



U.S. DEPARTMENT of STATE

Bureau of East Asian and Pacific Affairs
September 2007

People

History

Government

Political Conditions

Economy

Defense

Foreign Relations

U.S. Relations

Travel/Business

Background Notes A-Z

Background Note: North Korea



PROFILE

OFFICIAL NAME:

[Democratic People's Republic of Korea](#)

Geography

Area: 120,410 sq. km. (47,000 sq. mi.), about the size of Mississippi.

Cities: *Capital*--Pyongyang. *Other cities*--Hamhung, Chongjin, Wonsan, Nampo, and Kaesong.

Terrain: About 80% of land area is moderately high mountains separated by deep, narrow valleys and small, cultivated plains. The remainder is lowland plains covering small, scattered areas.

Climate: Long, cold, dry winters; short, hot, humid, summers.

People*

Nationality: *Noun and adjective*--Korean(s).

Population (2006): 23.1 million.

Annual growth rate: About +0.98%.

Ethnic groups: Korean; small ethnic Chinese and Japanese populations.

Religions: Buddhism, Confucianism, Shamanism, Chongdogyo, Christian; autonomous religious activities have been virtually nonexistent since 1945.

Language: Korean.

Education: *Years compulsory*--11. *Attendance*--3 million (primary, 1.5 million; secondary, 1.2 million; tertiary, 0.3 million). *Literacy*--99%.

Health (1998): Medical treatment is free; one doctor for every 700 inhabitants; one hospital bed for every 350; there are severe shortages of medicines and medical equipment. *Infant mortality rate*--23.29 /1,000 (2006 est.). *Life expectancy*--males 68 yrs., females 74 yrs. (2006 est.).

Government

Type: Highly centralized communist state.

Independence: August 15, 1945--Korean liberation from Japan; September 9, 1948--establishment of the Republic of Korea (R.O.K., or South Korea), marking its separation from North Korea (Democratic People's Republic of Korea, or D.P.R.K.).

Constitution: 1948; 1972, revised in 1992 and 1998.

Branches: *Executive*--President of the Presidium of the Supreme People's Assembly (chief of state); Chairman of the National Defense Commission (head of government). *Legislative*--Supreme People's Assembly. *Judicial*--Central Court; provincial, city, county, and military courts.

Subdivisions: Nine provinces; four province-level municipalities (Pyongyang, Kaesong, Chongjin, Nampo); one free trade zone (Najin-Sonbong FTZ).

Political party: Korean Workers' Party (communist).

Suffrage: Universal at 17.

Economy*

GNI (2004 estimate): \$20.8 billion; 26.7% in agriculture and fishery, 27.2% in mining, 13.7% in manufacturing, 32.3% in services (2004).

Per capita GNI (2004): \$914.

Agriculture: *Products*--rice, potatoes, soybeans, cattle, pigs, pork and eggs.

Mining and manufacturing: *Types*--military products; machine building; chemicals; mining (gold, coal, iron ore, limestone, magnesite, etc.); metallurgy; textiles; food processing; tourism.

Trade (2006): *Exports*--\$1.47 billion: minerals, non-ferrous metals, garments, machinery, electric and electronic products, chemicals, precious metals, wood products, and shellfish products. The D.P.R.K. is also thought to earn hundreds of millions of dollars from the unreported sale of missiles, narcotics and counterfeit cigarettes, and other



North Korean farm workers use tractors and carts in field near Pyongyang, North Korea, October 13, 2005. [© AP Images]



illicit activities. *Imports*--\$2.88 billion: minerals, petroleum, machinery, textiles, chemicals, non-ferrous metals, and animal products.

Major trading partners (2006): (1) China, (2) R.O.K., (3) Thailand, (4) Russia and (5) Japan.

*In most cases, the figures used above are estimates based upon incomplete data and projections.

HISTORICAL AND CULTURAL HIGHLIGHTS

The Korean Peninsula was first populated by peoples of a Tungusic branch of the Ural-Altaic language family, who migrated from the northwestern regions of Asia. Some of these peoples also populated parts of northeast China (Manchuria); Koreans and Manchurians still show physical similarities. Koreans are racially and linguistically homogeneous. Although there are no indigenous minorities in North Korea, there is a small Chinese community (about 50,000) and some 1,800 Japanese wives who accompanied the roughly 93,000 Koreans returning to the North from Japan between 1959 and 1962. Although dialects exist, the Korean spoken throughout the peninsula is mutually comprehensible. In North Korea, the Korean alphabet (hangul) is used exclusively.

Korea's traditional religions are Buddhism and Shamanism. Christian missionaries arrived as early as the 16th century, but it was not until the 19th century that major missionary activity began. Pyongyang was a center of missionary activity, and there was a relatively large Christian population in the north before 1945. Although religious groups exist in North Korea today, the government severely restricts religious activity.

By the first century AD, the Korean Peninsula was divided into the kingdoms of Shilla, Koguryo, and Paekche. In 668 AD, the Shilla kingdom unified the peninsula. The Koryo dynasty--from which Portuguese missionaries in the 16th century derived the Western name "Korea"--succeeded the Shilla kingdom in 935. The Choson dynasty, ruled by members of the Yi clan, supplanted Koryo in 1392 and lasted until Japan annexed Korea in 1910.

Throughout its history, Korea has been invaded, influenced, and fought over by its larger neighbors. Korea was under Mongolian occupation from 1231 until the early 14th century. The unifier of Japan, Hideyoshi Toyotomi, launched major invasions of Korea in 1592 and 1597. When Western powers focused "gunboat" diplomacy on Korea in the mid-19th century, Korea's rulers adopted a closed-door policy, earning Korea the title of "Hermit Kingdom." Though the Choson dynasty recognized China's hegemony in East Asia, Korea was independent until the late 19th century. At that time, China sought to block growing Japanese influence on the Korean Peninsula and Russian pressure for commercial gains there. The competition produced the Sino-Japanese War of 1894-95 and the Russo-Japanese War of 1904-05. Japan emerged victorious from both wars and in 1910 annexed Korea as part of the growing Japanese empire. Japanese colonial administration was characterized by tight control from Tokyo and ruthless efforts to supplant Korean language and culture. Organized Korean resistance during the colonial era was generally unsuccessful, and Japan remained firmly in control of the Peninsula until the end of World War II in 1945. The surrender of Japan in August 1945 led to the immediate division of Korea into two occupation zones, with the United States administering the southern half of the peninsula and the U.S.S.R. taking over the area to the north of the 38th parallel. This division was meant to be temporary until the United States, U.K., Soviet Union, and China could arrange a trusteeship administration.

In December 1945, a conference was convened in Moscow to discuss the future of Korea. A five-year trusteeship was discussed, and a joint Soviet-American commission was established. The commission met intermittently in Seoul but deadlocked over the issue of establishing a national government. In September 1947, with no solution in sight, the United States submitted the Korean question to the UN General Assembly. Initial hopes for a unified, independent Korea quickly evaporated as the politics of the Cold War and domestic opposition to the trusteeship plan resulted in the 1948 establishment of two separate nations with diametrically opposed political, economic, and social systems. Elections were held in the South under UN observation, and on August 15, 1948, the Republic of Korea (R.O.K.) was established in the South. Syngman Rhee, a nationalist leader, became the Republic's first president. On September 9, 1948, the North established the Democratic People's Republic of Korea (D.P.R.K.) headed by then-Premier Kim Il-sung, who had been cultivated and supported by the U.S.S.R.

Korean War of 1950-53

Almost immediately after establishment of the D.P.R.K., guerrilla warfare, border clashes, and naval battles erupted between the two Koreas. North Korean forces launched a massive surprise attack and invaded South Korea on June 25, 1950. The United Nations, in accordance with the terms of its Charter, engaged in its first collective action and established the UN Command (UNC), to which 16 member nations sent troops and assistance. Next to South Korea, the United States contributed the largest contingent of forces to this international effort. The battle line fluctuated north and south, and after large numbers of Chinese "People's Volunteers" intervened to assist the North, the battle line stabilized north of Seoul near the 38th parallel.

Armistice negotiations began in July 1951, but hostilities continued until July 27, 1953. On that date, at Panmunjom, the military commanders of the North Korean People's Army, the Chinese People's Volunteers, and the UNC signed an armistice agreement. Neither the United States nor South Korea is a signatory to the armistice per se, although both adhere to it through the UNC. No comprehensive peace agreement has replaced the 1953 armistice pact.

GOVERNMENT AND POLITICAL CONDITIONS

North Korea has a centralized government under the rigid control of the communist Korean Workers' Party (KWP), to which all government officials belong. A few minor political parties are allowed to exist in name only. Kim Il-sung ruled North Korea from 1948 until his death in July 1994. Kim served both as Secretary General of the KWP and as President of North Korea.

Little is known about the actual lines of power and authority in the North Korean Government despite the formal structure set forth in the constitution. Following the death of Kim Il-sung, his son--Kim Jong-il--inherited supreme power. Kim Jong-il was named General Secretary of the KWP in October 1997, and in September 1998, the Supreme People's Assembly (SPA) reconfirmed Kim Jong-il as Chairman of the National Defense Commission and declared that position as the "highest office of state." However, the President of the Presidium of the National Assembly, Kim Yong-nam, serves as the nominal head of state. North Korea's 1972 constitution was amended in late 1992 and in September 1998.

The constitution designates the Central People's Committee (CPC) as the government's top policymaking body. The CPC makes policy decisions and supervises the cabinet, or State Administration Council (SAC). The SAC is headed by a premier and is the dominant administrative and executive agency.

Officially, the legislature, the SPA, is the highest organ of state power. Its members are elected every four years. Usually only two meetings are held annually, each lasting a few days. A standing committee elected by the SPA performs legislative functions when the Assembly is not in session. In reality, the Assembly serves only to ratify decisions made by the ruling KWP.

North Korea's judiciary is "accountable" to the SPA and the president. The SPA's standing committee also appoints judges to the highest court for four-year terms that are concurrent with those of the Assembly.

Administratively, North Korea is divided into nine provinces and four provincial-level municipalities--Pyongyang, Chongjin, Nampo, and Kaesong. It also appears to be divided into nine military districts.

Principal Party and Government Officials

Kim Jong-il--General Secretary of the KWP; Supreme Commander of the People's Armed Forces; Chairman of the National Defense Commission; son of North Korea's founder Kim Il-sung

Kim Yong-nam--President of the Presidium of the Supreme People's Assembly; titular head of state

Pak Gil-yon--Ambassador to D.P.R.K. Permanent Mission to the UN

Pak Ui-chun--Minister of Foreign Affairs

DEFENSE AND MILITARY ISSUES

North Korea now has the fourth-largest army in the world. It has an estimated 1.21 million armed personnel, compared to about 680,000 in the South. Military spending is estimated at as much as a quarter of GNP, with about 20% of men ages 17-54 in the regular armed forces. North Korean forces have a substantial numerical advantage over the South (between 2 and 3 to 1) in several key categories of offensive weapons--tanks, long-range artillery, and armored personnel carriers. The North has perhaps the world's second-largest special operations force, designed for insertion behind the lines in wartime. While the North has a relatively impressive fleet of submarines, its surface fleet has a very limited capability. Its air force has twice the number of aircraft as the South, but, except for a few advanced fighters, the North's air force is obsolete. The North deploys the bulk of its forces well forward, along the demilitarized zone (DMZ). Several North Korean military tunnels under the DMZ were discovered in the 1970s.

Over the last several years, North Korea has moved more of its rear-echelon troops to hardened bunkers closer to the DMZ. Given the proximity of Seoul to the DMZ (some 25 miles), South Korean and U.S. forces are likely to have little warning of any attack. The United States and South Korea continue to believe that the U.S. troop presence in South Korea remains an effective deterrent. North Korea's nuclear weapons program has also been a source of international tension (see below, Reunification Efforts Since 1971; Denuclearization of the Korean Peninsula).

In 1953, the Military Armistice Commission (MAC) was created to oversee and enforce the terms of the armistice. Over the past decade, North Korea has sought to dismantle the MAC in a push for a new "peace mechanism" on the peninsula. In April 1994, it declared the MAC void and withdrew its representatives.

FOREIGN RELATIONS

North Korea's relationship with the South has determined much of its post-World War II history and still undergirds much of its foreign policy. North and South Korea have had a difficult and acrimonious relationship from the Korean War. In recent years, North Korea has pursued a mixed policy--seeking to develop economic relations with South Korea and to win the support of the South Korean public for greater North-South engagement while at the same time continuing to denounce the R.O.K.'s security relationship with the United States and maintaining a threatening conventional force posture on the DMZ and in adjacent waters.

The military demarcation line (MDL) of separation between the belligerent sides at the close of the Korean War divides North Korea from South Korea. A demilitarized zone (DMZ) extends for 2,000 meters (just over 1 mile) on either side of the MDL. Both the North and South Korean governments hold that the MDL is only a temporary administrative line, not a permanent border.

During the postwar period, both Korean governments have repeatedly affirmed their desire to reunify the Korean Peninsula, but until 1971 the two governments had no direct, official communications or other contact.

Reunification Efforts Since 1971

In August 1971, North and South Korea held talks through their respective Red Cross societies with the aim of reuniting the many Korean families separated following the division of Korea and the Korean War. In July 1972, the two sides agreed to work toward peaceful reunification and an end to the hostile atmosphere prevailing on the

peninsula. Officials exchanged visits, and regular communications were established through a North-South coordinating committee and the Red Cross. These initial contacts broke down in 1973 following South Korean President Park Chung-hee's announcement that the South would seek separate entry into the United Nations, and after the kidnapping of South Korean opposition leader Kim Dae-jung--perceived as friendly to unified entry into the UN--by South Korean intelligence services. There was no other significant contact between North and South Korea until 1984.

Dialogue was renewed in September 1984, when South Korea accepted the North's offer to provide relief goods to victims of severe flooding in South Korea. Red Cross talks to address the plight of separated families resumed, as did talks on economic and trade issues and parliamentary-level discussions. However, the North then unilaterally suspended all talks in January 1986, arguing that the annual U.S.-ROK "Team Spirit" military exercise was inconsistent with dialogue. There was a brief flurry of negotiations that year on co-hosting the upcoming 1988 Seoul Olympics, which ended in failure and was followed by the 1987 bombing of a South Korean commercial aircraft (KAL 858) by North Korean agents.

In July 1988, South Korean President Roh Tae-woo called for new efforts to promote North-South exchanges, family reunification, inter-Korean trade, and contact in international forums. Roh followed up this initiative in a UN General Assembly speech in which South Korea offered for the first time to discuss security matters with the North. Initial meetings that grew out of Roh's proposals started in September 1989. In September 1990, the first of eight prime minister-level meetings between North Korean and South Korean officials took place in Seoul. The prime ministerial talks resulted in two major agreements: the Agreement on Reconciliation, Nonaggression, Exchanges, and Cooperation (the "Basic Agreement") and the Declaration on the Denuclearization of the Korean Peninsula (the "Joint Declaration").

The Basic Agreement, signed on December 13, 1991, called for reconciliation and nonaggression and established four joint commissions. These commissions--on South-North reconciliation, South-North military affairs, South-North economic exchanges and cooperation, and South-North social and cultural exchange--were to work out the specifics for implementing the basic agreement. Subcommittees to examine specific issues were created, and liaison offices were established in Panmunjom, but in the fall of 1992 the process came to a halt because of rising tension over North Korea's nuclear program.

The Joint Declaration on denuclearization was initialed on December 31, 1991. It forbade both sides from testing, manufacturing, producing, receiving, possessing, storing, deploying, or using nuclear weapons and forbade the possession of nuclear reprocessing and uranium enrichment facilities. A procedure for inter-Korean inspection was to be organized and a North-South Joint Nuclear Control Commission (JNCC) was mandated to verify the denuclearization of the peninsula.

On January 30, 1992, the D.P.R.K. finally signed a nuclear safeguards agreement with the International Atomic Energy Agency (IAEA), as it had pledged to do in 1985 when it acceded to the Nuclear Non-Proliferation Treaty (NPT). This safeguards agreement allowed IAEA inspections to begin in June 1992. In March 1992, the JNCC was established in accordance with the Joint Declaration, but subsequent meetings failed to reach agreement on the main issue of establishing a bilateral inspection regime.

As the 1990s progressed, concern over the North's nuclear program became a major issue in North-South relations and between North Korea and the United States. The lack of progress on implementation of the Joint Declaration's provision for an inter-Korean nuclear inspection regime led to reinstatement of the U.S.-R.O.K. Team Spirit military exercise for 1993. The situation worsened rapidly when North Korea, in January 1993, refused IAEA access to two suspected nuclear waste sites and then announced in March 1993 its intent to withdraw from the NPT. During the next two years, the United States held direct talks with the D.P.R.K. that resulted in a series of agreements on nuclear matters, including the 1994 Agreed Framework (which broke down in 2002 when North Korea was discovered to be pursuing a uranium enrichment program for nuclear weapons--see below, Denuclearization of the Korean Peninsula).

At his inauguration in February 1998, R.O.K. President Kim Dae-jung enunciated a new policy of engagement with the D.P.R.K., dubbed "the Sunshine Policy." The policy had three fundamental principles: no tolerance of provocations from the North, no intention to absorb the North, and the separation of political cooperation from economic cooperation. Private sector overtures would be based on commercial and humanitarian considerations. The use of government resources would entail reciprocity. This policy set the stage for the first inter-Korean summit, held in Pyongyang June 13-15, 2000.

R.O.K. President Roh Moo-hyun, following his inauguration in February 2003, has continued his predecessor's policy of engagement with the North, though he abandoned the name "Sunshine Policy." The United States supports President Roh's engagement policy and North-South dialogue and cooperation. Major economic reunification projects have included a tourism development in Mt. Geumgang, the re-establishment of road and rail links across the demilitarized zone (DMZ) and a joint North-South industrial park near the North Korean city of Kaesong (see further information below in the section on the Economy). In August 2007, the R.O.K. and D.P.R.K. announced plans to hold a second inter-Korean summit, scheduled for October 2-4 in Pyongyang.

Relations Outside the Peninsula

Throughout the Cold War, North Korea balanced its relations with China and the Soviet Union to extract the maximum benefit from the relationships at minimum political cost. In the 1970s and early 1980s, the establishment of

diplomatic relations between the United States and China, the Soviet-backed Vietnamese occupation of Cambodia, and the Soviet occupation of Afghanistan created strains between China and the Soviet Union and, in turn, in North Korea's relations with its two major communist allies. North Korea tried to avoid becoming embroiled in the Sino-Soviet split, obtaining aid from both the Soviet Union and China and trying to avoid dependence on either. Following Kim Il-sung's 1984 visit to Moscow, there was an improvement in Soviet-D.P.R.K. relations, resulting in renewed deliveries of Soviet weaponry to North Korea and increases in economic aid.

The establishment of diplomatic relations by South Korea with the Soviet Union in 1990 and with China in 1992 seriously strained relations between North Korea and its traditional allies. Moreover, the fall of communism in eastern Europe in 1989 and the disintegration of the Soviet Union in 1991 resulted in a significant drop in communist aid to North Korea. Despite these changes and its past reliance on this military and economic assistance, North Korea continued to proclaim a militantly independent stance in its foreign policy in accordance with its official ideology of "juche," or self-reliance.

Both North and South Korea became parties to the Biological Weapons Convention in 1987. (North Korea is not a member of the Chemical Weapons Convention, nor is it a member of the Missile Technology Control Regime, or MTCR.)

North Korea has maintained membership in some multilateral organizations. It became a member of the UN in September 1991. North Korea also belongs to the Food and Agriculture Organization; the International Civil Aviation Organization; the International Postal Union; the UN Conference on Trade and Development; the International Telecommunications Union; the UN Development Program; the UN Educational, Scientific, and Cultural Organization; the World Health Organization; the World Intellectual Property Organization; the World Meteorological Organization; the International Maritime Organization; the International Committee of the Red Cross; and the Nonaligned Movement.

In the mid-1990s, when the economic situation worsened dramatically and following the death of D.P.R.K. founder Kim Il-sung, the North abandoned some of the more extreme manifestations of its "self reliance" ideology to accept foreign humanitarian relief and create the possibility, as noted below, for foreign investment in the North. In subsequent years, the D.P.R.K. has continued to pursue a tightly restricted policy of opening to the world in search of economic aid and development assistance. However, this has been matched by an increased determination to counter perceived external and internal threats by a self-proclaimed "military first" ("Songun") policy.

During the present period of limited, extremely cautious opening, North Korea has sought to broaden its formal diplomatic relationships. In July 2000, North Korea began participating in the ASEAN Regional Forum (ARF), with Foreign Minister Paek Nam-sun attending the ARF ministerial meeting in Bangkok. The D.P.R.K. also expanded its bilateral diplomatic ties in that year, establishing diplomatic relations with Italy, Australia, the Philippines, Australia, Canada, the U.K., Germany, and many other European countries.

In the September 19, 2005 Joint Statement issued at the end of the fourth round of Six-Party Talks, the United States and the D.P.R.K. committed to undertake steps to normalize relations (see below, Denuclearization of the Korean Peninsula). The D.P.R.K. and Japan also agreed to take steps to normalize relations and to discuss outstanding issues of concern, such as abductions. The U.S.-D.P.R.K. and Japan-D.P.R.K. bilateral working groups on normalization of relations met in March and September 2007.

Terrorism

The D.P.R.K. is not known to have sponsored terrorist acts since the 1987 bombing of KAL flight 858. Pyongyang continues to provide sanctuary to members of the Japanese Communist League-Red Army Faction (JRA) who participated in the hijacking of a Japan Airlines flight to North Korea in 1970.

The D.P.R.K. has made several statements condemning terrorism. In October 2000, the United States and the D.P.R.K. issued a joint statement on terrorism in which "the two sides agreed that international terrorism poses an unacceptable threat to global security and peace, and that terrorism should be opposed in all its forms." The United States and the D.P.R.K. agreed to support the international legal regime combating international terrorism and to cooperate with each other to fight terrorism. The D.P.R.K. became a signatory to the Convention for the Suppression of Financing of Terrorism and a party to the Convention Against the Taking of Hostages in November 2001. In the February 13, 2007 Initial Actions agreement, the United States agreed to begin the process of removing the designation of the D.P.R.K. as a state sponsor of terrorism.

Abductions

In the past, the D.P.R.K. has also been involved in the abduction of foreign citizens. In 2002, Kim Jong-il acknowledged to Japanese Prime Minister Koizumi the involvement of D.P.R.K. "special institutions" in the kidnapping of Japanese citizens between 1977 and 1983 and said that those responsible had been punished. While five surviving victims and their families were allowed to leave the D.P.R.K. and resettle in Japan in October 2002, 12 other cases remain unresolved and continue to be a major issue in D.P.R.K.-Japanese relations. In October 2005, the D.P.R.K. acknowledged for the first time having kidnapped R.O.K. citizens in previous decades, claiming that several abductees, as well as several POWs from the Korean War, were still alive. In June 2006, North Korea allowed Kim Young-nam, a South Korean abducted by the North in 1978, to participate in a family reunion.

U.S. POLICY TOWARD NORTH KOREA

U.S. Support for North-South Dialogue and Reunification

The United States supports the peaceful reunification of Korea on terms acceptable to the Korean people and recognizes that the future of the Korean Peninsula is primarily a matter for them to decide. The United States believes that a constructive and serious dialogue between the authorities of North and South Korea is necessary to resolve outstanding problems, including the North's nuclear program and human rights abuses, and to encourage the North's integration with the rest of the international community.

Denuclearization of the Korean Peninsula

North Korea joined the Nuclear Non-Proliferation Treaty (NPT) as a non-nuclear weapons state in 1985. North and South Korean talks begun in 1990 resulted in the 1992 Joint Declaration for a Non-Nuclear Korean Peninsula (see, under Foreign Relations, Reunification Efforts Since 1971). However, the international standoff over the North's failure to implement an agreement with the International Atomic Energy Agency for the inspection of the North's nuclear facilities led Pyongyang to announce in March 1993 its intention to withdraw from the NPT. A UN Security Council Resolution in May 1993 urged the D.P.R.K. to cooperate with the IAEA and to implement the 1992 North-South Denuclearization Statement. It also urged all UN Member States to encourage the D.P.R.K. to respond positively to this resolution and to facilitate a solution to the nuclear issue.

The United States opened talks with the D.P.R.K. in June 1993 and eventually reached agreement in October 1994 on a diplomatic roadmap, known as the Agreed Framework, for the denuclearization of the Korean Peninsula. The Agreed Framework called for the following steps:

- North Korea agreed to freeze its existing nuclear program and allow monitoring by the IAEA.
- Both sides agreed to cooperate to replace the D.P.R.K.'s graphite-moderated reactors with light-water reactor (LWR) power plants, by a target date of 2003, to be financed and supplied by an international consortium (later identified as the Korean Peninsula Energy Development Organization or KEDO).
- As an interim measure, the United States agreed to provide North Korea with 500,000 tons of heavy fuel oil annually until the first reactor was built.
- The United States and D.P.R.K. agreed to work together to store safely the spent fuel from the five-megawatt reactor and dispose of it in a safe manner that did not involve reprocessing in the D.P.R.K.
- The two sides agreed to move toward full normalization of political and economic relations.
- The two sides agreed to work together for peace and security on a nuclear-free Korean Peninsula.
- The two sides agreed to work together to strengthen the international nuclear non-proliferation regime.

In accordance with the terms of the Agreed Framework, in January 1995 the U.S. Government eased economic sanctions against North Korea in response to North Korea's freezing its graphite-moderated nuclear program under United States and IAEA verification. North Korea agreed to accept the decisions of KEDO, the financier and supplier of the LWRs, with respect to provision of the reactors. KEDO subsequently identified Sinpo as the LWR project site and held a groundbreaking ceremony in August 1997. In December 1999, KEDO and the (South) Korea Electric Power Corporation (KEPCO) signed the Turnkey Contract (TKC), permitting full-scale construction of the LWRs.

In January 1995, as called for in the 1994 Agreed Framework, the United States and D.P.R.K. negotiated a method to store safely the spent fuel from the D.P.R.K.'s five-megawatt nuclear reactor. Under this method, United States and D.P.R.K. operators worked together to can the spent fuel and store the canisters in a spent fuel pond; canning began in 1995. In April 2000, canning of all accessible spent fuel rods and rod fragments was completed.

In 1998, the United States identified an underground site in Kumchang-ni, North Korea, which it suspected of being nuclear-related. In March 1999, after several rounds of negotiations, the United States and D.P.R.K. agreed that the United States would be granted "satisfactory access" to the underground site at Kumchang-ni. In October 2000, during D.P.R.K. Special Envoy Marshal Jo Myong-rok's visit to Washington, and after two visits to the site by teams of U.S. experts, the United States announced in a Joint Communiqué with the D.P.R.K. that U.S. concerns about the site had been resolved.

As called for in former Defense Secretary William Perry's official review of U.S. policy toward North Korea, the United States and the D.P.R.K. launched Agreed Framework Implementation Talks in May 2000. The United States and the D.P.R.K. also began negotiations for a comprehensive missile agreement, pursuant to the Perry recommendations.

In January 2001, the Bush Administration discontinued nuclear and missile talks, specifying that it intended to review the United States' North Korea policy. The Administration announced on June 6, 2001, that it was prepared to resume dialogue with North Korea on a broader agenda of issues--including North Korea's conventional force posture, missile development and export programs, human rights practices, and humanitarian issues.

In October 2002, a U.S. delegation confronted North Korea with the assessment that the D.P.R.K. was pursuing a uranium enrichment program, in violation of North Korea's obligations under the NPT and its commitments in the 1992 North-South Joint Declaration on Denuclearization of the Korean Peninsula and the Agreed Framework. North Korean officials asserted to the U.S. delegation, headed by then-Assistant Secretary of State for East Asian and Pacific Affairs James A. Kelly, the D.P.R.K.'s "right" to a uranium enrichment program and indicated that that it had such a program. The U.S. side stated that North Korea would have to terminate the program before any further progress could be made in U.S.-D.P.R.K. relations. The United States also made clear that if this program were verifiably eliminated, it would be prepared to work with North Korea on the development of a fundamentally new relationship. Subsequently, the D.P.R.K. has denied the existence of a uranium enrichment program. In November 2002, the member countries of KEDO's Executive Board agreed to suspend heavy fuel oil shipments to North Korea pending a resolution of the nuclear dispute.

In late 2002 and early 2003, North Korea terminated the freeze on its existing plutonium-based nuclear facilities at Yongbyon, expelled IAEA inspectors, removed seals and monitoring equipment at Yongbyon, announced its withdrawal from the NPT, and resumed reprocessing of spent nuclear fuel to extract plutonium for weapons purposes. North Korea announced that it was taking these steps to provide itself with a deterrent force in the face of U.S. threats and U.S. "hostile policy." Beginning in mid-2003, the North repeatedly claimed to have completed reprocessing of the spent fuel rods previously frozen at Yongbyon and publicly said that the resulting fissile material would be used to bolster its "nuclear deterrent force." There is no independent confirmation of North Korea's claims. The KEDO Executive Board suspended work on the LWR Project beginning December 1, 2003.

President Bush has made clear that the United States has no intention to invade or attack North Korea. The President has also stressed that the United States seeks a peaceful end to North Korea's nuclear program in cooperation with North Korea's neighbors, who are directly affected by the threat the nuclear program poses to regional stability and security.

In early 2003, the United States proposed multilateral talks on the North Korean nuclear issue. North Korea initially opposed such a process, maintaining that the nuclear dispute was purely a bilateral matter between the United States and the D.P.R.K. However, under pressure from its neighbors and with the active involvement of China, North Korea agreed to three-party talks with China and the United States in Beijing in April 2003 and to Six-Party Talks with the United States, China, R.O.K., Japan and Russia in August 2003, also in Beijing. During the August 2003 round of Six-Party Talks, North Korea agreed to the eventual elimination of its nuclear programs if the United States were first willing to sign a bilateral "non-aggression treaty" and meet various other conditions, including the provision of substantial amounts of aid and normalization of relations. The North Korean proposal was unacceptable to the United States, which insisted on a multilateral resolution to the issue and opposed provision of benefits before the D.P.R.K.'s complete denuclearization. In October 2003, President Bush said he would consider a multilateral written security guarantee in the context of North Korea's complete, verifiable, and irreversible elimination of its nuclear weapons program.

China hosted a second round of Six-Party Talks in Beijing in February 2004. The United States saw the results as positive, including the announced intention of all parties to hold a third round by the end of June and to form a working group to maintain momentum between plenary sessions.

At the third round of Six-Party Talks in Beijing, in June 2004, the United States tabled a comprehensive and substantive proposal aimed at resolving the nuclear issue. All parties agreed to hold a fourth round of talks by the end of September 2004. Despite its commitment, the D.P.R.K. refused to return to the table, and in the months that followed issued a series of provocative statements. In a February 10, 2005, Foreign Ministry statement, the D.P.R.K. declared that it had "manufactured nuclear weapons" and was "indefinitely suspending" its participation in the Six-Party Talks. In Foreign Ministry statements in March, the D.P.R.K. said it would no longer be bound by its voluntary moratorium on ballistic missile launches, and declared itself a nuclear weapons state.

Following intense diplomatic efforts by the United States and other parties, the fourth round of Six-Party Talks were held in Beijing over a period of 20 days from July-September 2005, with a recess period in August. Discussions resulted in all parties agreeing to a Joint Statement of Principles. In the September 19, 2005 Joint Statement, the six parties unanimously reaffirmed the goal of verifiable denuclearization of the Korean Peninsula in a peaceful manner. The D.P.R.K. for the first time committed to abandon all nuclear weapons and existing nuclear programs and to return, at an early date, to the NPT and to IAEA safeguards. The other parties agreed to provide economic cooperation and energy assistance. The United States and the D.P.R.K. agreed to take steps to normalize relations subject to bilateral policies, which for the United States includes our concerns over North Korea's ballistic missile programs and deplorable human rights conditions. While the Joint Statement provides a vision of the end-point of the Six-Party process, much work lies ahead to implement the elements of the agreement.

A fifth round of talks began in November 2005, but ended inconclusively as the D.P.R.K. began a boycott of the Six-Party Talks, citing the "U.S.' hostile policy" and specifically U.S. law enforcement action that had led in September to a freeze of North Korean accounts in Macau's Banco Delta Asia (BDA). The United States held discussions in Kuala Lumpur (July 2006) and New York in (September 2006) with other Six-Party partners, except North Korea, along with representatives from other regional powers in the Asia-Pacific region, to discuss Northeast Asian security issues, including North Korea. On July 4-5, 2006 (local Korea time), the D.P.R.K. launched seven ballistic missiles, including six short- and medium-range missiles and one of possible intercontinental range. In response, the UN Security Council unanimously adopted Resolution 1695 on July 15, which demands that the D.P.R.K. suspend all activities related to its ballistic missile program and reestablish existing commitments to a moratorium on missile launching. The resolution also requires all UN Member States, in accordance with their national legal authorities and consistent with international law, to exercise vigilance and prevent missile and missile-related items, materials, goods and technology from being transferred to the D.P.R.K.'s missile or weapons of mass destruction (WMD) programs, prevent the procurement of missiles or related items, materials, goods and services from the D.P.R.K., and the transfer of any financial resources in relation to the D.P.R.K.'s missile or WMD programs. The D.P.R.K. immediately rejected the resolution.

On October 9, 2006, North Korea announced the successful test of a nuclear explosive device, verified by the United States on October 11. In response, the United Nations Security Council, citing Chapter VII of the UN Charter, unanimously passed Resolution 1718, condemning North Korea and imposing sanctions on certain luxury goods and trade of military units, WMD and missile-related parts, and technology transfers.

The Six-Party Talks resumed in December 2006 after a 13-month hiatus. Following a bilateral meeting between the United States and D.P.R.K. in Berlin in January 2007, another round of Six-Party Talks was held in February 2007. On February 13, 2007, the parties reached an agreement on "Initial Actions for the Implementation of the Joint Statement" in which North Korea agreed to shut down and seal its Yongbyon nuclear facility, including the reprocessing facility and to invite back IAEA personnel to conduct all necessary monitoring and verification of these actions as agreed between the IAEA and the D.P.R.K. The other five parties agreed to provide emergency energy assistance to North Korea in the amount of 50,000 tons of heavy fuel oil (HFO) in the initial phase and the equivalent of 950,000 tons of HFO in the next phase of North Korea's denuclearization. The six parties also established five working groups to form specific plans for implementing the Joint Statement in the following areas: denuclearization of the Korean Peninsula, normalization of D.P.R.K.-U.S. relations, normalization of D.P.R.K.-Japan relations, economic and energy cooperation, and a Northeast Asia peace and security mechanism. All parties agreed that the working groups would meet within 30 days of the agreement, which they did. The agreement also envisions the directly-related parties negotiating a permanent peace regime on the Korean Peninsula at an appropriate separate forum. As part of the initial actions, North Korea invited IAEA Director General ElBaradei to Pyongyang in early March for preliminary discussions on the return of the IAEA to the D.P.R.K.

The sixth round of Six-Party Talks took place on March 19-23, 2007. The parties reported on the first meetings of the five working groups. At the invitation of the D.P.R.K., Assistant Secretary of State Christopher Hill visited Pyongyang in June 2007 as part of ongoing consultations with the six parties on implementation of the Initial Actions agreement. In July 2007, the D.P.R.K. shut down the Yongbyon nuclear facility, as well as an uncompleted reactor at Taechon, and IAEA personnel returned to the D.P.R.K. to monitor and verify the shut-down and to seal the facility. In July 2007, the R.O.K. provided the first shipment of 50,000 tons of HFO under the Initial Actions agreement. The Six-Party Heads of Delegation met July 18-20, 2007 to discuss implementation of the D.P.R.K.'s next phase commitments, including the D.P.R.K.'s provision of a complete declaration of all nuclear programs and disablement of existing nuclear facilities. All five working groups met in August and September to discuss detailed plans for implementation of the next phase of the Initial Actions agreement, and will report the results of those discussions to the next Six-Party plenary meeting. As part of the denuclearization process, the D.P.R.K. invited a team of experts from the United States, China, and Russia to visit the Yongbyon nuclear facility in September 2007 to discuss specific steps that could be taken to disable the facility.

ECONOMY

North Korea's economy declined sharply in the 1990s with the end of communism in Eastern Europe, the disintegration of the Soviet Union and the dissolution of bloc-trading with the countries of the former socialist bloc. Gross national income per capita is estimated to have fallen by about one-third between 1990 and 2002. The economy has since stabilized and shown some modest growth in recent years, which may be reflective of increased inter-Korean economic cooperation. Output and living standards, however, remain far below 1990 levels. Other centrally-planned economies in similar situations opted for domestic economic reform and liberalization of trade and investment. North Korea formalized some modest wage and price reforms in 2002, and has increasingly tolerated markets and a small private sector as the state-run distribution system has deteriorated. The regime, however, seems determined to maintain control. In October 2005, emboldened by an improved harvest and increased food donations from South Korea, the North Korean Government banned private grain sales and announced a return to centralized food rationing. Reports indicate this effort to reassert state control and to control inflation has been largely ineffective. Another factor contributing to the economy's poor performance is the disproportionately large share of GDP (thought to be about one-fourth) that North Korea devotes to its military.

North Korean industry is operating at only a small fraction of capacity due to lack of fuel, spare parts, and other inputs. Agriculture is now 30% of GDP, even though agricultural output has not recovered to early 1990 levels. The infrastructure is generally poor and outdated, and the energy sector has collapsed. About 80% of North Korea's terrain consists of moderately high mountain ranges and partially forested mountains and hills separated by deep, narrow valleys and small, cultivated plains. The most rugged areas are the north and east coasts. Good harbors are found on the eastern coast. Pyongyang, the capital, near the country's west coast, is located on the Taedong River.

North Korea experienced a severe famine following record floods in the summer of 1995 and continues to suffer from chronic food shortages and malnutrition. The United Nations World Food Program (WFP) provided substantial emergency food assistance beginning in 1995 (2 million tons of which came from the United States), but the North Korean Government suspended the WFP emergency program at the end of 2005. It has since permitted the WFP to resume operations on a greatly reduced scale through a Protracted Relief and Recovery Operation. External food aid now comes primarily from China and South Korea in the form of grants and long-term concessional loans. South Korea also donates fertilizer and other materials, while China provides energy. South Korea suspended food and fertilizer shipments to the North in response to North Korea's missile launches in July 2006. However, when severe floods later that month threatened to produce another humanitarian crisis, South Korea announced a one-time donation of 100,000 tons of food, matching contributions from South Korean non-governmental organizations (NGOs). South Korea resumed fertilizer shipments to North Korea in late March 2007. In early July, South Korea announced that it would provide \$20 million worth of food assistance to the D.P.R.K. through the World Food Program. South Korea also resumed bilateral food aid in June 2007. Following severe flooding in North Korea in August 2007, South Korea announced that it would provide \$7.5 million worth of emergency aid materials to North Korea, and \$3.2 million to NGOs providing flood assistance in North Korea. The R.O.K. also provided \$39.4 million in construction materials to the D.P.R.K. to assist with reconstruction efforts following the floods. The United States provided \$100,000 to two U.S. NGOs for antibiotics in the wake of the floods. The United States also announced that it was prepared to engage in discussions with the D.P.R.K. of monitoring arrangements to provide additional

substantial humanitarian assistance, including food aid, to the country.

Development Policy

In 1991, following the collapse of the Soviet Union and termination of subsidized trade arrangements with Russia, other former Communist states, and China, North Korea announced the creation of a Special Economic Zone (SEZ) in the northeast regions of Najin (sometime rendered "Rajin"), Chongjin, and Sonbong. Problems with infrastructure, bureaucracy, and uncertainties about investment security and viability have hindered growth and development of this SEZ. The government announced in 2002 plans to establish a Special Administrative Region (SAR) in Sinuiju, at the western end of the North Korea-China border. However, the government has taken few concrete steps to establish the Sinuiju SAR, and its future is uncertain. In addition, North Korea and South Korea have established a special economic zone near the city of Kaesong, where about 20 South Korean companies operate manufacturing facilities employing North Korean workers (see further information under North-South Economic Ties).

North Korea implemented limited micro- and macroeconomic reforms in 2002, including increases in prices and wages, changes in foreign investment laws, a steep currency devaluation, and reforms in industry and management. Though the changes have failed to stimulate recovery of the industrial sector, there are reports of changed economic behavior at the enterprise and individual level. One unintended consequence of the 2002 changes has been severe inflation. An increasing number of North Koreans now try to work in the informal sector to cope with growing hardship and reduced government support.

North-South Economic Ties

Two-way trade between North and South Korea, legalized in 1988, had risen to more than \$1 billion by 2005, much of it related to out-processing or assembly work undertaken by South Korean firms in the Kaesong Industrial Complex (KIC). A significant portion of the total also includes donated goods provided to the North as humanitarian assistance or as part of inter-Korean cooperation projects. Although business-based and processing-on-commission transactions continued to grow, the bulk of South Korean exports to North Korea in 2006 was still non-commercial.

Since the June 2000 North-South summit, North and South Korea have reconnected their east and west coast railroads and roads where they cross the DMZ and are working to improve these transportation routes. North and South Korea conducted tests of the east and west coast railroads on May 17, 2007. Much of the work done in North Korea has been funded by the South. The west coast rail and road are complete as far north as the KIC (six miles north of the DMZ), but little work is being done north of Kaesong. On the east coast, the road is complete but the rail line is far from operational. Since 2003, tour groups have been using the east coast road to travel from South Korea to Mt. Geumgang in North Korea, where cruise ship-based tours had been permitted since 1998.

As of August 2007, 26 South Korean firms were manufacturing goods in the KIC, employing nearly 17,000 North Korean workers. Most of the goods are sold in South Korea; a small quantity is being exported to foreign markets. Ground was broken on the complex in June 2003, and the first products were shipped from the KIC in December 2004. Plans envision 250 firms employing 350,000 workers by 2012.

Economic Interaction with the United States

The United States imposed a near total economic embargo on North Korea in June 1950 when North Korea attacked the South. Sanctions were eased in stages beginning in 1989 and following the Agreed Framework on North Korea's nuclear programs in 1994. In June 2000, a U.S. Executive Order legalized most transactions between U.S. and North Korean persons. It allowed most products, other than those specifically controlled for military, non-proliferation, or anti-terrorism purposes, to be exported to North Korea without an export license. Restrictions on U.S. investments in North Korea and travel of U.S. citizens to North Korea were also eased, and U.S. ships and aircraft were allowed to call at North Korean ports. To date, however, U.S. economic interaction with North Korea remains minimal, licenses are still required for imports from North Korea, and North Korean assets frozen since 1950 remained frozen. In January 2007, pursuant to UN Security Council Resolution 1718, the U.S. Department of Commerce issued new regulations prohibiting the export of luxury goods to North Korea. Many statutory sanctions on North Korea, including those affecting trade in military, dual-use, and missile-related items and those based on multilateral arrangements, remain in place. Most forms of U.S. economic assistance, other than purely humanitarian assistance, are prohibited. North Korea does not enjoy "Normal Trade Relations" with the United States, so any goods manufactured in North Korea are subject to a higher tariff upon entry to the United States.

Points of Contact for U.S. regulations concerning economic activity with North Korea:

- Treasury--Office of Foreign Assets Control, Tel. (202) 622-2490, <http://www.treas.gov/ofac>;
- Commerce--Foreign Policy Controls Division, Bureau of Industry and Security, Tel. (202) 482-0171;
- Transportation--Office of the Assistant General Counsel for International Law, Tel. (202) 366-9183.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program advises Americans traveling and residing abroad through Consular Information Sheets, Public Announcements, and Travel Warnings. **Consular Information Sheets** exist for all countries and include information on entry and exit requirements, currency regulations, health conditions, safety and security, crime, political disturbances, and the addresses of the U.S. embassies and consulates abroad. **Public Announcements** are issued to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas that pose significant risks to the security of American travelers. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country because the situation is dangerous or unstable.

For the latest security information, Americans living and traveling abroad should regularly monitor the Department's Bureau of Consular Affairs Internet web site at <http://www.travel.state.gov>, where the current [Worldwide Caution](#), [Public Announcements](#), and [Travel Warnings](#) can be found. [Consular Affairs Publications](#), which contain information on obtaining passports and planning a safe trip abroad, are also available at <http://www.travel.state.gov>. For additional information on international travel, see <http://www.usa.gov/Citizen/Topics/Travel/International.shtml>.

The Department of State encourages all U.S. citizens traveling or residing abroad to register via the [State Department's travel registration](#) website or at the nearest U.S. embassy or consulate abroad. Registration will make your presence and whereabouts known in case it is necessary to contact you in an emergency and will enable you to receive up-to-date information on security conditions.

Emergency information concerning Americans traveling abroad may be obtained by calling 1-888-407-4747 toll free in the U.S. and Canada or the regular toll line 1-202-501-4444 for callers outside the U.S. and Canada.

The National Passport Information Center (NPIC) is the U.S. Department of State's single, centralized public contact center for U.S. passport information. Telephone: 1-877-4USA-PPT (1-877-487-2778). Customer service representatives and operators for TDD/TTY are available Monday-Friday, 7:00 a.m. to 12:00 midnight, Eastern Time, excluding federal holidays.

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 877-FYI-TRIP (877-394-8747) and a web site at <http://www.cdc.gov/travel/default.aspx> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled "Health Information for International Travel" (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Further Electronic Information

Department of State Web Site. Available on the Internet at <http://www.state.gov>, the Department of State web site provides timely, global access to official U.S. foreign policy information, including [Background Notes](#) and [daily press briefings](#) along with the directory of [key officers](#) of Foreign Service posts and more. The Overseas Security Advisory Council (OSAC) provides security information and regional news that impact U.S. companies working abroad through its website <http://www.osac.gov>

[Export.gov](#) provides a portal to all export-related assistance and market information offered by the federal government and provides trade leads, free export counseling, help with the export process, and more.

[STAT-USA/Internet](#), a service of the U.S. Department of Commerce, provides authoritative economic, business, and international trade information from the Federal government. The site includes current and historical trade-related releases, international market research, trade opportunities, and country analysis and provides access to the [National Trade Data Bank](#).