

***IS FOREIGN AID, OR EXPECTATION OF SUCH AID, AN  
EFFECTIVE TOOL TO INFLUENCE NORTH KOREA?***

**by  
Marie Söderberg  
Working Paper 210  
June 2005**

Postal address: P.O. Box 6501, S-113 83 Stockholm, Sweden. Office address: Sveavägen 65  
Telephone: +46 8 736 93 60 Telefax: +46 8 31 30 17 E-mail: [japan@hhs.se](mailto:japan@hhs.se) Internet: <http://www.hhs.se/eijs>

# Is Foreign Aid, or Expectation of Such Aid, an Effective Tool to Influence North Korea?

Marie Söderberg, Associate Professor, European Institute of Japanese Studies

Since the end of the cold war, whenever the prospect of normalisation of relations between Japan and North Korea has been brought forward, foreign aid or the expectation of such aid has been one of the central ingredients. In the Pyongyang Declaration, issued in connection with the Japanese Prime Minister Junichiro Koizumi's meeting with Chairman Kim Jong Il of North Korea<sup>1</sup> in September 2002, it was as well. This might be quite natural considering the immense economic needs in North Korea. The fact that Japan, one of the world's largest donors of ODA<sup>2</sup>, is providing huge amounts of aid to most other Asian countries enhances these expectations. So do the large sums received by South Korea in connection with its normalisation of relations with Japan.

Peace building and peace preservation are new key concepts in Japanese foreign aid policy. According to the revision of the ODA charter in 2003, the objective of Japan's ODA is to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity--"Japan aspires for world peace. Actively promoting the aforementioned effort with ODA" that Japan will carry out "even more strategically" in the future. Asia and especially East Asia is pointed out as a priority region. North Korea, with whom Japan has not yet normalised its relations, is one of Japan's closest neighbours and would, from a logical point of view, then seem like an important starting point. However, when main Japanese aid agencies such as JICA (Japan International Co-operation Agency) and JBIC (Japan Bank of International Co-operation) are asked, no one works officially with aid to North Korea. The standard answer is that there is no aid to that country, besides some smaller amounts of Japanese humanitarian aid that are channelled through multilateral organisations.

If Japan regards aid as one of its main tools for creating peace, why isn't aid provided to North Korea? Aid is a very complex issue and not giving is often regarded as effective as giving, when it comes to getting concessions and changes in the recipients' policy behaviour. It is used both as a carrot and a stick. Aid is always envisioned as something quite plausible, if North Korean policy behaviour is changed for the better according to Japanese judgement (so called positive aid sanction); but aid is never paid out and remains an illusion as long as it does not change (negative sanction). But the question for Japan is more complex than this. There are various domestic opinions and interest groups that have to be taken into consideration. The kidnapping issue (explained below) has led to a considerable amount of anti-North Korean sentiment that makes it difficult for the Japanese government to disperse aid to North Korea. There is also foreign pressure at work; the US, Japan's military ally, and other western countries as well have imposed economic sanctions on North Korea due to its withdrawal from the nuclear non-proliferation treaty. This also affects the Japanese position on the aid question.

Keeping all these factors in mind, this paper questions if Japanese foreign aid is an effective tool to influence North Korean policy behaviour. Has it ever led to a change of behaviour? Has it contributed to peace and stability in the area in any way?

## ***Creating a “Ripe Moment”***

To evaluate the performance of Japanese aid from the standpoint of peacemaking, Mikio Oishi and Fumitaka Furuoka<sup>3</sup> did case studies of Cambodia and Burma based on Zartman’s “ripe moment” theory<sup>4</sup>. A ripe moment refers to a situation in which the parties feel inclined to opt for a negotiated settlement of a conflict, rather than to continue it. The moment consists of three elements: a mutually hurting stalemate (MHS), a formula for a way out (FWO), and valid spokespersons (VSPs). In Oishi and Furuoka’s study Japan successfully supported the task of peacemaking in Cambodia by contributing to all three elements of the ripe moment but in Burma Japan was unable to assume a positive role. The situation in these two countries differed considerably although in both cases it was a question of internal conflicts that Japan as an outsider tried to ease by means of aid.

Oishi and Furuoka also found that Japan differs from western states in the ways it relates to its aid customers. First of all Japan tends to employ positive sanctions as soon as there has been even the slightest improvement in the political situation. Second, it meticulously weighs potential consequences when it contemplates negative sanctions. Japan’s aid policy is influenced by its business sector but if commercial interests are small it might be less reticent about resorting to negative sanctions.

In the case of North Korea, the situation is different from Cambodia or Burma. There exists no internal conflict in North Korea itself, at least not one known to outsiders, but there is of course the conflict of the division of the peninsula into North and South, each of them accepted as a member in the UN. There is no armed conflict between North Korea and South Korea, neither between North Korea and Japan. But there are no diplomatic relations either. ODA is always envisioned in the negotiations for a normalisation of relations between Japan and North Korea. At the same time it is also a tool used with the aim of promoting a peaceful and stable environment and getting North Korea to change its behaviour, that is, not to continue its nuclear experiments, etc.

The situation is thus utterly complex, and not a regular situation of civil war. This study will focus on two questions, 1) whether Japanese ODA can be an effective tool to the normalization of relations between Japan and North Korea, and 2) whether Japanese ODA can create peace and stability in the area. This also implies reducing tensions on the Korean peninsula. The ripe moment theory will be used in analysing the effectiveness of Japanese ODA for both these questions.

I will start by taking a closer look at our analytical tool, the ripe moment theory. Then I will look at the recent history of the Japan- Korean relationship and the role of aid. The debate on war reparations, as the Koreans like to consider envisioned money, or economic co-operation, as the Japanese prefer to see it, will be addressed. From the first attempts at establishing a relation with North Korea after the end of the Cold War, I will venture into more recent events, including the Pyongyang declaration, as well as various external and internal forces working for or against deepened relations between the two countries. I will conclude by using the three elements in the “ripe moment” theory in looking into the effectiveness of Japanese aid, as a tool in promoting normalisation of relations with North Korea and a peaceful development in East Asia.

## ***The Theoretical Approach***

The first element in the “ripe moment” theory, a mutually hurting stalemate, exists when “both sides are locked in a situation from which they can not escalate the conflict with available

means at an acceptable cost". In this situation, the parties perceive that they cannot achieve their goals with unilateral means, and see that the status quo is increasingly unsustainable<sup>5</sup>. This stalemate is based primarily on the parties' perception and is therefore subject to manipulation. That is, it can be created artificially.

The second element, a formula for a way out, implies that a realistic and viable alternative is presented. Even if it is not a complete solution of the situation, it should appear to open the way for a better future for all parties involved. It should address their vital needs even if it might encourage compromise on smaller tradable issues.

A valid spokesperson is the third element needed. Such a person should command a substantial following of mainstream opinions with their respective groups but should still be moderate enough to "carve out a problem-solving coalition in the middle". Another criterion for a valid spokesperson is that his/her legitimacy should be recognised by the opponents.

As each of these three elements depends largely on the parties' perceptions, there is good potential for a third-party mediator or for one of the parties to play a role in creating a "ripe moment". A mutually hurting stalemate can be created or enhanced and help can be provided in finding a formula for a way out. A mediator can "sharpen the stalemate and sweeten the proposed outcome"<sup>6</sup>. This can be done by exercising political and economic leverage, that is, by employing positive or negative aid sanctions.

## ***Historical Background***

When Japan lost the war in 1945, it was stripped of all its colonial possessions, including Korea which it had ruled since 1910. Japan was occupied and demilitarised. The Japanese who were north of the 38th parallel in Korea capitulated to the Soviet Union, and those who were south of the 38<sup>th</sup> parallel, to the Americans. When the Koreans were preparing themselves for freedom and independence, the allied powers decided to "manage" the country for a period of five years. They could not agree on what an independent Korean government should look like and the peninsula thus remained divided. In 1948 an election was held in the South and the Republic of Korea (ROK or South Korea) was proclaimed and the same year a communist Democratic Peoples' Republic of Korea (DPRK or North Korea) was proclaimed in the north. Both governments laid claims on the whole peninsula. Tension between the two aggravated and in 1950 regular fights led to the Korean War, which eventually also came to involve UN; there were mainly American-led forces on the South side, and finally Chinese and Soviet troops in the North. Fighting continued until 1953, when an agreement of armistice was reached.

As a result of the colonial legacy, anti-Japanese feelings remained strong in both Koreas and there was no direct Japanese involvement, but due to Japan's central position within the US Asian policy, Japan became indirectly involved, and it was from Japan that many of the US-led troops left for the battlefield. The US-Japan Security Treaty that was signed in 1951, and the deepening of the Cold War, firmly positioned Japan as one part of the US containment policy in Asia.

In the revised US-Japan Security Treaty of 1960, Japan's obligation to provide bases to the US for the security of the Far East was affirmed. There was also US pressure for further Japanese support. After many years of negotiations, in 1965 Japan and South Korea normalised relations, and Japan came to recognise South Korea according to the UN resolution as the "only lawful" government on the Korean peninsula. The Japanese claimed that they were under no legal obligation to pay any compensation for the period of colonial rule, or any war compensation. It

did, however, agree to make a settlement by providing South Korea with grants and a low interest loan aid of US\$ 800 million in “economic cooperation”. The South Korean government, however, viewed this aid as a form of compensation and created domestic laws to use part of the grant aid to compensate victims of Japanese colonial rule. In 1981 the South Korean government requested a Japanese government loan of US\$ 6 billion under a concept of security-linked economic cooperation. This was turned down by the Japanese side with the motivation that it was against the Japanese constitution. The request became a major political issue between the two countries and was not solved until Japanese Prime Minister Nakasone visited Seoul in 1983. At that time the security motivation had been dropped and an economic cooperation package of US\$4 billion was agreed upon by the two governments.<sup>7</sup>

At the beginning of the 1970s, the climate of detente brought about the visit of US President Nixon to China and the establishment of Sino-American relations. Japan was quick to follow suit and Sino-Japanese relations were normalized in 1972. At this time Japanese-North Korean relations also improved somewhat, when the North Korean leader Kim Il Sung expressed hopes for deeper economic and cultural ties with Japan in Japanese newspaper interviews. A Dietmen’s League for the Promotion of Japan–North Korean Friendship was created in 1971. They visited North Korea and signed a trade agreement in 1972, the same year that Sino-Japanese relations were normalised. However, from the middle of the 1970s relations worsened again with the suspicions of North Korean involvement in the kidnapping of Japanese citizens as well as a terrorist bomb attack in Burma in 1983, directed towards the South Korean government. Japan imposed sanctions on North Korea. In retaliation, the North Korean side answered by detaining and imprisoning two crew members from the Japanese fishing vessel *Fujisanmaru*.

## **Post Cold War Relations**

At the end of the 1980s, Takako Doi, the Chairman of the Social Democratic Party of Japan, went to North Korea to try to get the crew of the *Fujisanmaru* released, without much success. Further progress on the release had to wait until the South Korean President Roh Tae Woo, in his presidential address in 1988, showed a considerable openness and strong mode of detente, proposing improved trade ties between South and North Korea. He was also working for better relations with Moscow and Beijing, and claimed that he would cooperate in Pyongyang’s efforts to upgrade relations with Tokyo and Washington. This got the Japanese Ministry of Foreign Affairs to approach North Korea. But it was not until 1990, after the first high level Seoul-Pyongyang talks, before a forty-member Japanese delegation from the Liberal Democratic Party and the Social Democratic Party visited Pyongyang and held direct talks with the North Korean Working Party.<sup>8</sup>

By 1990 Japan had already become the world’s largest donor of ODA. Most of the foreign aid money went to Asian countries where Japan had an unrivalled position as the largest donor. The North Korean economy, on the other hand, was quickly declining with the decrease of aid from the USSR and China. North Korea brought up the demands for colonial compensation already in the preparatory meeting for the visit of the party delegation. The Japanese government’s position, communicated to the North Koreans, was that they could not expect to be treated any differently than other countries. Normalisations had to come first. The Korean Working Party intimated however that Japan, as a sign of goodwill, should be prepared to pay even in a state of non-normalised relations.<sup>9</sup>

The visit by the delegation, as well as the private talks held between the delegation leader the LDP politician Shin Kanemaru and the North Korean leader Kim Il Sung, led to a promise to release the *Fujisanmaru* crew. The Three Party Joint Declaration, issued after the talks, promised to upgrade transport and telecommunication links and to move towards normalisation. But it also stated that Japan should not only apologise for colonial rule but also provide appropriate compensation for the “losses” from the end of the war until present. This last promise was controversial as it was contradictory to the Japanese government’s standpoint and was a departure from the 1965 Basic Treaty under which Japan had avoided paying war compensation to South Korea and instead settled the problem with economic cooperation.

Back in Japan, the Kanemaru diplomacy got a mixed reception, and the Ministry of Foreign Affairs was quick to point out that this was a party agreement and nothing that was binding to the Japanese government. Kanemaru then had to explain to the South Koreans what was going on and in meeting with President Roh, he promised to keep the five South Korean principles in mind while negotiating with the North. These principles were: prior consultations with the South should be held before negotiations with the North; improvements of relations should be in conjunction with similar progress in the South-North dialogue; requests should be made for acceptance of IAEA inspections; North Korea should be encouraged to become a responsible member of the international society; and no economic cooperation should be approved before normalisation<sup>10</sup>.

This was a time of detente in the region. In September 1991, the two Koreas were simultaneously admitted to the UN. A few months later they signed the Agreement on Reconciliation, Non-aggression, Exchange and Cooperation that was followed by a Joint Declaration on the Denuclearisation of the Korean Peninsula. The US announced that it would withdraw its tactical nuclear weapons from South Korea. In the beginning of 1992 North Korea signed the IAEA safeguard agreement. That same year South Korea established relations with China.

In 1991-1992 a number of normalisation talks were also held between Japan and North Korea. The North wanted Japan to fulfil its pledges and pay up to US\$ 10 billion in colonial, wartime and post-wartime compensation. The Japanese Foreign Ministry insisted that things should be solved according to the same formula as had been used with South Korea. The economic cooperation that they had calculated was about half the sum of what the North was asking. The North gradually dropped the demand for post-war compensation but the two could still not agree on the sum of economic cooperation. In 1992 Japan adopted an ODA Charter that explicitly said that attention should be paid to the development and production of weapons of mass destruction in providing economic cooperation. With North Korea’s refusal to comply with IAEA inspections negotiations of normalisation and economic cooperation were stalemated in 1992.

The North Korean notice in March 1993 that it was planning to withdraw from NPT (Non Proliferation Treaty) led to a nuclear crisis that was finally solved in 1995 by the Korean Peninsula Energy Development Organisation (KEDO) Treaty. According to this, two light water reactors<sup>11</sup> were to be constructed with the help of the US, South Korea and Japan. Besides economic contribution to this program Japan also provided food aid to North Korea via UN agencies in 1995 and 1996. Other contributions were put off until normalisation. Only after this had been achieved would economic cooperation as well as private investment be able to materialize. Another Japanese party delegation was off to North Korea in 1995. In a joint declaration with their North Korean counterpart, both governments were urged to resume normalisation talks. As a sign of somewhat improved relations, groups of Japanese wives, earlier

repatriated to the North together with their Korean husbands, were allowed to visit Japan during 1997 and 1998. In 1997 another package of food aid via international organisations was also dispersed. However, the North Korean firing of a Taepodong-1 missile over Japanese territorial waters in 1998 led to Japan imposing limited sanctions on North Korea and the suspension of food aid, monetary contribution to KEDO and normalisation talks. It was not until December 1999, when a mission of Japanese politicians from all the major political parties travelled to Pyongyang, that the two countries agreed to resume normalisation talks.

At the normalization talks in Tokyo in August 2000, the North Korean side kept on asking for Japanese apologies and reparations for the Japanese rule of the Korean peninsula from 1910-1945; the Japanese side kept on raising the abduction issue. No breakthrough was going to be made in this or the following round of negotiations in Beijing.

Meanwhile, President Kim Dae Jung had been elected president in the South. He started his “Sunshine policy” a proactive policy to induce changes in North Korea and to lead it down the path towards peace, reform, and openness through reconciliation, interaction and cooperation with South Korea<sup>12</sup>. This did not lead to any immediate reduction of tensions; besides the Taepodong missile incident, there was also a naval clash on the west coast in 1999, and the affair with a North Korean spy submarine. The number of South Koreans visiting the North, however, increased dramatically and the Kim Dae Jung government also worked hard in persuading Washington to adopt a soft-line policy, getting Japan to normalise relations and advocating North Korea’s admission into various international organisations such as the World Bank and the Asian Development Bank<sup>13</sup>. A major breakthrough for the Sunshine policy came in 2000 with the summit meeting between Kim Dae Jung and Kim Jong-il in Pyongyang. In the joint declaration after the meeting it was stated that “the North and the South have agreed to resolve the question of reunification independently and through the joint effort of the Korean people, who are the masters of the country”. This policy of engagement of North Korea is continued by the current President Roh Moo Hyun although there is disagreement in South Korea on the wisdom of dealing with the North as well as how much reciprocity to demand<sup>14</sup>.

## ***The Pyongyang Declaration***

In September 2002 Japanese Prime Minister Junichiro Koizumi went to Pyongyang to meet with the North Korean leader Kim Jong-il. This was a sensational meeting in several regards. First of all it occurred at a time when Japan’s ally, the US, was adopting a strategy of containment of North Korea. In his fight against terrorism on a worldwide basis President George W. Bush pointed at the North Korean government as a supporter of terrorism and belonging together with Iran and Irak to an axis of evil. Still the Japanese Prime Minister decided to go to Pyongyang to negotiate for a normalization of relations with North Korea and in this way contribute to peace and stability in the region.

The second thing was that the North Koreans, who had prior to this denied all accusations of involvement in the abduction of Japanese citizens, suddenly admitted that it was true, apologized for the kidnappings and revealed information on the fate of twelve of those on the missing persons list and agreed to let five surviving abductees return to Japan.

A third sensation was the Pyongyang Declaration which was announced in connection with the meeting. In it the Japanese side expressed “deep remorse and heartfelt apology” for the tremendous damage and suffering caused to the people of Korea through Japan’s colonial rule. Both sides determined that they would make every possible effort for an early normalization of

relations. The claims for war compensation that North Korea always had made in previous meetings were now dropped, at least verbally. Instead there was a promise of economic cooperation:

“Both sides shared the recognition that, providing economic co-operation after the normalization by the Japanese side to the DPRK side, including grant aids, long-terms loans with low interest rates and such assistance as humanitarian assistance through international organisations, over a period of time deemed appropriate by both sides, and providing other loans and credits by such financial institutions as the Japan Bank for International Co-operation with a view of supporting private economic activities, would be consistent with the spirit of this Declaration, and decided that they would sincerely discuss the specific scales and contents of the economic co-operation in the normalization talks.”<sup>15</sup>

In the declaration both sides also confirmed that for an overall resolution of the nuclear issue on the Korean Peninsula they would comply with all the related international agreements.

The Pyongyang meeting was a concrete step forward in the normalizations talks between Japan and North Korea, but for two reasons relations very quickly turned sour again. The first was the nuclear issue. Within a month of the Japanese Prime Minister's visit an American delegation arrived in Pyongyang and in connection with this, the North Koreans are said to have admitted that they had a secret nuclear development program. No proof has ever been presented in this issue. In an article in *Foreign Affairs* Selig S. Harrison<sup>16</sup> claims that the trip of the American delegation might have been inspired by a US that was worried over the ever more conciliatory and independent approaches that were taken towards North Korea both by Seoul and Tokyo.

A secret nuclear program would be against the Agreed Framework and the statement that such a program existed made the US and its allied in KEDO (including Japan) retaliate by not delivering any oil to North Korea. Pyongyang declared the agreed framework dead, and decided to leave the NPT and the control agreement with IAEA. The situation turned into yet another serious nuclear crisis and since then things have only been escalating with North Korea restarting its old nuclear programs and finally in February 2005 declaring that they now possessed nuclear weapons.

In Japan, however, the abduction issue has been the dominating issue, at least in media and among the general public, and contrary to what one might have expected North Korea's admission of the abductions actually resulted in inflaming the Japanese public opinion and caused the matter to become an even more serious concern for the government. The public was enraged by the fact that more than half of the abductees had died and that the information on these did not seem accurate. The five abductees that returned to Japan were closely followed by the press in a strongly nationalistic and anti-North Korean mode. When it was time for the abductees to leave for North Korea again, the Japanese government refused to return them and instead asked for their eight relatives to be repatriated as well. Bilateral relations became utterly chilly.

It would take until May 2004 before Prime Minister Koizumi returned to Pyongyang again to negotiate for the return of the eight relatives as well as further investigation into ten other acknowledged or suspected abduction cases. Koizumi managed to get eight people released and at the same time announced that Japan would provide 250 000 tons of food and US\$10 million worth of medical supplies as humanitarian assistance. It was a concrete action to get Japan-North Korean relations moving again so that other issues between the two could be resolved<sup>17</sup>.



However, relations turned cold again when the remains of one of the deceased abductees were sent home to Japan and a DNA test showed that the remains were those from several different persons.<sup>18</sup> The Liberal Democratic Party made statements that economic sanctions might be used to get to know the truth and that humanitarian aid might be frozen again. By November 2004, half the promised food aid had been provided.

While Japan has been putting the abductees at the top of its agenda with North Korea, South Korea has been practically ignoring it although there are 486 South Koreans officially recorded as held by Pyongyang in the post-Korean war period<sup>19</sup>. South Korea has consistently also been providing a considerable amount of foreign aid, both on a voluntary and on a government level, during the last ten years. According to the Unification Agency in South Korea, roughly half of all outside aid to North Korea comes from South Korea.

### ***Japan's Official Development Assistance***

Japan's first Official Development Charter was adopted in 1992. This was at a time when the Japanese ODA budget, although well below average counted in per cent of GNP, was the largest in the world. The charter was mainly built around four principles for ODA implementation.

1. Environmental conservation and development should be pursued in tandem.
2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
3. Full attention should be paid to trends in recipient countries' military expenditure, their development and production of mass destruction weapons and their export and import of arms etc.
4. Full attention should be paid to efforts for promoting democratisation and the introduction of a market-oriented economy, and the situation regarding human rights and freedom in the recipient country.

When the Charter was revised by the Japanese government in 2003, it was with the motivation: "The world has changed dramatically since the first Charter was approved, and today there is an urgent need for the international community, including Japan, to address new development challenges such as peace-building".

To contribute to peace and the development of the international community, is, according to the new Charter, the objective of Japanese ODA. The four pillars remain in the new charter but number three has been expanded with an explanatory text: "So as to maintain and strengthen international peace and stability, including the prevention of terrorism and the proliferation of weapons of mass destruction, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources and their own economic and social development."

Peace-building has become a priority issue and Japanese aid is to be used more strategically in the future. A big organisational restructuring is being performed. There will be more integration between loan aid, grant aid and technical assistance and a deeper policy dialogue conducted with the recipient countries. At JICA there is now a special section working on peace-building assistance. They monitor the development in 30 countries which need special attention in this regard. At the same time, there have also been severe budget cuts in Japanese ODA<sup>20</sup>. What are then the implications of this new policy and how effective is Japanese aid as a

tool for peace-building? Let us try to analyse the situation regarding North Korea with the help of the “ripe moment” theory.

### ***Is Japanese Foreign Aid Policy Contributing to Peace on the Korean Peninsula?***

Although there was a bit of detente in Japanese-North Korean relations in the beginning of the 1970s no mutually hurting stalemate can be said to have existed between North Korea and anyone else. The North Korean economy was growing rather well until the middle of the 1970s while the South Korean one was somewhat left behind.

At the end of the Cold War, however, there were a number of radical changes. First of all the South Korean economy had seen a miraculous growth and had now gathered considerable strength while the North Korean economy quickly declined as aid from Moscow and China decreased. In a climate of detente South Korea also approached the North (already in 1988) and in 1991 the two signed an agreement of Reconciliation, Non-aggression, Exchange and Cooperation. This was followed by a Joint Declaration of the Denuclearisation of the Korean Peninsula. In 1992 South Korea established relations with China.

At this time it can be said that a situation of mutually hurting stalemate existed in Japanese- North Korean relations. For North Korea’s part, in the sense that the South now was approaching Beijing and Moscow while the North so far had had no success with Washington and Tokyo; in that sense it ran the risk of becoming isolated. With the decline in its economy, war compensation from Japan must have been seen as something attractive that could only be achieved through breaking of stalemate of relations.

From Tokyo’s point of view there were several reasons for entering into negotiations with North Korea. Peace and stability on the Korean peninsula would be the overall goal but also the possibility of a new market for Japanese companies as well as the possibility of getting the crew of the *Fujisanmaru* released.

The second element “a formula for a way out” also seemed to have existed. Normalisation of relations would be accompanied by a major economic cooperation or aid package from Japan as well as a North Korean stop of nuclear experiments and the release of the crew from the *Fujisanmaru*.

However, what seemed to have been lacking at this time, was a lack of a valuable spokesperson. Not on the North Korean side, where it was Kim Il Sung himself that conducted the first talks but on the Japanese side where the spokesman was the LDP-politician Shin Kanemaru, who went to North Korea in 1990 as a party politician and conducted his so-called “private diplomacy”. In the declaration after the meeting it was stated that Japan should not only apologise for the colonial rule but also provide compensation for the “losses” from the end of the war until the present. This wording was controversial as it was contradictory to the Japanese government’s standpoint, and to the way things had been solved with the South Korean government. The Ministry of Foreign Affairs in Japan were quick to point out that this was a party agreement and nothing binding for the Japanese government. Another troublesome fact was that the South Korean government had not been informed in advance on what was going on and Kanemaru had to go to Seoul and promise that prior consultations should be held with them before negotiations with the North.

In 1991-92 a number of normalisations talks were held between Japan and North Korea. The two countries could among other things not agree on the sum of the economic cooperation. In early 1992, North Korea signed the IAEA safeguard agreement but when it refused to comply with inspections, negotiations on normalisation and economic cooperation from Japan were stalemated. The ripe moment was over for this time and in March 1993 North Korea said it was planning to withdraw from the NPT. The Japanese carrot, in the form of promise of economic cooperation in the future, was not able to prevent the nuclear crises that developed.

The crisis was finally solved, at least temporarily, in 1995 through US-North Korean negotiations and The Korean Peninsula Energy Development Organisation (KEDO) Treaty. North Korea, in exchange for abandoning its own nuclear ambitions, were to get two light water reactors constructed with the help of the US, South Korea and Japan, that was to bear the main part of the financing for this. Some food aid was also provided by Japan but any larger contribution was put off until after normalisation.

Another long mutually hurting stalemate was initiated with relations swaying back and forth. Some minor improvement in North Korean behaviour, such as allowing the visit of Japanese wives, was awarded with another food aid package, while the firing of the Taepodong missile in 1998 led to the suspension of food aid as well as monetary contribution to KEDO. No formula for a way out was presented when negotiations for normalisation started again in Tokyo in 2000. The North Koreans kept on asking for Japanese apologies as well as reparations. The Japanese kept on raising the abduction issue. The same thing happened the following meeting in Beijing.

Meanwhile South Korea had started its Sunshine policy, trying to engage North Korea and leading it to a gradual opening up and reform, so when Prime Minister Junichiro Koizumi went to Pyongyang in September 2002 this was well in line with South Korean policy. A formula for a way out had been found it seemed. In the Pyongyang Declaration, Japan apologised for the suffering caused to the Korean people during colonisation and made a promise of economic cooperation as soon as normalization, which both government would work hard for, had been achieved. North Korea on the other hand admitted to having abducted Japanese citizens, apologised and promised that it would not happen again. The five that were still alive were able to go to Japan. Both sides confirmed that, for an overall resolution of the nuclear issue on the Korean Peninsula, they would comply with all related international agreements. Both sides also confirmed the necessity of resolving security problems including nuclear and missile issues by promoting dialogues among countries concerned.

For the formulation of the Pyongyang Declaration, Japanese foreign aid, or expectations of such aid, was a valuable tool. It was a reason for the North Koreans to agree to work hard towards normalization. It was a bargaining chip strong enough to make Pyongyang agree to drop the request for economic compensation for the hardship during the colonial period and the war. A formal apology, however still had to be made by the Japanese side.

Promises of ODA as well as other forms of economic cooperation, was also a tool that made the North Koreans take a step forward in the abduction issue, as well as apologizing and promising that it would not happen again.

In comparison to the first “ripe moment” in the beginning of the 1990s, valid spokespersons now existed. Several years had passed since Kim Jung Il succeeded his farther and he was now in control of the country. On the Japanese side there was not a party person this time but Prime Minister Koizumi himself. In this sense a ripe moment seemed to be there. Still this would prove not to be enough and relations between the two countries became even more sour

and tension in the area increased considerably when North Korea first left the NPT and finally declared that it possessed nuclear weapons in February 2005.

There were several reasons for the failure of the Pyongyang Declaration. One had to do with domestic factors and the backlash in the abduction issue. Here Japanese media, as well as nationalist feelings, played a major role; this will be covered by other papers during this conference. ODA is not an effective tool for dealing with the strong anti-North Korean feelings that are rampant in Japan today. A solution to that problem has to be found, however, if there is to be any progress in the normalization talks.

A second reason for failure was of course the nuclear issue, in the way it was played up as well as in the way the US has been acting. Already when Koizumi went to Pyongyang he had been informed that there were activities going on in this field. Countries dealing with weapons of mass destruction are clearly not eligible for aid neither according to the old or the new ODA charter. Still Koizumi took a conciliatory approach and promised future economic cooperation at the same time as North Korea promised to follow the nuclear agreements.

When the nuclear issue surfaced officially, however, Japan had to act upon it and even if it might not have been true from the beginning it soon became so when North Korea restarted its old programs and left NPT. The ripe moment was gone and the illusion of future economic cooperation from Japan, at this point, seemed like a useless tool even in bringing the North Koreans back to the negotiating table. It has so far not led to any improvements in Japanese-North Korean relations, nor to any reduction in tensions in the area.

## **Conclusion**

Japanese ODA, or the illusion of such aid, can be helpful at certain times, such as getting a signature on the Pyongyang Declaration. Limited humanitarian assistance in the form of food aid or medical equipment might have some effect in easing negotiations for limited issues such as visits by Japanese wives to their homeland or the return of the abductees' children and other relatives. It is highly doubtful if it has any effect as a negative sanction, that is when it is withdrawn, as a punishment for bad behaviour or in an attempt to get the North Korean government to change its behaviour (like at present). Peace and stability on the Korean peninsula as well as normalization of relation between Japan and North Korea, though, are much too complex issue to be solved by economic cooperation from Japan. This is clearly shown by the process so far. Promises of ODA or the withholding of such aid has so far not been an effective tool in normalisation of relations. Neither have they been effective in creating peace and stability in the area. There are other factors, both internal and external, that are more important such as the anti North Korean emotions built up in Japan as well as the US and South Korean position. This does not mean that the new ODA charter with its strong emphasis on peace-building and peace preservation will be useless. It will depend on what kind of aid that is distributed, to whom, for what purpose and on which occasion. When it comes to complex issues however, there are likely to be several underlying factors, both external and internal, that are of greater importance and that cannot be solved by economic cooperation alone. Foreign aid clearly has its limits as a tool for peace building and peace preservation with North Korea, one of Japan's geographically closest yet imminently threatening neighbours. North Korea is not even included on JICA's lists of the countries monitored with special attention concerning peace-building assistance.

---

<sup>1</sup> Democratic Peoples' Republic of Korea, which is the official name of what is generally called North Korea.

---

<sup>2</sup> ODA (Official Development Assistance), that is, foreign aid as defined by DAC, the Development Assistance committee of the OECF.

<sup>3</sup> Mikio Oishi and Fumitaka Furuoka, Can Japanese Aid Be an Effective Tool of Influence? Case Studies of Cambodia and Burma, in Asian Survey, Vol. XLIII, No 6, Nov/Dec 2003, University of California Press pp.890-907.

<sup>4</sup> I. William Zartman, Dynamics and Constraints in Negotiating in International Conflicts, in Elusive Peace: Negotiating an End to Civil War, ed. By I William Zartman, Brookings Institution, Washington D.C, 1995.

<sup>5</sup> Ibid. Oishi and Furuoka

<sup>6</sup> Ibid. Zartman

<sup>7</sup> Isa Duche, Status Power Japanese Foreign Policy Making towards Korea, Routledge, New York and London 2002.

<sup>8</sup> Tsuneo Akaha, "Japan's Policy Toward North Korea" in Tsuneo Akaha (ed.), The Future of North Korea, Routledge, London and New York 2002 p. 81.

<sup>9</sup> Christopher W. Hughes, Japan's Economic Power and Security, Japan and North Korea, Routledge, London and New York 1999.

<sup>10</sup> Ibid.

<sup>11</sup> These reactors are less efficient at producing weapons-grade plutonium.

<sup>12</sup> Chung-in Moon, *The Sunshine Policy and the Korean Summit, Assessment and prospects*, in Tsuneo Akaha (ed.), The Future of North Korea, Routledge, London and New York 2002.

<sup>13</sup> Ibid.

<sup>14</sup> Aidan Foster-Carter, Boycott or Business, in comparative Connections, January 2005, Vol. 6, No.4---4<sup>th</sup> Quarter 2004.

<sup>15</sup> Government of Japan, Ministry of Foreign Affairs homepage.

<sup>16</sup> Selig S. Harrison, *Did North Korea Cheat?*, in Foreign Affairs Volume 84 No. 1 2005.

<sup>17</sup> Japan Echo, August 2004, Izumi Hajime, *Evaluating Koizumi's Second Trip to North Korea*, pp 6-11

<sup>18</sup> A few months later there was an article in the famous American magazine Nature that questioned the way the DNA analyses had been done and if it was at all possible to say anything about the ashes.

<sup>19</sup> Ibid. Aidan Foster-Carter

<sup>20</sup> Since 1999 there has been more than a 25 per cent cut of the budget calculated in yen, which in dollar terms means more than a 30 per cent cut.