and vinalon). In 1995 there were still no facilities capable of producing nylon and polyester in significant quantities, although North Korea may now possess a small-scale production capability for refined chemicals (especially organophosphates). In general, energy shortages and capital obsolescence have made chemical production an underperforming sector.

Because of its importance to agriculture, the chemical fertilizer industry has been the beneficiary of large-scale investment. Most fertilizers are produced by the giant Hungnam fertilizer plant, which has an annual capacity of 1m. metric tons, generating 770,000 tons in 1997. Official sources in Pyongyang suggest that domestic production of chemical fertilizers rose from 3.0m. tons to 4.7m. tons between 1976 and 1984 (an average annual increase of 5.9%), and increased further to 5.6m. tons by 1989 (3.6% per annum). Such figures are viewed sceptically in the West, where North Korea's annual production capacity was estimated to be only 3.5m. tons in 1995. It is clear too that industrial collapse in the 1990s had serious implications for fertilizer supplies: in particular, oil shortages have impacted seriously on the production of urea and ammonium sulphate (the main fertilizers used in North Korea). Imports have helped to a limited extent in offsetting domestic shortages. In the face of declining domestic production—for example, between 2001 and 2002 aggregate domestic fertilizer production decreased by almost 8%, from 546,000 to 503,000 tons—no less important has been the provision of fertilizer aid. FAO data show that in 1999–2000 almost 77% of nutrient availability derived from human-

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itarian assistance, compared with less than one-quarter from domestic production. In 2000, in a gesture intended to demonstrate its support for economic rehabilitation in the North, South Korea sent 300,000 tons of fertilizer, valued at about US $90m. The importance of such assistance has continued. In May 2005 South Korea shipped 200,000 tons of fertilizer to the North, and the following month the Southern Government responded to a request for more by agreeing to send an additional 150,000 tons of fertilizer to help ease food shortages.

Textiles

At the heart of North Korea's textile industry is the Pyongyang integrated textile mill, built with Soviet assistance in the late 1950s. Its production derives mainly from locally produced synthetics, such as vinalon and petrochemically based fibres, as well as cotton and silk. Although Pyongyang remains the centre of the national textile industry, plants in Sinuiju and Sariwon have become increasingly important in recent years. North Korea's output of textile fabrics increased by 78% during the 1978–84 Plan (an average annual growth rate of 8.6%), thereby reportedly fulfilling the 1984 target of 800m. m of cloth. Meanwhile, a combination of machine imports from Japan and upgrading of existing equipment facilitated an expansion of knitwear products, derived from domestically produced orlon. The intention was to increase the annual output of textile fabrics to 1,500m. m by 1993. This target is, however, unlikely to have been fulfilled, and overseas estimates indicate that textile production at the beginning of the 1990s was no more than 680m. m. A significant indicator of the severity of economic conditions in more recent years is the suggestion, made by South Korean sources, that North Korea's textile production had fallen to just 120m. m by the late 1990s.

Despite the difficulties faced by the industry, textiles have remained one of the most important sources of foreign exchange. In 1995 textiles replaced steel and non-ferrous metals as the single most important export category, accounting for 31.8% of export earnings (US $233.7m. out of $736m.). Thereafter, however, in absolute and relative terms, the value of textile exports declined: to $137.4m. (24.7%) in 2000, and $123.1m. (16.7%) in 2002. The main reasons for this disappointing performance were stagnating trade with Japan and difficulties in maintaining North Korea's competitiveness in textiles. It deserves stating, however, that in 2003, although exports to Japan continued to decline, those to China and India rose significantly. Processing on commission between North and South Korea has also increased sharply in recent years.

SERVICES

Until 1984 all outlets for the provision of services and the distribution of goods, including retail shops, were either state-owned or run as co-operatives. Following the introduction in 1984 of the so-called '3 August Consumer Goods Movement', local governments were permitted to establish direct sales outlets in their districts for the distribution of consumer goods produced locally with locally available resources. By the early 1990s the total number of shops, service establishments and 'food-processing and storage bases' was estimated to be 130,000. However, outside the special economic zones, markets (in which farmers were allowed to sell surplus farm products, products raised on private plots and a range of non-farm products at free-market prices reflecting scarcity values) have been the only exception to monopoly powers exercised by the State. As economic reforms have continued, the number of such outlets has increased. In March 2003 a senior official of North Korea's State Planning Commission stated that farmers' markets should henceforth simply be called 'markets', since the scope of their transactions transcended farming activities. The same source was also explicit in pointing out that such markets were no longer subject to controls and had become part of the 'socialist distribution system'. Between 1990 and 1998 tertiary activities grew rapidly—by 9.8% annually—as a result of which their share in GDP doubled (from 18.0% to 35.6%). Thereafter, however, annual growth slowed to 2.8% in 1998–2003. In 2002 and 2003 services barely registered positive growth; in 2004 their rate of expansion rose to 1.4%, outstripping the 1.0% growth in mining and manufacturing. By 2004 the service sector's share of GDP (32.3%) was still below the peak level attained in the late 1990s. It is a salutary reminder of the extent to which distribution in North Korea is still state-controlled to discover that the Government's share in the output of services increased from 61% in 1990 to 69.8% in 2004.

INFRASTRUCTURE

Transport

By the 1970s shortcomings in the transport sector were being blamed for the failure to fulfil major targets under the Six-Year Plan (1971–76). In particular, difficulties in delivering raw materials (especially coal) and semi-finished goods limited the expansion of the mining and manufacturing sectors, as well as adversely affecting energy supplies and impeding foreign trade. The existence of such problems was reflected in renewed emphasis on modernizing and extending the freight capacity of railway, road and marine transport. The expansion and renovation of port facilities also benefited from large-scale investment funding in order to alleviate problems in the handling of cargo at North Korea's ports. Even so, transport problems persisted during the 1990s, the development of rail services being singled out for special attention. For the time being, transport infrastructure is no better than that of a poor African country; it is probably on a par with South Korea's transport system in the mid-1970s.

With a total route length of 5,214 km. in 2003—half of it constructed during the period of Japanese colonization—the railway system has remained North Korea's principal means of transport, handling about 90% of the country's freight, and 60–70% of its passenger traffic. In 2004 Premier Pak Pong Ju called for a 20% rise in rail freight in 2005. Freight carriage by rail takes place mostly at night; passenger rail traffic is difficult, being subject to frequent delays and severe overcrowding (according to some reports, travel from Pyongyang to distant areas of the country can take up to two weeks). About 95% of the rail system comprises only single track, and much of it would be widely regarded as obsolescent. Nevertheless, recent statistics indicate an overall electrification ratio of almost 70%, but higher for standard gauge railways, which account for some 80% of the total. This is important for a mountainous country like North Korea, since electrification enhances the traction capability of railways. Meanwhile, efforts continue to improve rail access to remote areas, and to areas near the Chinese border. In 1973 an extravagantly furbished underground railway system was completed in Pyongyang.

Following the 15 June Declaration of 2000, construction work began to reconnect the 486-km inter-Korean Kyongui railway line, which, prior to the division of the Korean peninsula, ran from Sinuiju in the North through Pyongyang to Seoul in the South. Associated with this initiative was a parallel project to build a highway that would run alongside the railway. To these ends, the South Korean Government allocated US $143m. to the two projects. Once opened, the railway was expected to facilitate not only inter-Korean travel, but also to enhance rail links with Russia, China and Japan. (During a visit to Pyongyang in March 2001 the Russian President, Vladimir Putin, spoke of his Government's interest in assisting in a project that would reconnect the Trans-Korean and Trans-Siberian railways, and subsequently the two countries signed an agreement on railway transport co-operation.) Such agreements and commitments notwithstanding, and despite the official opening of the Kyongui line in June 2003, the introduction of a full service has been delayed, owing mainly to the vagaries of North Korea's foreign relations.

Fuel constraints and the near-absence of private automobiles have relegated road transport to a secondary role. Depending on the source of information, estimates suggest that in 2002 the length of North Korea's road network was between 24,449 km and 31,200 km, although only a small proportion (probably about 8% of the higher figure) of such roads was properly surfaced and paved. There also exists a network of approaching 700 km of multi-lane highways, the construction of which began in the 1970s. This includes an expressway connecting Pyongyang and Kaesong (a distance of 170 km), which was completed in April 1992. Other expressways link Pyongyang and Nampo (53 km), Pyongyang and Wonsan on the east coast (172 km), Pyongyang and Sunan (15 km), and Wonsan and Mount Kum-

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gang (114 km). A 135-km highway, known as the Tourist Expressway, connecting Pyongyang and Hyangsan, via Anju, was also completed in October 1995. Local transport between villages is provided by rural bus services, while bus and tram services operate in towns and cities. Inter-city bus transport scarcely exists. Roads account for a mere 10% of freight transport and for 30%–40% of passenger traffic.

Water transport plays a minor but growing role in freight and passenger traffic. The total length of inland waterways is 2,253 km, most of which is navigable only by small craft. In November 1995 the creation of a marine transport system in the port of Rajin-Sonbong Free Economic and Trade Zone was announced, as part of the Tumen Delta development project. This initiative, jointly implemented by North Korea and China's Yanbian Sea Transport Corporation, is part of North Korea's economic reform efforts, designed to connect Rajin with Yanji City (China) and Busan (South Korea) and thereby save shipping time and transport costs in the interests of enhancing inter-Korean trade. No less important as a sign of the modest opening of the North Korean economy—and perhaps a portent for the future—has been the opening of container operations between Incheon (South Korea) and Nampo in the North. As of 2005 North Korea's merchant fleet comprised 238 ships (1,000 grt or over), including 191 cargo vessels, 13 bulk carriers, 13 oil tankers and two container ships. Its shipping tonnage totalled 985,108 grt, and its harbour loading and unloading capacity was 35.5m. metric tons. Principal ports include Chongjin, Haeju, Hungnam (Hamhung), Kimchaek, Kosong, Najin, Nampo, Sinuiju, Songnim, Sonbong (formerly Unggi) and Ungsang.

In 2004 there were 78 airports, of which only 35 possessed paved runways. North Korea's international air connections remain largely undeveloped. Regular flights (once or twice a week) connect Pyongyang to Moscow and Khabarovsk (Russia), Beijing, Macao and Shenyang (China), Nagoya (Japan), Bangkok (Thailand), Berlin (Germany) and Sofia (Bulgaria). In addition, there are irregular flights between Pyongyang and Eastern European, Middle Eastern and African destinations. Internal flights are very restricted, serving mainly to connect Pyongyang with the port cities of Hungnam and Chongjin. Two significant developments were the signing in Bangkok (in October 1997) of an agreement with South Korea, allowing foreign commercial flights through North Korean airspace; and subsequently the opening of a direct air route between Seoul and Pyongyang, albeit one that has remained little used, in order to facilitate the North-South summit meeting of June 2000. In March 2001 DHL Korea began offering delivery services for parcels, but not letters or cash, to selected destinations including Pyongyang, Rajin-Sonbong, Hamhung and Nampo. Only corporations authorized to do business with North Korea are, however, able to take advantage of such facilities.

Energy

North Korea's importance as a producer of fuel and energy emerged in the pre-partition period, when the North, through the Japanese-built Supung hydroelectric plant, supplied more than 90% of electricity in the peninsula. Following partition, several large hydroelectric plants, as well as smaller localized power plants (both thermal and hydroelectric) were constructed. From the 1970s, North Korea sought increasingly to use coal as an energy source, and by the beginning of the 21st century coal accounted for an estimated 86% of primary energy consumption—the rest coming from oil (8%), hydropower (4%) and other sources (2%). This major shift in energy policy was a response to the perceived disadvantages of hydroelectric plants, such as high initial costs, long construction periods and instability engendered by prolonged drought. However, against the advantage of being able to site coal-based power plants close to industrial and heavily populated areas are disadvantages associated with the poor quality and inaccessibility of coal deposits.

Data supplied by the International Energy Agency (IEA) show that total primary energy production in North Korea rose from 1,210,000,000m. Btu to 1,420,000,000m. Btu between 1980 and 1985, but thereafter declined to 680,000,000m. Btu before recovering to 820,000,000m. Btu in 2003. Primary energy consumption also peaked in 1985 (at 1,620,000,000m. Btu), subsequently falling to a low of 760,000,000m. Btu in 1998, before rising to 880,000,000m. Btu in 2003. Implied in these figures is excess demand of 60,000,000m. Btu in 2003. Average per caput consumption of primary energy in 2003 was 39.2m. Btu—58.8% of the world average, but 16% above the average for Asia and the Pacific.

North Korea's recoverable reserves of coal are estimated to be 661m. short tons, most of which is anthracite, a significant proportion of its bituminous coal requirements being imported, mainly from China. In 2002 total output of coal was estimated by the IEA to be 28.95m. tons. Exports totalled 300,000 tons, against which were set imports of 367,000 tons (159,000 tons of coking coal and 208,000 tons of coke over coke). Industry absorbed three-quarters of total coal consumption in 2002. What these figures fail to show is declining production during 1993–98, followed by recovery in 1999–2002. The country's coal mines are located mainly in South Pyongan Province. Since the 1978–84 Plan investment has focused on the Anju District Coal Mining Complex, constructed in the 1970s with Soviet aid. In early 1991 a second mining facility, with a potential of 300,000 tons per year, was added to this complex, as part of a plan to increase the annual capacity to 650,000 tons. Following a steady increase in national coal production in the 1980s, output stagnated. In general, the expansion of coal production has lagged behind the growing energy needs of the industrial sector, creating a persistent energy shortage and thereby constraining economic growth. In the 1990s declining imports, caused by shortages of foreign exchange, exacerbated the situation. Ageing mining equipment, inefficiencies associated with the need to mine deeper seams, the low level of mechanization and the lack of advanced equipment have contributed to the poor performance of the domestic coal industry. It is a telling reminder of the continuing importance of coal that the 2003 government budget designated a 30% increase in expenditure on the coal industry, representing the single biggest rise for any economic sector.

Problems in the coal industry have impinged seriously on the provision of electricity. In the 1980s widespread construction of small and medium-scale hydroelectric plants got under way, especially in the mountainous provinces of Hamgyong, Jagang and Ryanggang. Some 1,300 of such plants were reported to be operational by the end of 1994. Such construction has continued, a North Korean report in 2000 revealing that some 250 small and medium-scale power plants, with a generating capacity of 50,000 kWh, had been constructed in the previous few years, reportedly facilitating the attainment of electricity self-sufficiency in Jagang Province. In 2002 North Korea's electricity production was estimated by IEA to be 19,777 GWh. After sizeable distribution losses (3,126 GWh—mainly the result of reliance on an antiquated transmission grid) and the allocation of 1,876 GWh to the energy sector itself, total final consumption was 14,775 GWh. Hydroelectric power plants generated almost 54% of North Korea's electricity in 2002, with the balance met by coal-fired plants (41%) and oil-fired plants (5%). Thermal generating capacity has been underutilized because of fuel shortages, and even now electricity consumption remains significantly lower than at the beginning of the 1990s. The outcome has been a persistent problem of black-outs lasting for extended periods of time. Although per caput electricity consumption is well above the average for the whole of Asia, it is still only about one-third of the corresponding global figure. The possibility of South Korean facilities being used to help resolve North Korea's electricity shortages, perhaps by linking the two countries' electricity grids, was discussed at the June 2000 Summit meeting. From this perspective, a small watershed was passed when, on 16 March 2005, electricity flowed directly from South Korea to the Kaesong Industrial Zone (previously, South Korean firms had relied on generators for power supplies). This was the first time since 1948 that electricity had flowed across the North-South border.

Oil accounts for less than 10% of North Korea's total primary energy consumption. Petroleum exploration in North Korea began as long ago as 1965 and, despite high drilling costs, continues to the present day. The most likely locations of crude petroleum deposits are the West Sea Bay and Anju Basin. In recent times, Swedish, British and Australian oil companies have owned petroleum exploration concessions off the west and east coasts of North Korea, but following disappointing results these have lapsed. Joint explorations with South Korea's

Korean National Oil Company (KNOC) may be expected to expand in the foreseeable future.

So far, however, exploration has generated zero output, necessitating reliance on imports. In 1990 North Korea and the USSR concluded an agreement under which, at the latter's insistence, from 1 January 1991 bilateral trade would be conducted in convertible currencies and payments for Soviet oil made at world market prices. As a result of the agreement, and in the context of deteriorating relations between the two countries, between 1990 and 1992 North Korean imports of crude petroleum from Russia declined from 500,000 metric tons to 30,000 tons. The outcome was temporarily to make China the single most important source of oil imports, although when, in late 1992, Beijing imposed similar trading regulations, North Korea was forced to turn to the Middle East for crude petroleum supplies. Such temporizing manoeuvres were not, however, wholly successful and, in March 1996, confronted by worsening energy shortages, Kim Jong Il acknowledged that the deficit in raw materials and energy supply had become the most urgent problem facing the country and instructed all factories and enterprises to reduce their use of coal and other energy sources.

In 2002 North Korea imported all its oil supplies, some 582,000 metric tons (about 70% of which came from China). Transport accounted for 78% of oil consumption, followed by industry (16%) and the domestic sector (just over 6%, all of it in kerosene). Such heavy import dependence on a single source carries obvious risks, as the temporary suspension of oil supplies from China in March 2003, allegedly as a political warning, highlighted. A significant recent development was the resumption, in 2003, of Russian oil supplies. Not least, such imports helped fill the gap caused by the suspension of shipments from a US government-led consortium—the Korean Peninsula Energy Development Organization (KEDO).

A Soviet-designed nuclear research reactor, with a generating capacity of about 3 MW, was reportedly installed in Pyongyang as early as 1959, although a North Korean-Soviet agreement signed in 1985, whereby the USSR would construct a 1,760-MW nuclear power plant in North Korea, is thought never to have been fulfilled (for more details of North Korea's nuclear installations, see History). In October 1994 North Korea and the USA signed a 'framework agreement' whereby Pyongyang agreed to suspend the development of nuclear weapons in exchange for the construction of two light-water reactors (LWRs) worth US $4,500m., in addition to receiving as much as 500,000 metric tons of oil annually for the duration of the construction period (forecast at 10 years). The construction project is managed by KEDO, and South Korea's state-run Korea Electric Power Corporation is its prime contractor. Initial construction work commenced in August 1997, with some 5,000 South Korean engineers expected to work on the project. Progress towards its completion has, however, been bedevilled by political disagreements, causing the completion date to be postponed from 2003 to 2008. Reports in April 2005 to the effect that North Korea's Yongbyon reactor had been shut down—perhaps to reprocess more plutonium from used fuel rods—merely served to exacerbate the situation.

Some have questioned whether the 1994 agreement was really sufficient to meet North Korea's economic needs, rather than simply accommodating international concerns about its nuclear weapons programme. It has, for example, been argued that a better approach would have been to upgrade the existing electrical grid and to construct new, efficient electricity-generating systems that ultimately might even facilitate exports to the South. In any case, the 1994 agreement was placed in serious doubt following Pyongyang's admission, in October 2002, that it had maintained a secret nuclear programme. Tensions associated with North Korea's nuclear programme were intensified when, in April 2003, Pyongyang formally withdrew from the Nuclear Non-Proliferation Treaty (NPT). This was the background against which, starting in December 2003, the reactor project was suspended for one year.

Such problems highlight the peculiar obstacles that impede progress towards enhancing energy supplies in North Korea. As a result, even allowing for the success of ongoing efforts—continuing domestic construction of small- and medium-scale facilities, increased investment in the power industry (for example, investment under the 2003 budget was intended to rise by 14.4%) and higher imports—improvements in the provision of energy are likely to be slow. Large-scale infrastructural construction will also be necessary. (North Korea possesses a mere 37 km and 180 km of pipelines to carry, respectively, crude petroleum and its products.) In short, energy constraints will continue to impede North Korean economic growth into the foreseeable future.

Telecommunications

Telecommunications remain seriously underdeveloped in North Korea. In 1997 only 1.1m. main telephone lines were estimated to be in use. The development of mobile telephones has yet to get under way on a significant scale (a very limited service began in late 2002), although in March 2003 an unconfirmed Russian report quoted a senior North Korean official to the effect that a nation-wide mobile telephone service would be put in place by 2006. International telephone connections are mainly made through Beijing and Moscow, although since the second half of the 1990s a direct telephone line has been established with South Korea. In March 2001 a Chinese source cited another North Korean official to the effect that North Korea possessed a national e-mail network, known as 'Kuang Myong'. The report revealed, however, that the network only allowed users to log on from within North Korea and that its content was limited to providing science and technology information. It was subsequently reported that the restricted-use SiliBank international e-mail service had begun to relay e-mails 24 hours a day rather than once every hour. It was announced in April 2003 that North Korea was about to launch hand-held computers.

Recent estimates suggest that there were about 3.36m. radios and 1.2m. television sets available to the North Korean population in 1997—an average of 15.5 per 100 and 5 per 100 persons, respectively. Only about 10% of radios and 30% of television sets are in private households, although most urban households have access to both. Domestic media censorship is strictly enforced, and neither radios nor television sets can be tuned to anything other than official programming. Listening to foreign media broadcasts, except by senior party cadres, is forbidden; nor are any foreign media permitted free access to North Korea.

FINANCE

In the absence of a private sector, public (or government) finance in a planned economy plays the principal role in seeking to mobilize domestic savings for investment purposes and ensure financial equilibrium in the economy. There exist in North Korea a central government budget and local government budget—the two being consolidated into the national (state) budget. The central government budget is largely financed from the central Government's net income, transfers from local governments and other revenue sources. Revenue for the local government budget derives from local industrial and other sources, as well as from central government subsidies. Traditionally, the principal sources of revenue under the state budget have been turnover (sales) taxes and state enterprise profits.

In his budgetary report to the SPA in April 2005 the North Korean Minister of Finance, Mun Il Bong, gave no information on whether 2004 budgetary targets had been fulfilled. He did, however, reveal that in 2004 15.6% of total spending had been allocated to defence, 41.3% to economic construction, and 40.8% to 'social and cultural' activities. (The balance of 2.3% is thought to have been allocated to administration.) Looking ahead to 2005, Mun expected state revenue to increase by 15.1%, and state expenditure by 11.4%. The main source of the expected increase in revenue would apparently be higher profits from state enterprises and, to a lesser extent, from co-operatives. The principal beneficiaries of increased spending in 2005 would be agriculture (expenditure for which would rise by 29.1%), defence (up by 15.9%), science and technology (up by 14.7%), and education and health (up by 10.7%).

Authoritative external sources have already questioned the feasibility of North Korea's budgetary plans for 2005. Interpreting the estimates is extremely difficult, and not all the figures can be taken at face value. In particular, there is a strong presumption that the projected rise in defence spending is understated, some sources suggesting that North Korea allocates US $1,400m.—around 25% of its GDP—to the military

(the highest in the world). Peaceful reunification—or even simply political accommodation between North and South Korea—would permit a reduction in military expenditure and thereby allow a significant reallocation of resources to more productive economic ends. Apart from fiscal benefits, by making more labour available, demobilization would also facilitate the accelerated expansion of labour-intensive light industrial manufactures, perhaps in line with the pattern of development shown by China's township and village enterprises.

Like other socialist countries, North Korea has traditionally pursued a conservative budgetary policy, through the maintenance of a balanced budget or generation of a budget surplus. Data released in April 2001 suggested that a small surplus (of some 61m. won) was in fact achieved in 2000. One interpretation of budgetary plans for 2004 pointed to the generation of a small budget surplus, although difficulties in assessing and analysing the data demand a large margin of error in making such an inference.

Another way of improving North Korea's financial viability is to seek integration in international financial institutions. In 2000 North Korea unsuccessfully submitted an application to join the Asian Development Bank (ADB). Hostility to such membership from the USA is one factor that has impeded efforts to improve North Korea's international financial profile.

FOREIGN TRADE AND FOREIGN INVESTMENT

A corollary of North Korea's emphasis on self-reliance has, at least until recently, been a downgrading of the role of foreign trade. As in other communist countries, the Government has pursued an essentially conservative and passive trade policy that emphasizes import-substitution in support of its programme of heavy industrialization. In other words, using its foreign relations merely to provide the goods, trade has been primarily orientated towards importing the machinery, equipment and raw materials necessary to fulfil the output targets of successive economic plans, and to relieve unplanned shortages. Exports have been used mainly to pay for such imports, as well as to dispose of unplanned surpluses. This passive strategy has been reflected in a level of foreign trade that is much smaller than might have been expected of a country of North Korea's size and structure. The trade share, having peaked at 29.4% of GNP in 1975, thereafter decreased sharply to 20% in 1985 and, on the basis of BOK estimates, to just 13.75% in 2004. By way of comparison, in 2004 the corresponding figure for South Korea was 69.7%.

Even allowing for an expansion in North Korea's trade with capitalist countries, these figures also reflect the declining role of foreign trade resulting from the onset of economic difficulties in the 1990s. Thus, having grown on average by 9.4% annually during 1960–90 to reach US $4,800m. in 1990, the combined value of exports and imports subsequently declined sharply. According to the Korea Trade-Investment Promotion Agency (KOTRA) in Seoul, between 1990 and 1998 the value of North Korea's merchandise trade decreased from US $4,170m. to $559m.—a cumulative fall of 86.6% (or of 22.2% annually). Contained within these figures are annual contractions of 38%, 21% and 34% in 1991, 1994 and 1998, respectively. A degree of recovery subsequently took place, as a result of which the value of merchandise trade reached $2,860m. in 2004—almost 80% above the low point of 1998 but still only about two-thirds of the 1990 level. Imports decreased by an annual average of 11.9% in 1990–98, but increased by an average of 12.8% per year in 1998–2003, to $1,614m. The lowest point for exports was in 1999, when their value had declined to a mere 29.7% of the corresponding 1990 level (implying an average annual decline of 12.6%); since 1999 exports have consistently risen year-on-year (averaging 10.8% annually) to reach $777m. in 2003. Implied in these figures has been a consistent merchandise trade deficit, which peaked at $970m. in 2001 (in 2003 it was $837m.).

In support of its economic modernization programme, in the early 1970s North Korea sought to use massive imports of advanced machinery and equipment from Western Europe and Japan. During the first half of the 1970s its trade balance steadily worsened and, unable to repay loans incurred as a result of such imports, in January 1976 it attracted world-wide notoriety when it became the first communist country to default on its foreign debt. Declining prices for North Korea's principal exports, rising import costs associated with the 1973 oil price rise, global recession and domestic transport difficulties—all contributed to the growing trade deficit and debt problem. The default resulted in a severe curtailment of Western credits to North Korea. Thereafter, its debt position continued to worsen, rising to US $5,200m. in 1988, and $11,900m. in 1997. After the decision, in early 1999, by the Dutch investment bank, ING Barings, to cease operations in North Korea, the Government was forced to conduct international banking transactions through a limited number of banks in Japan and Macao. The current level of North Korea's external debt is not known.

Ideological and economic imperatives ensured that until the 1990s North Korea's principal trading partners were other communist countries. Between 1955 and 1988, for example, the value of trade with such countries rose, on average, by 11% per year to reach US $3,290m. (this compared with a trade turnover of $600m. in 1995). Most important of all was the former Soviet Union, which in 1990 still accounted for 57% of North Korea's total foreign trade. The subsequent collapse of the USSR was a major watershed and in a single year (1991) the former USSR's share fell to a mere 17.3%. Nor has this decline been halted: by 1995 Russia was the source of 5% of North Korea's imports, and the destination for a mere 1% of its exports. Some recovery has since taken place, and in 2003 trade with Russia accounted for 4.9% of the total. However, this overall expansion conceals a 23.3% decline in North Korean exports to Russia, alongside a 50% rise in imports (especially of oil), resulting in a North Korean deficit of $112.8m.

Well before the collapse of DPRK-USSR trade, another watershed occurred in the 1970s, when North Korea began to purchase much-needed capital goods from capitalist countries (especially Japan). Between 1965 and 1975 bilateral trade with Japan rose by 23% annually (North Korean imports increasing by 27% annually), and during the next decade by a further 6% per year. Indeed, for some years, Japan was North Korea's second largest trading partner. Data for 2003 showing it still to be the second most important destination for North Korean exports conceal the major contraction that has occurred in bilateral trade in recent years (in 2003, exports to Japan decreased by 25.8%, to US $173.8m.). Between 2002 and 2003 there was an even bigger decline in imports (by 32.3% to $91.5m.), as a result of which Japan slipped from fourth to fifth place as a source of imports. KOTRA estimates show that purchases of Japanese textiles, machinery and non-ferrous metals all shared in the 2003 contraction.

For the 20 years after 1965 bilateral trade between North Korea and China rose by over 5% per annum, until in 1985 it reached US $2,100m., accounting for almost 15% of North Korea's foreign trade. Thereafter, China's importance as a trading partner declined: by 1990 the value of bilateral trade had fallen to $545m. (about 10%), and by 1999 it was just $370m. Such, however, was the impact of the dramatic contraction in trade with the former USSR that China swiftly emerged as North Korea's largest trading partner, contributing about 30% of its total trade in 1999. China has since remained North Korea's principal trading partner. In 2003 goods worth $395.3m. (46% more than in 2002) were shipped to China, while North Korean imports rose by 34% to reach $627.6m. This was the first year in which bilateral trade exceeded $1,000m. The outcome was a bilateral deficit with China of $232.3m. Other important trading partners, the combined share of which in North Korea's foreign trade has risen sharply in recent years, are Thailand and India. In 2003 these two countries accounted for 17.3% of all North Korean merchandise trade. Trade with Thailand rose by an astonishing 62% in 2002, and again by 17% in 2003.

KOTRA deliberately excludes South Korea from its ranking of North Korea's trading partners, on the grounds that inter-Korean trade is internal. To this extent, the foregoing analysis is misleading, since South Korea has for some years now been the North's second largest trading partner. In November 1988, for the first time since the Korean War, limited indirect trade with South Korea was resumed, and just two years later direct inter-Korean trade got under way, its value rising to US $210m. in 1992. By the end of the decade—and notwithstanding the temporary negative impact of the Asian financial crisis—inter-Korean trade had reached a record level of $333.4m. (including

some $200m. in tour fees associated with the Mount Kumgang project), making South Korea the North's third largest trading partner. In 2000 bilateral trade increased further, to $425m., pushing South Korea into second place after China, a place it has since retained. From a base of $425.2m. in 2000, bilateral trade fell to $403m. the following year, but thereafter rose sharply—to $641.8m. in 2002 and $724.3m. in 2003. In 2004, according to the BOK, the combined effect of a marginal decline in South Korean exports to the North and a more significant contraction in shipments in the opposite direction resulted in the value of merchandise trade decreasing by 3.8% to $607m. The net result was to increase South Korea's bilateral trade surplus from $145.7m. to $181m.—a rise of more than 24%. In interpreting inter-Korean trade, however, it is important to bear in mind that around two-thirds of exports from South Korea are more in the nature of aid than of 'true' trade.

The fall of communist regimes in Eastern Europe and the dissolution of the USSR, as well as insistence by both Russia and China on abandoning barter trading systems in favour of charging international prices for oil and other products, along with the rapid expansion of inter-Korean trade, all suggest that a significant realignment of North Korea's economic relations is under way. At the same time, inefficiencies and infrastructural constraints (for example, low product quality and lack of variety, poor packaging, failure to meet delivery dates, and limited transport and harbour facilities) have continued to impede North Korean efforts to expand exports and increase much-needed foreign-exchange earnings.

Major increases in wages and prices took place in the second half of 2002 (see above). These adjustments have had major implications for exchange rates. According to the CIA, the value of the North Korean won per US dollar declined from 2.15 in December 2001 to 150 in December 2002, after which it fell further to 170 in December 2004. The same source gives the market rate of exchange as 300–600 won per US dollar in 2002.

North Korea's principal exports in 2002 included animal products (worth US $261.1m.), textiles ($123.1m.), machinery and electronic goods ($85.6m.) and minerals ($69.8m.; earnings mainly from zinc, lead, barytes and gold). The main imports in that year were minerals ($235.9m.), machinery and electronics ($234.7m.), textiles ($158.5m.) and chemicals ($122.1m.).

Throughout its existence, North Korea has almost consistently suffered an unfavourable trade balance (see above for estimates of its merchandise trade deficit). Current-account transactions have been mainly responsible for this deficit. In recent years, however, North Korea's current-account deficit and foreign debt difficulties have been alleviated by inflows of convertible currency from pro-Pyongyang Koreans living in Japan. Such contributions and remittances reportedly ranged from US $600m. to $1,000m. per year, the latter figure approximating to total annual North Korean exports in the early 1990s.

The introduction, in 1984, of a joint-venture law (revised in 1994) signalled North Korea's willingness to adopt radical measures in order to acquire Western capital and technology. Initially, such efforts achieved only limited success. Indeed, the Ministry of Joint-Venture Industry, established in 1988, was closed down in 1990 and its responsibilities transferred to the General Bureau of Joint Venture, under the External Economic Affairs Commission. Of an estimated 140 joint ventures under way by 1994, about three-quarters involved companies owned by pro-Pyongyang Korean residents of Japan. Most of them were small, with an average capitalization of less than US $1m.

It was expected that government plans to establish special economic zones would stimulate further joint-venture activities, as well as encourage involvement by South Korean companies. Attempts to attract foreign capital into the Rajin-Sonbong Free Economic and Trade Zone, which was established in the Tumen Delta in 1991, were initially largely unsuccessful. By the end of 1997, for example, it was reported that although 111 contracts (worth some US $751m.) had been agreed, only 77 of them were under way, with associated utilized investment of $57m. The Tumen river project was sponsored by UNDP, and the first specifically inter-Korean joint-venture agreement—with the South Korean Daewoo conglomerate—was concluded in January 1992, when the North Korean Government began to enact new laws designed to offer even more preferential treatment to foreign investors than that available under Chinese laws. In practice, foreign-exchange shortages, infrastructural deficiencies, unco-operative bureaucrats and low levels of skilled labour have prevented North Korea from realizing any significant benefits from the Rajin-Sonbong project, leading some to judge it to be a failure. Its future, according to some outside observers, may lie more in the direction of acting as a regional transshipment base for North Korean exports to China.

The construction, in the late 1980s and early 1990s, of an international telecommunications centre, a new international airport and international hotels is a clear expression of North Korea's willingness to open the country to foreign tourism in order to improve its invisible trade balance. The most significant initiative in this context was the commencement, in November 1998, of a joint venture involving the South Korean conglomerate, Hyundai, to send daily tour boats to Mount Kumgang, representing the first ever opportunity for South Korean tourists to visit the North. By May 2000 North Korea had earned some US $180m. from the project, and in July of that year the Pyongyang authorities put forward the suggestion that Hyundai should develop a high-technology zone in Kaesong city (just north of the demilitarized zone). To date, neither of these projects has yielded any significant benefit to either side.

Such difficulties notwithstanding, it seems likely that North Korea will maintain its efforts to encourage greater foreign involvement in its economic development. The most recent high-profile joint venture, the Pyongso J-V Company Ltd, was opened in June 2004, with financial backing from Peter Zuellig, the Chief Executive of Interpacific of Switzerland. In recent years, regular seminars have also been organized in North Korea in an attempt to encourage foreign business involvement in mining, heavy manufacturing, light industry (especially food processing and textiles), banking and finance. Such initiatives underline Pyongyang's commitment to attract foreign capital. The more challenging issue is how foreign investors can themselves be persuaded to invest in a country in which the past economic record has been so discouraging. Meanwhile, since 2000 Pyongyang has made extensive efforts to establish diplomatic relations with wealthier nations such as the United Kingdom, Italy, Australia, the Philippines and other countries—initiatives clearly not unconnected with its desire to accelerate economic growth and development. In July 2000 North Korea also became a member of the ASEAN Regional Forum (ARF), established by the Association of South East Asian Nations.

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Statistical Survey

Area and Population

AREA, POPULATION AND DENSITY*

Area (sq km)	122,762†
Population (census results)	
31 December 1993	
Males	10,329,699
Females	10,883,679
Total	21,213,378
Population (unofficial estimates)‡	
2001	22,253,000
2002	22,369,000
2003	22,522,000
Density (per sq km) in 2003	183.5

* Excluding the demilitarized zone between North and South Korea, with an area of 1,262 sq km (487 sq miles).
† 47,399 sq miles.
‡ Source: Bank of Korea (Republic of Korea).

PRINCIPAL TOWNS
(population at 1993 census)

Pyongyang (capital)	2,741,260	Wonsan	300,148
Nampo	731,448	Pyongsong	272,934
Hamhung	709,730	Sariwon	254,146
Chongjin	582,480	Haeju	229,172
Kaesong	334,433	Kanggye	223,410
Sinuiju	326,011	Hyesan	178,020

Source: UN, *Demographic Yearbook*.

BIRTHS AND DEATHS
(UN estimates, annual averages)

	1985–90	1990–95	1995–2000
Birth rate (per 1,000)	20.7	21.0	18.9
Death rate (per 1,000)	7.6	8.9	10.1

Source: UN, *World Population Prospects: The 2004 Revision*.

Expectation of life (years at birth): 66 (males 65; females 68) in 2003 (Source: WHO, *World Health Report*).

ECONOMICALLY ACTIVE POPULATION
(ILO estimates, '000 persons at mid-1990)

	Males	Females	Total
Agriculture, etc.	2,027	1,877	3,904
Industry	2,206	1,043	3,249
Services	1,577	1,549	3,126
Total labour force	5,810	4,469	10,279

Source: ILO, *Economically Active Population Estimates and Projections, 1950–2010*.

2003 (estimates in '000): Agriculture, etc. 3,263; Total labour force 11,676 (Source: FAO).

Health and Welfare

KEY INDICATORS

Total fertility rate (children per woman, 2003)	2.0
Under-5 mortality rate (per 1,000 live births, 2003)	55
HIV/AIDS (% of persons aged 15–49, 1994)	<0.01
Health expenditure (2002): US $ per head (PPP)	57
Health expenditure (2002): % of GDP	4.6
Health expenditure (2002): public (% of total)	76.8
Access to water (% of persons, 2002)	100
Access to sanitation (% of persons, 2002)	59

For sources and definitions, see explanatory note on p. vi.

Agriculture

PRINCIPAL CROPS
('000 metric tons)

	2001	2002	2003
Wheat	124	130	146
Rice (paddy)	2,060	2,186	2,244
Barley	70	69	69
Maize	1,483	1,651	1,725
Rye	68	60	78*
Oats†	11	15	10
Millet†	50	65	38
Sorghum†	14	20	12
Potatoes	2,268	1,884	2,023
Sweet potatoes*	320	340	350
Pulses*	300	300	300
Soybeans (Soya beans)†	350	360	360
Cottonseed*	25	24	24
Cabbages*	650	680	680
Tomatoes*	70	70	71
Pumpkins, squash and gourds*	88	88	89
Cucumbers and gherkins*	65	65	66
Aubergines (Eggplants)*	45	45	46
Chillies and green peppers*	57	57	59
Green onions and shallots*	95	95	96
Dry onions*	84	84	86
Garlic*	85	85	90
Other vegetables*	2,406	2,431	2,431
Apples*	660	660	660
Pears*	130	135	135
Peaches and nectarines*	115	122	122
Watermelons*	105	108	108
Cantaloupes and other melons*	112	116	116
Other fruits and berries*	480	480	485
Tobacco (leaves)*	63	64	64
Hemp fibre*	13	13	13
Cotton (lint)*	13	12	12

* FAO estimate(s).
† Unofficial figures.

Source: FAO.

LIVESTOCK
('000 head)

	2001	2002	2003
Horses*	47	48	48
Cattle	570	575	576
Pigs	3,137	3,152	3,178
Sheep	189	170	171
Goats	2,566	2,693	2,717
Chickens	16,894	18,506	19,958
Ducks	3,158	4,189	4,613
Rabbits	19,455	19,482	19,576

* FAO estimates.

Source: FAO.

LIVESTOCK PRODUCTS
(FAO estimates, '000 metric tons)

	2001	2002	2003
Beef and veal	21.5	21.8	21.8
Goat meat	10.5	11.0	11.1
Pig meat	145.0	145.7	146.9
Poultry meat	30.8	33.7	36.3
Cows' milk	92.0	92.0	94.0
Poultry eggs	120.0	130.0	135.0
Cattle hides (fresh)	3.0	3.0	3.0

Source: FAO.

Forestry

ROUNDWOOD REMOVALS
(FAO estimates, '000 cubic metres, excl. bark)

	2001	2002	2003
Sawlogs, veneer logs and logs for sleepers	1,000	1,000	1,000
Other industrial wood	500	500	500
Fuel wood	5,561	5,620	5,678
Total	7,061	7,120	7,178

Sawnwood production ('000 cubic metres, incl. railway sleepers): 280 (coniferous 185, broadleaved 95) per year in 1970–2003 (FAO estimates).

Source: FAO.

Fishing

(FAO estimates, '000 metric tons, live weight)

	2000	2001	2002
Capture	212.9	206.5	205.0
Freshwater fishes	8.0	4.9	5.0
Alaska pollock	60.0	60.0	60.0
Other marine fishes	112.2	109.0	107.6
Marine crustaceans	15.6	16.2	16.0
Squids	9.5	9.5	9.5
Aquaculture	66.7	63.7	63.7
Molluscs	63.0	60.0	60.0
Total catch	279.6	270.2	268.7

Note: Figures exclude aquatic plants (FAO estimates, '000 metric tons, aquaculture only): 401.0 in 2000; 391.0 in 2001; 444.3 in 2002.

2003: Figures assumed to be unchanged from 2002.

Source: FAO.

Mining

(estimates, '000 metric tons, unless otherwise indicated)

	2001	2002	2003
Hard coal	23,000	24,000	22,300
Brown coal and lignite	7,000	7,000	6,300
Iron ore: gross weight	4,200	4,100	4,430
Iron ore: metal content	1,200	1,150	1,260
Copper ore*	13	13	13
Lead ore*	60	60	60
Zinc ore*	100	100	100
Tungsten concentrates (metric tons)*	500	600	600
Silver (metric tons)*	40	40	40
Gold (kg)*	2,000	2,000	2,000
Magnesite (crude)	1,000	1,000	1,000
Phosphate rock†	350	300	300
Fluorspar‡	25	25	25
Barite (Barytes)	70	70	70
Salt (unrefined)	500	500	500
Graphite (natural)	25	25	25
Talc, soapstone and pyrophyllite	120	110	110

* Figures refer to the metal content of ores and concentrates.
† Figures refer to gross weight.
‡ Metallurgical grade.
Note: No recent data are available for the production of molybdenum ore and asbestos.

Source: US Geological Survey.

Industry

SELECTED PRODUCTS
('000 metric tons, unless otherwise indicated)

	1999	2000	2001
Nitrogenous fertilizers*	72	72	n.a.
Motor spirit (petrol)	848†	902	880
Kerosene	168†	185	174
Gas-diesel (distillate fuel) oils	925†	994	940
Residual fuel oils	539†	573	585
Coke-oven coke (excl. breeze)	3,098†	3,098†	3,065
Cement‡	4,000	4,600	5,160
Pig-iron‡	800	800	800
Crude steel‡	1,000	1,000	1,000
Refined copper (primary and secondary metal)‡	16	14	14
Refined lead (primary and secondary metal)‡	75	75	75
Zinc (primary and secondary metal)	100	100	100
Electric energy (million kWh)	31,450	32,815	33,495

* Output is measured in terms of nitrogen.
† Provisional or estimated figure.
‡ Data from the US Geological Survey.
Source: mostly UN, *Industrial Commodity Statistics Yearbook*.

2002 ('000 metric tons): Cement 5,320; Pig-iron 800; Crude steel 1,030; Refined copper (primary and secondary metal) 14; Refined lead (primary and secondary metal) 75; Refined zinc (primary and secondary metal) 100 (Source: US Geological Survey).

2003 ('000 metric tons): Cement 5,540; Pig-iron 900; Crude steel 1,090; Refined copper (primary and secondary metal) 14; Refined lead (primary and secondary metal) 75; Refined zinc (primary and secondary metal) 100 (Source: US Geological Survey).

Finance

CURRENCY AND EXCHANGE RATES

Monetary Units
100 chon (jun) = 1 won.

Sterling, Dollar and Euro Equivalents (29 April 2005)
£1 sterling = 257.164 won;
US $1 = 134.500 won;
€1 = 174.272 won;
1,000 won = £3.89 = $7.43 = €5.74.

Note: In August 2002 it was reported that a currency reform had been introduced, whereby the exchange rate was adjusted from US $1 = 2.15 won to $1 = 150 won: a devaluation of 98.6%.

BUDGET
(projected, million won)

	1992	1993	1994
Revenue	39,500.9	40,449.9	41,525.2
Expenditure	39,500.9	40,449.9	41,525.2
Economic development	26,675.1	27,423.8	28,164.0
Socio-cultural sector	7,730.6	7,751.5	8,218.3
Defence	4,582.1	4,692.2	4,816.9
Administration and management	513.1	582.4	326.0

1998 (estimates, million won): Total revenue 19,790.8; Total expenditure 20,015.2.

1999 (estimates, million won): Total revenue 19,801.0; Total expenditure 20,018.2.

2000 (estimates, million won): Total revenue 20,955.0; Total expenditure 20,903.0.

2001 (projected, million won): Total revenue 21,571.0; Total expenditure 21,571.0.

2002 (projected, million won): Total revenue 22,174.0; Total expenditure 22,174.0.

NATIONAL ACCOUNTS

Gross Domestic Product by Economic Activity
(unofficial estimates, '000 million won)*

	2001	2002	2003
Agriculture, forestry and fishing	6,139	6,429	5,961
Mining	1,617	1,652	1,820
Manufacturing	3,651	3,825	4,043
Electricity, gas and water	968	939	995
Construction	1,410	1,699	1,896
Government services	4,483	4,678	5,017
Other services	1,953	2,054	2,156
Total	20,223	21,277	21,887

* Totals may not be equal to sum of component parts, owing to rounding.

Source: Bank of Korea (Republic of Korea).

External Trade

PRINCIPAL COMMODITIES
(US $ million)*

Imports	2000	2001	2002
Live animals and animal products	20.3	73.9	103.4
Vegetable products	159.0	221.0	118.4
Animal or vegetable fats and oils; prepared edible fats; animal or vegetable waxes; Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured substitutes	89.1	89.9	72.3
Mineral products	171.2	231.1	235.9
Products of chemical or allied industries	108.4	123.4	122.1
Plastics, rubber and articles thereof	67.5	66.0	66.0
Textiles and textile articles	171.9	203.9	158.5
Base metals and articles thereof	85.2	100.4	88.2
Machinery and mechanical appliances; electrical equipment; sound and television apparatus	205.1	243.8	234.7
Vehicles, aircraft, vessels and associated transport equipment	146.2	88.4	76.1
Total (incl. others)	1,406.5	1,620.3	1,525.4

Exports	2000	2001	2002
Live animals and animal products	97.9	158.4	261.1
Vegetable products	30.3	42.0	27.5
Mineral products	43.2	50.5	69.8
Products of chemical or allied industries; Plastics, rubber and articles thereof	44.9	44.6	42.4
Wood, cork and articles thereof; wood charcoal; manufactures of straw, esparto, etc.	10.9	5.6	10.2
Textiles and textile articles	140.0	140.5	123.1
Natural or cultured pearls, precious or semi-precious stones, precious metals and articles thereof; imitation jewellery; coin	9.8	14.1	14.6
Base metals and articles thereof	43.9	60.2	57.4
Machinery and mechanical appliances; electrical equipment, sound and television apparatus	105.2	97.9	85.6
Total (incl. others)	565.8	650.2	735.0

* Excluding trade with the Republic of Korea (US $ million): *Imports:* 272.8 in 2000; 226.8 in 2001; 370.2 in 2002. *Exports:* 152.4 in 2000; 176.2 in 2001; 271.6 in 2002.

Source: Korea Trade-Investment Promotion Agency (KOTRA), Republic of Korea.

PRINCIPAL TRADING PARTNERS
(US $ million)*

Imports	2001	2002	2003
China, People's Republic	570.7	467.3	627.6
Germany	82.1	140.4	n.a.
Hong Kong	42.6	29.2	n.a.
India	154.8	186.6	157.9
Japan	249.1	135.1	91.5
Netherlands	9.1	27.6	n.a.
Russia	63.8	77.0	115.6
Singapore	112.3	83.0	n.a.
Spain	31.6	n.a.	n.a.
Thailand	106.0	172.0	203.6
United Kingdom	40.7	n.a.	n.a.
Total (incl. others)	1,620.3	1,525.4	1,614.4

Exports	2001	2002	2003
Bangladesh	38.0	32.3	n.a.
China, People's Republic	166.8	270.9	395.3
Germany	22.8	27.8	n.a.
Hong Kong	38.0	21.9	n.a.
India	3.1	4.8	1.6
Japan	225.6	234.4	173.8
Netherlands	10.4	6.4	n.a.
Russia	4.5	3.6	2.8
Spain	12.6	n.a.	n.a.
Thailand	24.9	44.6	50.7
Total (incl. others)	650.2	735.0	777.0

* Excluding trade with the Republic of Korea (US $ million): *Imports:* 226.8 in 2001; 370.2 in 2002; 435.0 in 2003. *Exports:* 176.2 in 2001; 271.6 in 2002; 289.3 in 2003.

Source: Korea Trade-Investment Promotion Agency (KOTRA), Republic of Korea.

Transport

SHIPPING

Merchant Fleet
(registered at 31 December)

	2002	2003	2004
Number of vessels	225	292	374
Total displacement ('000 grt)	870.5	959.0	1,122.8

Source: Lloyd's Register-Fairplay, *World Fleet Statistics*.

International Sea-borne Freight Traffic
(estimates, '000 metric tons)

	1988	1989	1990
Goods loaded	630	640	635
Goods unloaded	5,386	5,500	5,520

Source: UN, *Monthly Bulletin of Statistics*.

CIVIL AVIATION
(traffic on scheduled services)

	1999	2000	2001
Kilometres flown (million)	2	1	1
Passengers carried ('000)	59	83	79
Passenger-km (million)	178	37	33
Total ton-km (million)	18	5	5

Source: UN, *Statistical Yearbook*.

Tourism

	1996	1997	1998
Tourist arrivals ('000)	127	128	130

Source: World Tourism Organization, mainly *Yearbook of Tourism Statistics*.

Communications Media

	1994	1995	1996
Radio receivers ('000 in use)	2,950	3,000	3,300
Television receivers ('000 in use)	1,000	1,050	1,090
Telefax stations (number in use)	3,000*	n.a.	n.a.
Daily newspapers:			
number	11	11*	3
average circulation ('000 copies)*	5,000	5,000	4,500

* Estimate(s).

1997 ('000 in use): Radio receivers 3,360; Television receivers 1,200.

Telephones ('000 subscribers): 500 (estimate) in 2002.

Sources: UNESCO, *Statistical Yearbook*; UN, *Statistical Yearbook*.

Education

(2000)

	Institutions	Students
Kindergartens	14,167	748,416
Primary	4,886	1,609,865
Senior middle schools	4,772	2,181,524

Source: mainly Government of the Democratic People's Republic of Korea, *UNESCO Education for All Assessment Report 2000*.

Universities and Colleges: The *UNESCO Education for All Assessment Report 2000* identified more than 300 universities and colleges with 1.89m. students and academics.

Teachers (1987/88, UNESCO, *Statistical Yearbook*): Pre-primary 35,000, Primary 59,000, Secondary 111,000, Universities and colleges 23,000, Other tertiary 4,000.

Directory

The Constitution

A new Constitution was adopted on 27 December 1972. According to South Korean sources, several amendments were made in April 1992, including the deletion of references to Marxism-Leninism, the extension of the term of the Supreme People's Assembly from four to five years, and the promotion of limited 'economic openness'. Extensive amendments to the Constitution were approved on 5 September 1998. The main provisions of the revised Constitution are summarized below:

The Democratic People's Republic of Korea is an independent socialist state; the revolutionary traditions of the State are stressed (its ideological basis being the *juche* idea of the Korean Workers' Party), as is the desire to achieve national reunification by peaceful means on the basis of national independence. The Late President Kim Il Sung is the Eternal President of the Republic.

National sovereignty rests with the working people, who exercise power through the Supreme People's Assembly and Local People's Assemblies at lower levels, which are elected by universal, equal and direct suffrage by secret ballot.

The foundation of an independent national economy, based on socialist and *juche* principles, is stressed. The means of production are owned solely by the State and socialist co-operative organizations.

Culture and education provide the working people with knowledge to advance a socialist way of life. Education is free, universal and compulsory for 11 years.

Defence is emphasized, as well as the rights of overseas nationals, the principles of friendly relations between nations based on equality, mutual respect and non-interference, proletarian internationalism, support for national liberation struggles and due observance of law.

The basic rights and duties of citizens are laid down and guaranteed. These include the right to vote and to be elected (for citizens who are more than 17 years of age), to work (the working day being eight hours), to free medical care and material assistance for the old, infirm or disabled, and to political asylum. National defence is the supreme duty of citizens.

THE STRUCTURE OF STATE

The Supreme People's Assembly

The Supreme People's Assembly is the highest organ of state power, exercises legislative power and is elected by direct, equal, universal and secret ballot for a term of five years. Its chief functions are: (i) to adopt, amend or supplement legal or constitutional enactments; (ii) to determine state policy; (iii) to elect the Chairman of the National Defence Commission; (iv) to elect the Vice-Chairmen and other members of the National Defence Commission (on the recommendation of the Chairman of the National Defence Commission); (v) to elect the President and other members of the Presidium of the Supreme People's Assembly, the Premier of the Cabinet, the President of the Central Court and other legal officials; (vi) to appoint the Vice-Premiers and other members of the Cabinet (on the recommendation of the Premier of the Cabinet); (vii) to approve the State Plan and Budget; (viii) to receive a report on the work of the Cabinet and adopt measures, if necessary; (ix) to decide on the ratification or abrogation of treaties. It holds regular and extraordinary sessions, the former being once or twice a year, the latter as necessary at the request of at least one-third of the deputies. Legislative enactments are adopted when approved by more than one-half of those deputies present. The Constitution is amended and supplemented when approved by more than two-thirds of the total number of deputies.

The National Defence Commission

The National Defence Commission, which consists of a Chairman, first Vice-Chairman, other Vice-Chairmen and members, is the highest military organ of state power, and is accountable to the Supreme People's Assembly. The National Defence Commission directs and commands the armed forces and guides defence affairs. The Chairman of the National Defence Commission serves a five-year term of office and has the most senior post in the state hierarchy.

The Presidium of the Supreme People's Assembly

The Presidium of the Supreme People's Assembly, which consists of a President, Vice-Presidents, secretaries and members, is the highest organ of power in the intervals between sessions of the Supreme People's Assembly, to which it is accountable. It exercises the following chief functions: (i) to convene sessions of the Supreme People's Assembly; (ii) to examine and approve new legislation, the State Plan and the State Budget, when the Supreme People's Assembly is in recess; (iii) to interpret the Constitution and legislative enactments; (iv) to supervise the observance of laws of State organs; (v) to organize elections to the Supreme People's Assembly and Local People's Assemblies; (vi) to form or abolish ministries or commissions of the Cabinet; (vii) to appoint or remove Vice-Premiers and other cabinet or ministry members, on the recommendation of the Premier, when the Supreme People's Assembly is not in session; (viii) to elect or transfer judges of the Central Court; (ix) to ratify or abrogate treaties concluded with other countries; (x) to appoint or recall diplomatic envoys; (xi) to confer decorations, medals, honorary titles and diplomatic ranks; (xii) to grant general amnesties or special pardon. The President of the Presidium represents the State and receives credentials and letters of recall of diplomatic representatives accredited by a foreign state.

The Cabinet

The Cabinet is the administrative and executive body of the Supreme People's Assembly and a general state management organ. It serves a five-year term and comprises the Premier, Vice-Premiers, Chairmen of Commissions and other necessary members. Its major functions are the following: (i) to adopt measures to execute state policy; (ii) to guide the work of ministries and other organs responsible to it; (iii) to establish and remove direct organs of the Cabinet and main administrative economic organizations; (iv) to draft the State Plan and adopt measures to make it effective; (v) to compile the State Budget and to implement its provisions; (vi) to organize and execute the work of all sectors of the economy, as well as education, science, culture, health and environmental protection; (vii) to adopt measures to strengthen the monetary and banking system; (viii) to adopt measures to maintain social order, protect State interests and guarantee citizens' rights; (ix) to conclude treaties; (x) to abolish decisions and directives of economic administrative organs which run counter to those of the Cabinet. The Cabinet is accountable to the Supreme People's Assembly.

Local People's Assemblies

The Local People's Assemblies and Committees of the province (or municipality directly under central authority), city (or district) and

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county are local organs of power. The Local People's Assemblies consist of deputies elected by direct, equal, universal and secret ballot. The Local People's Committees consist of a Chairman, Vice-Chairmen, secretaries and members. The Local People's Assemblies and Committees serve a four-year term and exercise local budgetary functions, elect local administrative and judicial personnel and carry out the decisions at local level of higher executive and administrative organs.

THE JUDICIARY

Justice is administered by the Central Court (the highest judicial organ of the State), local courts and the Special Court. Judges and other legal officials are elected by the Supreme People's Assembly. The Central Court protects state property and constitutional rights, guarantees that all state bodies and citizens observe state laws, and executes judgments. Justice is administered by the court comprising one judge and two people's assessors. The court is independent and judicially impartial. Judicial affairs are conducted by the Central Procurator's Office, which exposes and institutes criminal proceedings against accused persons. The Office of the Central Procurator is responsible to the Chairman of the National Defence Commission, the Supreme People's Assembly and the Central People's Committee.

The Government

HEAD OF STATE

President: President Kim Il Sung died on 8 July 1994 and was declared 'Eternal President' in September 1998.

Chairman of the National Defence Commission: Marshal Kim Jong Il.

First Vice-Chairman: Vice-Marshal Jo Myong Rok.

Vice-Chairmen: Yon Hyong Muk, Vice-Marshal Ri Yong Mu.

Other members: Vice-Marshal Kim Yong Chun, Kim Il Chol, Choe Ryong Su, Paek Se Bong, Jon Pyong Ho.

CABINET
(September 2005)

Premier: Pak Pong Ju.

Vice-Premiers: Ro Tu Chol, Kwak Pom Gi, Jon Sung Hun.

Minister of Foreign Affairs: Paek Nam Sun.

Minister of People's Security: Ju Sang Song.

Minister of the People's Armed Forces: Vice-Marshal Kim Il Chol.

Chairman of the State Planning Commission: Kim Kwang Rin.

Minister of Power and Coal Industry: Ju Tong Il.

Minister of Extractive Industries: Ri Kwang Nam.

Minister of Metal and Machine-Building Industries: (vacant).

Minister of Construction and Building Materials Industries: Tong Jong Ho.

Minister of the Electronics Industry: O Su Yong.

Minister of Railways: Kim Yong Sam.

Minister of Land and Marine Transport: Kim Yong Il.

Minister of Agriculture: Ri Kyong Sik.

Minister of Chemical Industry: Ri Mu Yong.

Minister of Light Industry: Ri Ju O.

Minister of Foreign Trade: Rim Kyong Man.

Minister of Forestry: Sok Kun Su.

Minister of Fisheries: Ri Song Ung.

Minister of City Management: Choe Jong Gon.

Minister of Land and Environmental Protection: Jang Il Son.

Minister of State Construction Control: Pae Tal Jun.

Minister of Commerce: Ri Yong Son.

Minister of Procurement and Food Administration: Choe Nam Gyun.

Minister of Education: Kim Yong Jin.

Minister of Post and Telecommunications: Ri Kum Bom.

Minister of Culture: Choe Ik Gyu.

Minister of Finance: Mun Il Bong.

Minister of Labour: Jong Yong Su.

Minister of Public Health: Kim Su Hak.

Minister of State Inspection: Kim Ui Sun.

Chairman of the Physical Culture and Sports Guidance Committee: Mun Jae Dok.

President of the National Academy of Sciences: Pyon Yong Rip.

President of the Central Bank: Kim Wan Su.

Director of the Central Statistics Bureau: Kim Chang Su.

Chief Secretary of the Cabinet: Kim Yong Ho.

MINISTRIES

All Ministries and Commissions are in Pyongyang.

Legislature

CHOE KO IN MIN HOE UI
(Supreme People's Assembly)

The 687 members of the 11th Supreme People's Assembly (SPA) were elected unopposed for a five-year term on 3 August 2003. The SPA's permanent body is the Presidium.

Chairman: Choe Tae Bok.

President of the Presidium: Kim Yong Nam.

Vice-Presidents of the Presidium: Yang Hyong Sop, Kim Yong Dae.

Political Organizations

Democratic Front for the Reunification of the Fatherland: Pyongyang; f. 1946; a vanguard organization comprising political parties and mass working people's organizations seeking the unification of North and South Korea; Mems of Presidium Pak Song Chol, Ryom Tae Jun, Yang Hyong Sop, Jong Tu Hwan, Ri Yong Su, Kim Pong Ju, Pyon Chang Bok, Ryu Mi Yong, Ryo Won Gu, Kang Ryon Hak.

The component parties are:

Chondoist Chongu Party: Pyongyang; tel. (2) 334241; f. 1946; supports policies of Korean Workers' Party; follows the guiding principle of *Innaechon* (the realization of 'heaven on earth'); satellite party of the Korean Workers' Party; Chair. Ryu Mi Yong.

Korean Social Democratic Party (KSDP) (Joson Sahoeminjudang): Pyongyang; tel. (2) 5211981; fax (2) 3814410; f. 1945; advocates national independence and a democratic socialist society; satellite party of the Korean Workers' Party; Chair. Kim Yong Dae; First Vice-Chair. Kang Pyong Hak.

Korean Workers' Party (KWP): Pyongyang; f. 1945; merged with the South Korean Workers' Party in 1949; the guiding principle is the *juche* idea, based on the concept that man is the master and arbiter of all things; most significant political entity in the DPRK; 3m. mems; Gen. Sec. Marshal Kim Jong Il.

SIXTH CENTRAL COMMITTEE OF THE KWP

General Secretary: Marshal Kim Jong Il.

POLITBURO OF THE KWP

Presidium: Marshal Kim Jong Il.

Full Members: Kim Yong Nam, Pak Song Chol, Kim Yong Ju, Kye Ung Tae, Jon Pyong Ho, Han Song Ryong.

Alternate Members: Yon Hyong Muk, Yang Hyong Sop, Choe Tae Bok, Kim Chol Man, Choe Yong Rim, Ri Son Sil.

Secretariat: Marshal Kim Jong Il, Kye Ung Tae, Jon Pyong Ho, Han Song Ryong, Choe Tae Bok, Kim Ki Nam, Kim Kuk Tae, Kim Jung Rin, Jong Ha Chol.

The component mass working people's organizations (see under Trade Unions) are:

General Federation of Trade Unions of Korea (GFTUK).

Kim Il Sung Socialist Youth League.

Korean Democratic Women's Union (KDWU).

Union of Agricultural Working People of Korea.

Diplomatic Representation

EMBASSIES IN THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

Algeria: Munsudong, Taedongkang District, Pyongyang; tel. (2) 90372; Ambassador MOKHTAR REGUIEG.

Benin: Pyongyang; Ambassador BANTOLE YABA.

Bulgaria: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827343; fax (2) 3817342; Ambassador YORDAN MUTAFCHIYEV.

Cambodia: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3817283; fax (2) 3817625.

China, People's Republic: Kinmauldong, Moranbong District, Pyongyang; tel. (2) 3823316; fax (2) 3813425; Ambassador WU DONGHE.

Cuba: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827380; fax (2) 3817703; Ambassador RUBÉN PÉREZ VALDÉS.

Czech Republic: Munsudong, Bldg 3, Apartment 39, Taedongkang District, Pyongyang; Chargé d'affaires MIROSLAV PODHAJSKY.

Egypt: Pyongyang; tel. (2) 3817414; fax (2) 3817611; Ambassador MOUSTAFA MUHAMMAD AHMAD EL-HATTER.

Ethiopia: POB 55, Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827554; fax (2) 3827550; Chargé d'affaires FEKADE S. G. MESKEL.

Germany: Munsudong District, Pyongyang; tel. (2) 3817385; fax (2) 3817397; e-mail zreg@pjoe.auswaertiges-amt.de; Ambassador FRIEDRICH LUDWIG LOEHR.

India: Block 53, Munsudong, Taehak St, Taedongkang District, Pyongyang; tel. (2) 3817274; fax (2) 3817619; e-mail indemhoc@di.chesin.com; Ambassador N. T. KHANKHUP.

Indonesia: 5 Foreigners' Bldg, Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827439; fax (2) 3817620; e-mail kbripyg@public.east.cn.net; Ambassador HENDRATI SUKENDAR MUNTHE.

Iran: Munhungdong, Monsu St, Taedongkang District, Pyongyang; tel. (2) 3817492; fax (2) 3817612; Ambassador JALALEDDIN NAMINI MIANJI.

Laos: Munhungdong, Taedongkang District, Pyongyang; tel. (2) 3827363; fax (2) 3817722; Ambassador CHANPHENG SIHAPHOM.

Libya: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827544; fax (2) 3817267; Secretary of People's Bureau BASHIR RAMADAN KHALIFA ABU JANAH.

Malaysia: Rm 1-17-05, Pyongyang Koryo Hotel, Tonghong-dong, Chaoyang District, Pyongyang; tel. (2) 3814397; fax (2) 3814422; e-mail malpygyang@kln.gov.my; Ambassador MD YUSOFF BIN MD ZAIN.

Mali: Pyongyang; Ambassador NAKOUNTE DIAKITÉ.

Mongolia: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827322; fax (2) 3817323; Ambassador J. LOMBO.

Nigeria: Munsudong, Taedongkang District, POB 535, Pyongyang; tel. (2) 3827558; fax (2) 3817293; Ambassador SULE BUBA.

Pakistan: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827478; fax 3817622; Ambassador SULTAN HABIB.

Poland: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3817327; fax (2) 3817634; Ambassador WOJCIECH KALUZA.

Romania: Munhungdong, Taedongkang District, Pyongyang; tel. (2) 3827336; fax (2) 3817336; e-mail ambrophe@kcckp.net; Chargé d'affaires a.i. EUGEN POPA.

Russia: Sinyangdong, Central District, Pyongyang; tel. (2) 3823102; fax (2) 3813427; e-mail rusembdprk@yahoo.com; Ambassador ANDREI KARLOV.

Sweden: Munsudung, Taedongkang District, Pyongyang; tel. (2) 3817485; fax (2) 3817663; e-mail ambassaden.pyongyang@foreign.ministry.se; Ambassador MATS FOYER.

Syria: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3827473; fax (2) 3817635; Ambassador YASSER AL-FARRA.

Thailand: Pyongyang; Ambassador NIKHOM TANTEMSAPYA.

United Kingdom: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3817980; fax (2) 3817985; Ambassador DAVID SLINN.

Viet Nam: Munsudong, Taedongkang District, Pyongyang; tel. (2) 3817353; fax (2) 3817632; Ambassador LE XUAN VINH.

Judicial System

The judicial organs include the Central Court, the Court of the Province (or city under central authority) and the People's Court. Each court is composed of judges and people's assessors.

Procurators supervise the ordinances and regulations of all ministries and the decisions and directives of local organs of state power to ensure that they conform to the Constitution, laws and decrees, as well as to the decisions and other measures of the Cabinet. Procurators bring suits against criminals in the name of the State, and participate in civil cases to protect the interests of the State and citizens.

Central Court

Pyongyang.

The highest judicial organ; supervises the work of all courts.

President: KIM PYONG RYUL.

First Vice-President: YUN MYONG GUK.

Central Procurator's Office

Supervises work of procurator's offices in provinces, cities and counties.

Procurator-General: RI KIL SONG.

Religion

The religions that are officially reported to be practised in the DPRK are Buddhism, Christianity and Chundo Kyo, a religion peculiar to Korea combining elements of Buddhism and Christianity. Religious co-ordinating bodies are believed to be under strict state control. The exact number of religious believers is unknown.

Korean Religious Believers Council: Pyongyang; f. 1989; brings together members of religious organizations in North Korea; Chair. JANG JAE ON.

BUDDHISM

In 2002 it was reported that there were an estimated 300 Buddhist temples in the DPRK; the number of believers was estimated at about 10,000.

Korean Buddhists Federation: POB 77, Pyongyang; tel. (2) 43698; fax (2) 3812100; f. 1945; Chair. Cen. Cttee PAK TAE HWA; Sec. SHIM SANG JIN.

CHRISTIANITY

In 2002 it was reported that there were approximately 14,000 Christians (including 4,000 Catholics) in the country, many of whom worshipped in house churches (of which there were said to be about 500).

Korean Catholics Association: Changchung 1-dong, Songyo District, Pyongyang; tel. (2) 23492; f. 1988; Chair. Cen. Cttee JANG JAE ON; Vice-Chair. MUN CHANG HAK.

Korean Christians Federation: Pyongyang; f. 1946; Chair. Cen. Cttee KANG YONG SOP; Sec. O KYONG U.

The Roman Catholic Church

For ecclesiastical purposes, North and South Korea are nominally under a unified jurisdiction. North Korea contains two dioceses (Hamhung and Pyongyang), both suffragan to the archdiocese of Seoul (in South Korea), and the territorial abbacy of Tokwon (Tokugen), directly responsible to the Holy See.

Diocese of Hamhung: Catholic Mission, Hamhung; 134-1 Waekwan-dong Kwan Eub, Chil kok kun, Gyeongbuk 718-800, Republic of Korea; tel. (545) 970-2000; Bishop (vacant); Apostolic Administrator of Hamhung and of the Abbacy of Tokwon Fr PLACIDUS DONG-HO RI.

Diocese of Pyongyang: Catholic Mission, Pyongyang; Bishop Rt Rev. FRANCIS HONG YONG HO (absent); Apostolic Administrator Most Rev. NICHOLAS CHEONG JIN-SUK (Archbishop of Seoul).

CHUNDO KYO

According to officials quoted in 2002, there were approximately 40,000 practitioners of Chundo Kyo in the DPRK.

Korean Chundoists Association: Pyongyang; tel. (2) 334241; f. 1946; Chair. of Central Guidance Cttee RYU MI YONG.

The Press

PRINCIPAL NEWSPAPERS

Choldo Sinmun: Pyongyang; f. 1947; every two days.

Joson Inmingun (Korean People's Army Daily): Pyongyang; f. 1948; daily; Editor-in-Chief Ri Tae Bong.

Kyowon Sinmun: Pyongyang; f. 1948; publ. by the Education Commission; weekly.

Minju Choson (Democratic Korea): Pyongyang; f. 1946; govt organ; 6 a week; Editor-in-Chief Kim Jong Suk; circ. 200,000.

Nongup Kunroja: Pyongyang; publ. of Cen. Cttee of the Union of Agricultural Working People of Korea.

Pyongyang Sinmun: Pyongyang; f. 1957; general news; 6 a week; Editor-in-Chief Song Rak Gyun.

Rodong Chongnyon (Working Youth): Pyongyang; f. 1946; organ of the Cen. Cttee of the Kim Il Sung Socialist Youth League; 6 a week; Editor-in-Chief Ri Jong Gi.

Rodong Sinmun (Labour Daily): Pyongyang; f. 1946; organ of the Cen. Cttee of the Korean Workers' Party; daily; Editor-in-Chief Choe Chil Nam; circ. 1.5m.

Rodongja Sinmun (Workers' Newspaper): Pyongyang; f. 1945; organ of the Gen. Fed. of Trade Unions of Korea; Editor-in-Chief Ri Song Ju.

Saenal (New Day): Pyongyang; f. 1971; publ. by the Kim Il Sung Socialist Youth League; 2 a week; Deputy Editor Choe Sang In.

Sonyon Sinmun: Pyongyang; f. 1946; publ. by the Kim Il Sung Socialist Youth League; 2 a week; circ. 120,000.

Tongil Sinbo: Kangan 1-dong, Youth Ave, Songyo District, Pyongyang; f. 1972; non-affiliated; weekly; Chief Editor Pak Jin Sik; circ. 300,000.

PRINCIPAL PERIODICALS

Chollima: Pyongyang; popular magazine; monthly.

Choson (Korea): Pyongyang; social, economic, political and cultural; bi-monthly.

Choson Minju Juuiinmin Gonghwaguk Palmyonggongbo (Official Report of Inventions in the DPRK): Pyongyang; 6 a year.

Choson Munhak (Korean Literature): Pyongyang; organ of the Cen. Cttee of the Korean Writers' Union; monthly.

Choson Yesul (Korean Arts): Pyongyang; organ of the Cen. Cttee of the Gen. Fed. of Unions of Literature and Arts of Korea; monthly.

Economics: POB 73, Pyongyang; fax (2) 3814410; quarterly.

History: POB 73, Pyongyang; fax (2) 3814410; quarterly.

Hwahakgwa Hwahakgoneop: Pyongyang; organ of the Hamhung br. of the Korean Acad. of Sciences; chemistry and chemical engineering; 6 a year.

Jokook Tongil: Kangan 1-dong, Youth Ave, Songyo District, Pyongyang; organ of the Cttee for the Peaceful Unification of Korea; f. 1961; monthly; Chief Editor Li Myong Gyu; circ. 70,000.

Korean Medicine: POB 73, Pyongyang; fax (2) 3814410; quarterly.

Kunroja (Workers): 1 Munshindong, Tongdaewon, Pyongyang; f. 1946; organ of the Cen. Cttee of the Korean Workers' Party; monthly; Editor-in-Chief Ryang Kyong Bok; circ. 300,000.

Kwahakwon Tongbo (Bulletins of the Academy of Science): POB 73, Pyongyang; fax (2) 3814410; organ of the Standing Cttee of the Korean Acad. of Sciences; 6 a year.

Mulri (Physics): POB 73, Pyongyang; fax (2) 3814410; quarterly.

Munhwao Haksup (Study of Korean Language): POB 73, Pyongyang; fax (2) 3814410; publ. by the Publishing House of the Acad. of Social Sciences; quarterly.

Philosophy: PO Box 73, Pyongyang; fax (2) 3814410; quarterly.

Punsok Hwahak (Analysis): POB 73, Pyongyang; fax (2) 3814410; organ of the Cen. Analytical Inst. of the Korean Acad. of Sciences; quarterly.

Ryoksagwahak (Historical Science): Pyongyang; publ. by the Acad. of Social Sciences; quarterly.

Saengmulhak (Biology): POB, Pyongyang; fax (2) 3814410; publ. by the Korea Science and Encyclopedia Publishing House; quarterly.

Sahoekwahak (Social Science): Pyongyang; publ. by the Acad. of Social Sciences; 6 a year.

Suhakkwa Mulli: Pyongyang; organ of the Physics and Mathematics Cttee of the Korean Acad. of Sciences; quarterly.

FOREIGN LANGUAGE PUBLICATIONS

The Democratic People's Republic of Korea: Korea Pictorial, Pyongyang; f. 1956; illustrated news; Korean, Russian, Chinese, English, French, Arabic and Spanish edns; monthly; Editor-in-Chief Han Pom Chik.

Foreign Trade of the DPRK: Foreign Trade Publishing House, Potonggang District, Pyongyang; economic developments and export promotion; English, French, Japanese, Russian and Spanish edns; monthly.

Korea: Pyongyang; f. 1956; illustrated; Korean, Arabic, Chinese, English, French, Spanish and Russian edns; monthly.

Korea Today: Foreign Languages Publishing House, Pyongyang; current affairs; Chinese, English, French, Russian and Spanish edns; monthly; Vice-Dir and Editor-in-Chief Han Pong Chan.

Korean Women: Pyongyang; English and French edns; quarterly.

Korean Youth and Students: Pyongyang; English and French edns; monthly.

The Pyongyang Times: Sochondong, Sosong District, Pyongyang; tel. (2) 51951; English, Spanish and French edns; weekly.

NEWS AGENCIES

Korean Central News Agency (KCNA): Potonggangdong 1, Potonggang District, Pyongyang; internet www.kcna.co.jp; f. 1946; sole distributing agency for news in the DPRK; publs daily bulletins in English, Russian, French and Spanish; Dir-Gen. Kim Ki Ryong.

Foreign Bureaux

Informatsionnoye Telegrafnoye Agentstvo Rossii—Telegrafnoye Agentstvo Suverennykh Stran (ITAR—TASS) (Russia): Munsudong, Bldg 4, Flat 30, Taedongkang District, Pyongyang; tel. (2) 3817318; Correspondent Aleksandr Valiyev.

The Xinhua (New China) News Agency (People's Republic of China) is also represented in the DPRK.

Press Association

Korean Journalists Union: Pyongyang; tel. (2) 36897; f. 1946; assists in the ideological work of the Korean Workers' Party; Chair. Cen. Cttee Kim Song Guk.

Publishers

Academy of Sciences Publishing House: Nammundong, Central District, Pyongyang; tel. (2) 51956; f. 1953.

Academy of Social Sciences Publishing House: Pyongyang; Dir Choe Kwan Shik.

Agricultural Press: Pyongyang; labour, industrial relations; Pres. Ho Kyong Pil.

Central Science and Technology Information Agency: Pyongyang; f. 1963; Dir Ju Song Ryong.

Education Publishing House: Pyongyang; f. 1945; Pres. Kim Chang Son.

Foreign Language Press Group: Sochondong, Sosong District, Pyongyang; tel. (2) 841342; fax (2) 812100; f. 1949; Dir Choe Kyong Guk.

Foreign Language Publishing House: Oesong District, Pyongyang; Dir Kim Yong Mu.

Higher Educational Books Publishing House: Pyongyang; f. 1960; Pres. Pak Kun Song.

Industrial Publishing House: Pyongyang; f. 1948; technical and economic; Dir Kim Tong Su.

Kim Il Sung University Publishing House: Pyongyang; f. 1965.

Korea Science and Encyclopedia Publishing House: POB 73, Pyongyang; tel. (2) 18111; fax (2) 3814410; publishes numerous periodicals and monographs; f. 1952; Dir Gen. Kim Jung Hyop; Dir of International Co-operation Jean Bahng.

Korean People's Army Publishing House: Pyongyang; Pres. Yun Myong Do.

Korean Social Democratic Party Publishing House: Pyongyang; tel. (2) 3818038; fax (2) 3814410; f. 1946; publishes quarterly journal *Joson Sahoemingjudang* (in Korean) and *KSDP Says* (in English); Dir Kim Sok Jun.

Korean Workers' Party Publishing House: Pyongyang; f. 1945; fiction, politics; Dir Ryang Kyong Bok.

Kumsong Youth Publishing House: Pyongyang; f. 1946; Dir Han Jong Sop.

Literature and Art Publishing House: Pyongyang; f. by merger of Mass Culture Publishing House and Publishing House of the Gen. Fed. of Literary and Art Unions; Dir Gen. RI PHYO U.

Transportation Publishing House: Namgyodong, Hyongjaesan District, Pyongyang; f. 1952; travel; Editor PAEK JONG HAN.

Working People's Organizations Publishing House: Pyongyang; f. 1946; fiction, government, political science; Dir MIN SANG HYON.

WRITERS' UNION

Korean Writers' Union: Pyongyang; Chair. Cen. Cttee KIM PYONG HUN.

Broadcasting and Communications

North Korea established a satellite communications station in Pyongyang, through an agreement with France in 1986, which enabled North Korea to communicate by satellite with Western countries. In 1990 an agreement was reached on satellite communications for the operation of telephone, telex and telegram services between North Korea and Japan. In October 2001 North Korea launched its first e-mail service provider in co-operation with China-based company Silibank.com, which was used for business and trade purposes. However, access to the internet remained severely limited, with information flow within North Korea still being conducted mainly via a closed intranet system (the Kwangmyong, meaning 'light', system). In 2002 a mobile telephone network was reportedly established in Pyongyang and surrounding areas, with mobile phone use being permitted to approximately 1,000 government officials. However, citizens were banned from using mobile phones as of mid-2004.

TELECOMMUNICATIONS

Korea Post and Telecommunications Co: Pyongyang; Dir KIM HYON JONG.

BROADCASTING

Regulatory Authorities

DPRK Radio and Television Broadcasting Committee: see Radio, below.

Pyongyang Municipal Broadcasting Committee: Pyongyang; Chair. KANG CHUN SHIK.

Radio

DPRK Radio and Television Broadcasting Committee: Jonsungdong, Moranbong District, Pyongyang; tel. (2) 3816035; fax (2) 3812100; programmes relayed nationally with local programmes supplied by local radio cttees; loudspeakers are installed in factories and in open spaces in all towns; home broadcasting 22 hours daily; foreign broadcasts in Russian, Chinese, English, French, German, Japanese, Spanish and Arabic; Chair. CHA SUNG SU.

Television

General Bureau of Television: Gen. Dir CHA SUNG SU.

DPRK Radio and Television Broadcasting Committee: see Radio.

Kaesong Television: Kaesong; broadcasts five hours on weekdays, 11 hours at weekends.

Korean Central Television Station: Ministry of Post and Telecommunications, Pyongyang; broadcasts five hours daily; satellite broadcasts commenced Oct. 1999.

Mansudae Television Station: Mansudae, Pyongyang; f. 1983; broadcasts nine hours of cultural programmes, music and dance, foreign films and news reports at weekends.

Finance

(cap. = capital; res = reserves; dep. = deposits; m. = million; brs = branches)

BANKING

During 1946–47 all banking institutions in North Korea, apart from the Central Bank and the Farmers Bank, were abolished. The Farmers Bank was merged with the Central Bank in 1959. The Foreign Trade Bank (f. 1959) conducts the international business of the Central Bank. Other banks, established in the late 1970s, are responsible for the foreign-exchange and external payment business of North Korean foreign trade enterprises.

The entry into force of the Joint-Venture Act in 1984 permitted the establishment of joint-venture banks, designed to attract investment into North Korea by Koreans resident overseas. The Foreign Investment Banking Act was approved in 1993.

Central Bank

Central Bank of the DPRK: Munsudong, Seungri St 58-1, Central District, Pyongyang; tel. (2) 3338196; fax (2) 3814624; f. 1946; bank of issue; supervisory and control bank; Pres. KIM WAN SU; 227 brs.

State Banks

Credit Bank of Korea: Chongryu 1-dong, Munsu St, Otandong, Central District, Pyongyang; tel. (2) 3818285; fax (2) 3817806; f. 1986 as International Credit Bank, name changed 1989; Pres. LI SUN BOK; Vice-Pres. SON YONG SUN.

Foreign Trade Bank of the DPRK: FTB Bldg, Jungsongdong, Seungri St, Central District, Pyongyang; tel. (2) 3815270; fax (2) 3814467; f. 1959; deals in international settlements and all banking business; Pres. and Chair. O KWANG CHOL; 12 brs.

International Industrial Development Bank: Jongpyong-dong, Pyongchon District, Pyongyang; tel. (2) 3818610; fax (2) 3814427; f. 2001; Pres. SHIN DOK SONG.

Korea Daesong Bank: Segoridong, Gyongheung St, Potonggang District, Pyongyang; tel. (2) 3818221; fax (2) 3814576; f. 1978; Pres. RI GYONG HA.

Koryo Bank: Ponghwadong, Potonggang District, Pyongyang; tel. (2) 3818168; fax (2) 3814033; f. 1989 as Koryo Finance Joint Venture Co, name changed 1994; co-operative, development, regional, savings and universal bank; Pres. PAK YONG CHIL; 10 brs.

Kumgang Bank: Jungsongdong, Central District, Pyongyang; tel. (2) 3818532; fax (2) 3814467; f. 1979; Chair. KIM JANG HO.

Private Banks

Bank of East Land: POB 32, BEL Bldg, Jonseung-dong, Moranbong District, Pyongyang; tel. (2) 3818923; fax (2) 3814410; commercial, investment, merchant, private and retail banking; f. 2001; Pres. PAK HYONG GIL.

Tanchon Commercial Bank: Saemaeul 1-dong, Pyongchon District, Pyongyang; tel. (2) 18111999; fax (2) 3814793; f. 1983; fmrly Changgwang Credit Bank, merged with Samchon-ri Bank and named as above Nov. 2003; (DPRK won) cap. 50,043.9, res 93,817.9, dep. 875,021.9 (Dec. 2003); Chair. KIM CHOL HWAN; Pres. KYE CHANG HO.

Joint-Venture Banks

Korea Commercial Bank: f. 1988; joint venture with Koreans resident in the USA.

Korea Joint Bank (KJB): Ryugyongdong, Potonggang District, Pyongyang; tel. (2) 3818151; fax (2) 3814410; e-mail kjb@silibank.com; f. 1989; with co-operation of the Federation of Korean Traders and Industrialists in Japan; cap. US $1,932.5m. (1994); 50% Korea International General Joint Venture Co, 50% General Assen of Koreans in Japan; Gen. Man. O HO RYOL; 6 domestic brs, 1 br in Tokyo.

Korea Joint Financial Co: f. 1988; joint venture with Koreans resident in the USA.

Korea Nagwon Joint Financial Co: f. 1987 by Nagwon Trade Co and a Japanese co.

Korea Rakwon Joint Banking Co: Pyongyang; Man. Dir HO POK DOK.

Korea United Development Bank: Central District, Pyongyang; tel. (2) 3814165; fax (2) 3814497; f. 1991; 51% owned by Zhongce Investment Corpn (Hong Kong), 49% owned by Osandok General Bureau; cap. US $60m.; Pres. KIM SE HO.

Koryo Joint Finance Co: Pyongyang; Dir KIM YONG GU.

Foreign-Investment Banks

Daesong Credit Development Bank: Potonggang Hotel, 301 Ansan-dong, Pyongchon District, Pyongyang; tel. (2) 3814866; fax (2) 3814723; f. 1996 as Peregrine-Daesong Development Bank; fmrly jt venture between Oriental Commercial Holdings Ltd (Hong Kong) and Korea Daesong Bank; majority stake acquired by Global Group of Companies (UK) in May 2004; Man. NIGEL COWIE.

Golden Triangle Bank: Rajin-Sonbong Free Economic and Trade Zone; f. 1995.

INSURANCE

State Insurance Bureau: Central District, Pyongyang; tel. (2) 38196; handles all life, fire, accident, marine, hull insurance and reinsurance.

Korea Foreign Insurance Co (Chosunbohom): Central District, Pyongyang; tel. (2) 3818024; fax (2) 3814464; f. 1974; conducts marine, motor, aviation and fire insurance, reinsurance of all classes, and all foreign insurance; brs in Chongjin, Hungnam and Nampo, and agencies in foreign ports; overseas representative offices in Chile, France, Germany, Pakistan, Singapore; Pres. RI JANG SU.

Korea International Insurance Co: Pyongyang; Dir PAEK MYONG RON.

Korea Mannyon Insurance Co: Pyongyang; Pres. PAK IL HYONG.

Trade and Industry

GOVERNMENT AGENCIES

DPRK Committee for the Promotion of External Economic Co-operation: Jungsongdong, Central District, Pyongyang; tel. (2) 333974; fax (2) 3814498; Chair. PAEK HONG BONG.

DPRK Committee for the Promotion of International Trade: Central District, Pyongyang; Pres. RI SONG ROK; Chair. KIM JONG GI.

Economic Co-operation Management Bureau: Ministry of Foreign Trade, Pyongyang; f. 1998; Dir KIM YONG SUL.

Korea International Joint Venture Promotion Committee: Pyongyang; Chair. CHAE HUI JONG.

Korean Association for the Promotion of Asian Trade: Pyongyang; Pres. RI SONG ROK.

Korean International General Joint Venture Co: Pyongyang; f. 1986; promotes joint economic ventures with foreign countries; Man. Dir RI KWANG GUN.

INDUSTRIAL AND TRADE ASSOCIATIONS

Korea Building Materials Trading Co: Tongdaewon District, Pyongyang; tel. (2) 18111–3818085; fax (2) 3814555; chemical building materials, woods, timbers, cement, sheet glass, etc; Dir SHIN TONG BOM.

Korea Cereals Export and Import Corpn: Jungsong-dong, Central District, Pyongyang; tel. (2) 18111-3818278; fax (2) 3813451; high-quality vegetable starches, etc.

Korea Chemicals Export and Import Corpn: Central District, Pyongyang; petroleum and petroleum products, raw materials for the chemical industry, rubber and rubber products, fertilizers, etc.

Korea Daesong General Trading Corpn: Pulgungori 1-dong, Potonggang District, Pyongyang; tel. (2) 18111; fax (2) 3814432; e-mail Daesong@Silibank.com; Gen. Dir CHOE JONG SON.

Korea Daesong Jei Trading Corpn: Pulgungori 1-dong, Potonggang District, Pyongyang; tel. (2) 18111-3818213; fax (2) 3814431; machinery and equipment, chemical products, textiles, agricultural products, etc.

Korea Daesong Jesam Trading Corpn: Pulgungori 1-dong, Potonggang District, Pyongyang; tel. (2) 18111-3818562; fax (2) 3814431; remedies for diabetes, tonics, etc.

Korea Ferrous Metals Export and Import Corpn: Potonggang 2-dong, Potonggang District, Pyongyang; tel. (2) 18111-3818078; fax (2) 3814581; steel products.

Korea Film Export and Import Corpn: Daedongmundong, Central District, POB 113, Pyongyang; tel. (2) 180008034; fax (2) 3814410; f. 1956; feature films, cartoons, scientific and documentary films; Dir-Gen. CHOE HYOK U.

Korea First Equipment Export and Import Co: Central District, Pyongyang; tel. (2) 334825; f. 1960; export and import of ferrous and non-ferrous metallurgical plants, geological exploration and mining equipment, communication equipment, machine-building plant, etc.; construction of public facilities such as airports, hotels, tourist facilities, etc.; joint-venture business in similar projects; Pres. CHAE WON CHOL.

Korea Foodstuffs Export and Import Corpn: Kangan 2-dong, Songyo District, Pyongyang; tel. (2) 18111-3818289; fax (2) 3814417; cereals, wines, meat, canned foods, fruits, cigarettes, etc.

Korea Fruit and Vegetables Export Corpn: Central District, Pyongyang; tel. (2) 35117; vegetables, fruit and their products.

Korea General Corpn for External Construction (GENCO): Sungri St 25, Jungsong-dong, Central District, Pyongyang; tel. (2) 18111-3818090; fax (2) 3814611; e-mail gen122@co.chesin.com; f. 1961; construction of dwelling houses, public establishments, factories, hydroelectric and thermal power stations, irrigation systems, ports, bridges, and transport services, technical services; Gen. Dir CHOE BONG SU.

Korea General Machine Co: Tongsin 3-dong, Tongdaewon, Pyongyang; tel. (2) 18555-3818102; fax (2) 381-4495; Dir RA IN GYUN.

Korea Hyopdong Trading Corpn: Othan-dong, Kangan St, Central District, Pyongyang; tel. (2) 18111-3818011; fax (2) 3814454; fabrics, glass products, ceramics, chemical goods, building materials, foodstuffs, machinery, etc.

Korea Industrial Technology Co: Junsongdong, Central District, Pyongyang; tel. (2) 18111-3818025; fax (2) 3814537; Pres. KWON YONG SON.

Korea International Chemical Joint Venture Co: Pyongyang; Chair. RYO SONG GUN.

Korea Jangsu Trading Co: Kyogudong, Central District, Pyongyang; tel. (2) 18111-3818834; fax (2) 3814410; medicinal products and clinical equipment.

Korea Jeil Equipment Export and Import Corpn: Jungsongdong, Central District, Pyongyang; tel. (2) 334825; f. 1960; ferrous and non-ferrous metallurgical plant, geological exploration and mining equipment, power plant, communications and broadcasting equipment, machine-building equipment, railway equipment, construction of public facilities; Pres. CHO JANG DOK.

Korea Koryo Trading Corpn: Jongpyongdong, Pyongchon District, Pyongyang; tel. (2) 18111-3818104; fax (2) 3814646; Dir KIM HUI DUK.

Korea Kwangmyong Trading Corpn: Jungsongdong, Central District, Pyongyang; tel. (2) 18111-3818111; fax (2) 3814410; dried herbs, dried and pickled vegetables; Dir CHOE JONG HUN.

Korea Light Industry Import-Export Co: Juchetab St, Tongdaewon District, Pyongyang; tel. (2) 37661; exports silk, cigarettes, canned goods, drinking glasses, ceramics, handbags, pens, plastic flowers, musical instruments, etc.; imports chemicals, dyestuffs, machinery, etc.; Dir CHOE PYONG HYON.

Korea Machine Tool Trading Corpn: Tongdaewon District, Pyongyang; tel. (2) 18555-381810; fax (2) 3814495; Dir KIM KWANG RYOP.

Korea Machinery and Equipment Export and Import Corpn: Potonggang District, Pyongyang; tel. (2) 333449; f. 1948; metallurgical machinery and equipment, electric machines, building machinery, farm machinery, diesel engines, etc.

Korea Mansu Trading Corpn: Chollima St, Central District, POB 250, Pyongyang; tel. (2) 43075; fax (2) 812100; f. 1974; antibiotics, pharmaceuticals, vitamin compounds, drugs, medicinal herbs; Dir KIM JANG HUN.

Korea Marine Products Export and Import Corpn: Central District, Pyongyang; canned, frozen, dried, salted and smoked fish, fishing equipment and supplies.

Korea Minerals Export and Import Corpn: Central District, Pyongyang; minerals, solid fuel, graphite, precious stones, etc.

Korea Namheung Trading Co: Sinri-dong, Tongdaewon District, Pyongyang; tel. (2) 18111-3818974; fax (2) 3814623; high-purity reagents, synthetic resins, vinyl films, essential oils, menthol and peppermint oil.

Korea Non-ferrous Metals Export and Import Corpn: Potonggang 2-dong, Potonggang District, Pyongyang; tel. (2) 18111-3818247; fax (2) 3814569.

Korea Okyru Trading Corpn: Kansongdong, Pyongchon District, Pyongyang; tel. (2) 18111-3818110; fax (2) 3814618; agricultural and marine products, household goods, clothing, chemical and light industrial products.

Korea Ponghwa Contractual Joint Venture Co: Pyongyang; Dir MUN YONG OK.

Korea Ponghwa General Trading Corpn: Jungsong-dong, Central District, Pyongyang; tel. (2) 18111-3818023; fax (2) 3814444; machinery, metal products, minerals and chemicals.

Korea Publications Export and Import Corpn: Yokjondong, Yonggwang St, Central District, Pyongyang; tel. (2) 3818536; fax (2) 3814404; f. 1948; export of books, periodicals, postcards, paintings, cassettes, videos, CDs, CD-ROMs, postage stamps and records; import of books; Pres. RI YONG.

Korea Rungra Co: Sinwondong, Potonggang District, Pyongyang; tel. (2) 18111-3818112; fax (2) 3814608; Dir CHOE HENG UNG.

Korea Rungrado Trading Corpn: Segori-dong, Potonggang District, Pyongyang; tel. (2) 18111-3818022; fax (2) 3814507; food and animal products; Gen. Dir PAK KYU HONG.

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Korea Ryongaksan General Trading Corpn: Pyongyang; Gen. Dir HAN YU RO.

Korea Samcholli General Corpn: Pyongyang; Dir JONG UN OP.

Korea Technology Corpn: Jungsongdong, Central District, Pyongyang; tel. (2) 18111-3818090; fax (2) 3814410; scientific and technical co-operation.

Korea Unha Trading Corpn: Rungra 1-dong, Taedonggang District, Pyongyang; tel. (2) 18111-3818236; fax (2) 3814506; clothing and fibres.

Korea Yonghung Trading Co: Tongan-dong, Central District, Pyongyang; tel. (2) 18111-3818223; fax (2) 3814527; e-mail greenlam@co.chesin.com; f. 1979; export of freight cars, vehicle parts, marine products, electronic goods, import of steel, chemical products; Pres. CHOE YONG DOK.

Pyongsu JV Co Ltd: Pyongyang; f. 2004; pharmaceutical mfr, medical products incl. analgesics; jt venture with Interpacific/Zuellig Pharma (Switzerland).

TRADE UNIONS

General Federation of Trade Unions of Korea (GFTUK): POB 333, Dongmun-dong, Daedonggang District, Pyongyang; fax (2) 3814427; f. 1945; 1.6m. mems (2003); seven affiliated unions (2003); Pres. RYOM SUN GIL.

Trade Union of Construction and Forestry Workers of Korea: Pyongyang; f. 1945; 160,000 mems (2003); Pres. WON HYONG GUK.

Trade Union of Educational and Cultural Workers: POB 333, Dongmun-dong, Daedonggang District, Pyongyang; fax (2) 3814427; f. 1946; 89,800 mems (2003); Pres. KIM YONG DO.

Trade Union of Light and Chemical Industries of Korea: Pyongyang; f. 1945; 372,500 mems (2003); Pres. RI JIN HAK.

Trade Union of Metal and Engineering Industries of Korea: Pyongyang; f. 1945; 332,800 mems (2003); Pres. CHOE GWANG HYON.

Trade Union of Mining and Power Industries of Korea: Pyongyang; f. 1945; 221,000 mems (2003); Pres. SON YONG JUN.

Trade Union of Public Employees and Service Workers of Korea: Pyongyang; f. 1945; 305,900 mems (2003); Pres. KIM GANG HO.

Trade Union of Transport and Fisheries Workers of Korea: Pyongyang; f. 1945; 119,800 mems (2003); Pres. CHOE RYONG SU.

General Federation of Agricultural and Forestry Technique of Korea: Chung Kuyuck Nammundong, Pyongyang; f. 1946; 523,000 mems.

General Federation of Unions of Literature and Arts of Korea: Pyongyang; f. 1946; seven br. unions; Chair. Cen. Cttee CHANG CHOL.

Kim Il Sung Socialist Youth League: Pyongyang; fmrly League of Socialist Working Youth of Korea; First Sec. KIM GYONG HO.

Korean Architects' Union: Pyongyang; f. 1954; 500 mems; Chair. Cen. Cttee PAE TAL JUN.

Korean Democratic Lawyers' Association: Ryonhwa 1, Central District, Pyongyang; fax (2) 3814644; f. 1954; Chair. HAM HAK SONG.

Korean Democratic Scientists' Association: Pyongyang; f. 1956.

Korean Democratic Women's Union: Jungsongdong, Central District, Pyongyang; fax (2) 3814416; f. 1945; Chief Officer PAK SUN HUI.

Korean General Federation of Science and Technology: Jungsongdong, Seungri St, Central District, Pyongyang; tel. (2) 3224389; fax (2) 3814410; f. 1946; 550,000 mems; Chair. Cen. Cttee CHOE HUI JONG.

Korean Medical Association: Pyongyang; f. 1970; Chair. CHOE CHANG SHIK.

Union of Agricultural Working People of Korea: Pyongyang; f. 1965 to replace fmr Korean Peasants' Union; 2.4m. mems; Chair. Cen. Cttee KANG CHANG UK.

Transport

RAILWAYS

Railways were responsible for some 62% of passenger journeys in 1991 and for some 74% of the volume of freight transported in 1997. In 2002 the total length of track was estimated at 5,235 km, of which some 70% was electrified. There are international train services to Moscow (Russia) and Beijing (People's Republic of China). Construction work on the reconnection of the Kyongui (West Coast, Sinuiju–Seoul) and East Coast Line (Wonsan–Seoul) began in September 2002. The two lines were officially opened in June 2003, but were not yet open to traffic, as construction work on the Northern side remained to be completed. Reconnection work was subject to disruption by the changing political situation. Eventually the two would be linked to the Trans-China and Trans-Siberian railways, respectively, greatly enhancing the region's transportation links.

There is an underground railway system in Pyongyang, with two public lines. Unspecified plans to expand the system were announced in February 2002.

ROADS

In 2000, according to South Korean estimates, the road network totalled 23,407 km (of which only about 8% was paved), including 682 km of multi-lane highways.

INLAND WATERWAYS

The Yalu (Amnok-gang) and Taedong, Tumen and Ryesong are the most important commercial rivers. Regular passenger and freight services: Nampo–Chosan–Supung; Chungsu–Sinuiju–Dasado; Nampo–Jeudo; Pyongyang–Nampo.

SHIPPING

The principal ports are Nampo, Wonsan, Chongjin, Rajin, Hungnam, Songnim and Haeju. In 1997 North Korean ports had a combined capacity for handling 35m. tons of cargo. At 31 December 2003 North Korea's merchant fleet comprised 292 vessels, with a combined displacement of 959,000.

Korea Chartering Corpn: Central District, Pyongyang; arranges cargo transportation and chartering.

Korea Daehung Shipping Co: Ansan 1–dong, Pyongchon District, Pyongyang; tel. (2) 18111 ext 8695; fax (2) 3814508; f. 1994; owns 6 reefers, 3 oil tankers, 1 cargo ship.

Korea East Sea Shipping Co: Pyongyang; Dir RI TUK HYON.

Korea Foreign Transportation Corpn: Central District, Pyongyang; arranges transportation of export and import cargoes (transit goods and charters).

Korean-Polish Shipping Co Ltd: Moranbong District, Pyongyang; tel. (2) 3814384; fax (2) 3814607; f. 1967; maritime trade mainly with Polish, Far East and DPRK ports.

Korea Tonghae Shipping Co: Changgwang St, Central District, POB 120, Pyongyang; tel. (2) 345805; fax (2) 3814583; arranges transportation by Korean vessels.

Ocean Maritime Management Co Ltd: Tonghungdong, Central District, Pyongyang.

Ocean Shipping Agency of the DPRK: Moranbong District, POB 21, Pyongyang; tel. (2) 3818100; fax (2) 3814531; Pres. O JONG HO.

CIVIL AVIATION

The international airport is at Sunan, 24 km from Pyongyang. In September 2003 the first tourist flight from Seoul to Pyongyang was completed by an Air Koryo aircraft, representing the first commercial flight between North and South Korea in more than 50 years. In January 2004 plans were announced for an aviation agreement between North and South Korea, which would allow regular inter-Korean flight routes to be opened.

Chosonminhang/General Civil Aviation Bureau of the DPRK: Sunan Airport, Sunan District, Pyongyang; tel. (2) 37917; fax (2) 3814625; f. 1954; internal services and external flights by Air Koryo to Beijing and Shenyang (People's Republic of China), Bangkok (Thailand), Macao, Nagoya (Japan), Moscow, Khabarovsk and Vladivostok (Russia), Sofia (Bulgaria) and Berlin (Germany); charter services are operated to Asia, Africa and Europe; Pres. KIM YO UNG.

Tourism

The DPRK was formally admitted to the World Tourism Organization in 1987. Tourism is permitted only in officially accompanied parties. In 1999 there were more than 60 international hotels (including nine in Pyongyang) with 7,500 beds. Tourist arrivals totalled 130,000 in 1998. A feasibility study was undertaken in 1992 regarding the development of Mount Kumgang as a tourist attraction. The study proposed the construction of an international airport at Kumnan and of a number of hotels and leisure facilities in the Wonsan area. Local ports were also to be upgraded. It was hoped that the development, scheduled to cost some US $20,000m., would attract 3m. tourists to the area each year. In November 1998 some 800 South Korean tourists visited Mount Kumgang, as part of a joint venture mounted by the North Korean authorities and Hyundai, the South Korean conglomerate. By November 2000 only 350,000 South

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Korean tourists had visited the attraction. In November 2002, in an effort to increase profitability, Mount Kumgang was designated a special tax-free economic zone. In 1996 it was reported that proposals had been made to create a tourist resort in the Rajin-Sonbong Free Economic and Trade Zone, in the north-east of the country. It was announced that hotels to accommodate some 5,000 people were to be constructed, as well as an airport to service the area. There were reports in 1998 that a heliport had been opened in the Zone, and in 1999 the resort was completed. Mount Chilbo, Mount Kuwol, Mount Jongbang and the Ryongmum Cave were transformed into new tourist destinations in that year. In August 2000 plans were announced for the development, jointly with the People's Republic of China, of the western part of Mount Paektu, Korea's highest mountain, as a tourist resort. In September 2003 South Korean tourists were able to visit Pyongyang for the first time. In 2003 it was estimated that around 1,500 Western tourists visited North Korea annually.

Korea International Tourist Bureau: Pyongyang; Pres. Han Pyong Un.

Korean International Youth Tourist Co: Mankyongdae District, Pyongyang; tel. (2) 73406; f. 1985; Dir Hwang Chun Yong.

Kumgangsan International Tourist Co: Central District, Pyongyang; tel. (2) 31562; fax (2) 3812100; f. 1988.

National Tourism Administration of the DPRK: Central District, Pyongyang; tel. (2) 3818901; fax (2) 3814547; e-mail nta@silibank.com; f. 1953; state-run tourism promotion organization; Dir Ryo Sung Chol.

Ryohaengsa (Korea International Travel Company): Central District, Pyongyang; tel. (2) 3817201; fax (2) 3817607; f. 1953; has relations with more than 200 tourist companies throughout the world; Pres. Cho Song Hun.

State General Bureau of Tourism: Pyongyang; Pres. Ryo Hak Song.

Defence

The estimated total strength of the armed forces in August 2004 was 1,106,000: army 950,000, air force 110,000, and navy 46,000. Security and border troops numbered 189,000, and there was a workers' and peasants' militia ('Red Guards') numbering about 3.5m. Military service is selective: army for five to eight years; navy for five to 10 years; and air force for three to four years.

Defence Expenditure: Budgeted at 15.5% of total spending for fiscal 2004.

Supreme Commander of the Korean People's Army and Chairman of the National Defence Commission: Marshal Kim Jong Il.

Chief of General Staff of the Korean People's Army: Vice-Marshal Kim Yong Chun.

Commander of the Air Force: Col-Gen. O Kum Chol.

Commander of the Navy: Gen. Kim Yun Shim.

Education

Universal, compulsory primary and secondary education were introduced in 1956 and 1958, respectively, and are provided at state expense. Free and compulsory 11-year education in state schools was introduced in 1975. Children enter kindergarten at five years of age, and primary school at the age of six. After four years, they advance to senior middle school for six years.In 1988 the Government announced the creation of new educational establishments, including one university, eight colleges, three factory colleges, two farmers' colleges and five special schools. English is compulsory as a second language from the age of 14. A report submitted to UNESCO by the North Korean Government in 2000 stated that there were 27,017 nurseries for 1,575,000 pupils, 14,167 kindergartens for 748,416 pupils, 4,886 primary schools for 1,609,865 pupils, 4,772 senior middle schools for 2,181,524 pupils, and more than 300 universities and colleges with 1.89m. students and academics. The adult literacy rate was reported by the Korean-American Educational Commission in 2001 to be more than 90%. In March 2001 the Ministry of Education announced plans for the establishment of a university of information science and technology in Pyongyang, in co-operation with a South Korean education foundation. The new university was due to offer a postgraduate degree course from September 2002 and undergraduate courses from 2003.

Bibliography

A Bibliography of the Democratic People's Republic of Korea and the Republic of Korea is to be found at the end of the chapter on the Republic of Korea (see p. 732)