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OFFICE OF
NATIONAL ESTIMATES

MEMORANDUM

*North Korean Policy Toward the Non-Communist World:
Objectives, Results, and Prospects.*

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16 December 1971

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

16 December 1971

MEMORANDUM*

SUBJECT: North Korean Policy Toward the Non-Communist
World: Objectives, Results, and Prospects

NOTE

Over the past five or six years, North Korea has made advances in its relations with non-communist countries. It has achieved modest success in developing trade with Western Europe and Japan, and has gained additional diplomatic support in the Third World. Nonetheless, by their continuing support of ultra-radical causes -- and for other reasons -- the North Koreans have remained an unpopular alternative to the South Koreans in most Free World circles. They may be in process of readjusting their strategy, as the Asian political landscape alters.

* *This memorandum was prepared by the Office of National Estimates and coordinated within CIA.*



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Obviously, Pyongyang's overseas policies do not bulk large in a global context, but the subject, has not received much attention in the intelligence literature over the years, and this memorandum provides an assessment of it. The principal conclusions appear in Section III, "Prospects," pages 22-27.

I. OBJECTIVES

1. Twenty-six years have elapsed since Kim Il-song returned to Korea with Soviet occupation forces and assumed leadership of the northern half of the country. The length of his tenure, the cultish acclaim surrounding him, the tight internal controls he has imposed, and the repetitive din of his propaganda have often made his regime appear rigid and immutable. Yet, substantial changes have occurred in North Korean foreign policy, especially since the middle 1960s.

2. For a long time, North Korea focused on breaking out of the isolation imposed on it during the Korean War; it sought to win at least a measure of international

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acceptability in its competition with the regime in South Korea. In the mid-1960s, objectives came to include reduction of Pyongyang's economic dependence on the USSR and China, primarily by emphasizing trade relations with the developed countries; and establishment of a distinctive political position as well, in this case by spreading Kim's revolutionary gospel among the less developed nations. Over the past two or three years, the North Koreans have added another objective: to adjust to the shifting power relationships and the new mood of detente in East Asia, particularly in their relations with South Korea.*

II. RESULTS

A. The Developed Countries

Economic Results

3. Soviet economic and military assistance to North Korea, quite substantial in the post-Korean War years,



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virtually ceased in the early 1960s.* And although Soviet economic and military assistance was resumed in 1965, Kim Il-song felt compelled by 1967 to seek alternative sources of supply and to develop new trading partners in Western Europe and Japan. For the most part, Kim's efforts in these areas were squarely in the economic realm and conducted by qualified professionals and technicians. North Korean needs were genuine and substantial. The Seven-Year Plan (1961-67) had sagged badly, particularly with regard to the installation of new industrial capacity.

4. Results were prompt and impressive. Trade with the Free World rose sharply even though North Korea's trade with its communist partners remained around 80 percent of the total. In particular, imports of machinery and equipment from Western Europe and Japan jumped -- to \$67 million in 1969, over ten times the 1967 level and exceeding in value comparable imports from the USSR. Total Free World

* *Chinese aid, never nearly as great as Soviet assistance, was cut off during much of the Cultural Revolution.*

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imports in 1969 reached nearly \$94 million.* (In 1970, while imports from Japan held steady, those from Western Europe declined and total Free World imports dropped to about \$57 million.)

* *The most striking import increase since 1967 has been in the category of metalworking machine tools -- from less than \$1 million in 1967 to \$35 million in 1969. Other major purchases have included refrigerated fishing ships (The Netherlands), marine diesel engines (France), and a textile plant (Japan). Imports of electronics equipment from Japan have also been relatively heavy. Overall, imports from Japan increased from \$7 million in 1967 to \$25 million in 1969, and leveled off in 1970 (when two-way trade amounted to \$57 million).*

Characterizing North Korea's post-1967 trade with the Free World has been the diversity of suppliers. West Germany supplied 90 percent of the machine tools imported in 1969; Bonn has also supplied a high-quality steel induction furnace, mobile TV vans, and electric power plant equipment. France has sold television equipment and a tannery. Austrian, Belgian, French and British firms are presently putting the finishing touches on the sale of a petrochemical complex. The Austrians have supplied a power plant, chemicals, generators and turbines. The Netherlands has sold ships, compressors and a urea fertilizer factory. The UK has supplied small quantities of machine tools. And Japan, in addition to machine tools, has sold industrial sewing machines, communications equipment, and data processing gear.

North Korean trade with the Free World was roughly in balance until 1969 when it rolled up a deficit of over \$40 million. Pyongyang's chief exports are ferrous and non-ferrous ores, semi-manufactured goods, and food products.

5. The current picture is far different than before 1967 when Pyongyang was a novice in European trading circles, virtually without any credit standing. Then, only the Dutch were a significant trading partner, willing to meet North Korea's chronic payments problems with guaranteed contracts and long-term credits. Now, West Germany, France, Belgium and Austria (as well as The Netherlands) have either extended liberal deferred payment schemes and guarantees to the North Koreans or are planning to do so. As a by-product of its efforts in Europe to date, Pyongyang has been able to set up unofficial trade missions in Paris, Vienna, and Helsinki and has been given authority to establish such an office in Zurich.

6. Imports from Japan and Western Europe in the late 1960s assisted North Korea in creating substantial new industrial capacity. Machine tool imports boosted Pyongyang's metal-working technology, improving its capabilities to manufacture military and industrial equipment. Partly as a result, the North Korean machine-building industry has been able to expand productive capacity over the past few years and apparently managed to exceed some of the stated goals of the

Seven-Year Plan. Pyongyang's importation of plants and technology for the production of integrated circuits and transistors has materially improved its small electronics industry.

7. Despite the post-1967 infusion of Free World machinery and equipment, the North remains well below the ROK in terms of industrial growth. The North Korean annual growth rate of gross industrial production averaged about 14 percent from 1967 through 1970 but ROK industrial production achieved an average growth rate of 24 percent a year from 1965 on. In terms of overall trade with the Free World, of course, there is little competition; ROK trade amounts to some \$2.5 billion a year, while North Korean-Free World exchanges have never reached as much as \$100 million annually. (North Korean *total* trade in 1970 was estimated to be about \$680 million.)

Political Results

8. Notwithstanding the clearcut emphasis on trade in their dealings with Western Europe, the North Koreans have also tried to make some political points, in some cases

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using trade as both bait and entree. This political approach has been most apparent in Scandinavia where trade is minimal but where Pyongyang has apparently sought opportunities to establish secure bases for political activities elsewhere in Western Europe.

9. Thus, Pyongyang succeeded in 1970 in opening an information office in Sweden (receiving considerable help from the Chinese Embassy in Stockholm); and a few North Korean "documentaries" have been presented on Swedish television. Beginning in the late sixties, the North Korean ambassador in Moscow made several visits to Scandinavia seeking diplomatic recognition and trade. And North Korean officials have lavishly entertained various Scandinavian officials and business executives. Pyongyang has sought, without success, to set up an information office in Denmark, and has funded the "Finnish Defenders for Peace" to disseminate North Korean propaganda. Pyongyang may have believed that neutralist tendencies in Scandinavia could be turned to political advantage, and that recognition might be extracted from one or more countries. But the North Koreans have

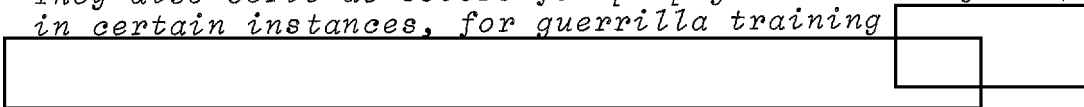
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probably been disappointed; in the face of almost universal official coolness, they have had to limit their contacts largely to local communist parties and front groups.

10. In a number of other European countries the North Koreans have been able to establish "friendship societies,"* but efforts to gain official recognition -- e.g., from France, Austria, and Switzerland -- or to surround unofficial trade missions with diplomatic trappings have had little success. Countries like France and Austria, which have permitted unofficial North Korean trade missions to be established, continue to maintain diplomatic and trade relations with the ROK. A total of 16 noncommunist European countries presently recognize South Korea; none recognizes North Korea.

* *Friendship societies or cultural associations (or institutes as they are sometimes called) are a favorite North Korean device for gaining access to foreign areas, and have been established in some 30 to 40 countries, many of which have no official relations with North Korea. They may be used as a wedge for establishment of trade, commercial, or diplomatic relations at some later date. They also serve as covers for propaganda activity and, in certain instances, for guerrilla training*



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11. The reasons for Pyongyang's political failure in Western Europe are varied. The North Korean effort in Europe has not been able to overcome the entrenched acceptance of South Korea's legitimacy, based on UN decisions at the time of the Korean War. Indeed, there are few compelling reasons for European UN members to break their pledges in this regard. For one thing, South Korean trade is likely to remain far more important to them than that of the North for the foreseeable future. Additionally, many have been reluctant to move toward recognition of North Korea lest it set some kind of precedent on the issue of recognition of East Germany. There is also awareness of and distaste for Pyongyang's proclivities toward espionage and subversion. North Korea's attempts to derive vicarious advantage from the sympathy which its ally North Vietnam has won in some European capitals have generally failed. States which have established official contacts with Hanoi have emphasized that these are not to be viewed as a precedent for dealing with Pyongyang.

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The Special Case of Japan

12. Despite North Korea's increased trade with Japan, political relations have remained cool until very recently. This partial thaw is a product of the uncertainty of both sides about political trends in East Asia.

13. In policy toward Japan, North Korea has clearly decided to follow China's lead: to work to undercut the US-Japanese security relationship and to discredit pro-US leaders in Japan. By these tactics, Pyongyang hopes to speed removal of the US military presence from Japan and Okinawa and, ultimately, to secure the complete withdrawal of US forces from South Korea. In economic terms, Pyongyang wants favorable Japanese consideration of North Korea's industrial requirements for its current Six-Year Plan. Japan is obviously in the best position to supply such help; shipping costs are low compared to Western European sources, and Japan is familiar with North Korea's economic structure, needs, and practices.

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14. In the realm of propaganda, Kim Il-song has recently taken the same route as the Chinese in toning down charges of resurgent Japanese "militarism" in favor of more subtle appeals to Japanese self-interest. Kim has suggested that non-governmental exchanges and increased trade with Japan could begin immediately if Tokyo is willing. The Japanese seem receptive. Although North Korea is hardly a market with major potential, Japanese traders would like to capitalize on Pyongyang's desire to import entire manufacturing plants. There is also interest in relatively cheap supplies of North Korea's ferrous and non-ferrous ores.

15. More importantly, Tokyo is pleased that Pyongyang and Seoul are showing less hostility toward each other, at least for international audiences, and in particular, that the North and South Red Cross Societies are talking. These developments have lessened Japanese concerns over the possibility of renewed warfare in the peninsula and are leading Tokyo to contemplate some political initiatives of its own vis-a-vis North Korea: easing passport and travel restrictions, assigning journalists to Pyongyang on a long-term basis, permitting North Korean technicians to visit Japan, and possibly

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lifting the Japanese Export-Import Bank ban on loans to Pyongyang. Given this new mood, Japanese-North Korean political and economic contacts are likely to multiply in the near future, though Japan will move cautiously to avoid alienating South Korea.

16. Pyongyang hopes that the development of relations with Tokyo may in time serve to restrain further heavy Japanese investment in South Korea. Pyongyang is also seeking to impress on the Japanese the advantages in not becoming politically over-committed to the ROK. There is obvious concern in Pyongyang, as US military forces withdraw from the South, that the ROK linkage with Japan will become stronger and that Tokyo will become a major force in perpetuating the division of the peninsula.

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B. The Less Developed Countries*

Goals and Tactics

17. With little hope of registering political gains in the advanced countries, North Korea has focused mainly on the less sophisticated Third World to try winning friends and influence. The near-term aims are twofold: to win acceptance from the Third World at the annual UN General Assembly sessions, thus blurring the UN's stamp of legitimacy on South Korea; and, by propagating the revolutionary cult of Kim Il-song, to gain a leading voice among radical elements in the less developed countries disenchanted for one reason or another with the increasingly moderate policies of both the USSR and China.** The ultimate goals, of course, have long been to discredit the US and to generate pressures for its military withdrawal from the ROK; and to make unlikely any repetition of the 1950 UN intervention in Korean affairs.



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** See footnote on following page.

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18. North Korea has used a variety of tactics in its cultivation of the less developed countries. It has criss-crossed the Third World with high-pressure propaganda delegations, set up numerous "friendship societies," subsidized newspapers, worked with local communist parties and front groups, extended aid in the form of small factories, irrigation projects, and agricultural schemes, and talked trade, even where prospects for trade were dim, as a foot-in-the-door technique. By and large, however, the North Koreans have not spent large sums on overseas operations. In Tanzania, for example, 45 educational advisors assigned to the

* *By 1966, partly as a result of their conduct in the Vietnam War, Kim had become convinced that neither Moscow nor Peking would support his more venturesome policies in the South, and that the Sino-Soviet conflict had weakened the communist effort worldwide. He moved, therefore, to stake out a more independent position in line with the North Korean doctrine of chuch'e, which rationalizes North Korea's right to pursue its own course between the USSR and China. In its domestic and foreign policy variants, chuch'e seeks to make North Korea a model worthy of emulation: a small state fighting great power "imperialism" of whatever hue, and which by economic self-reliance and planned industrialization, successfully bridges the gap between colonial dependency and industrial self-sufficiency.*

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secondary school system and the ruling party's parents' association have established a position in Tanzanian educational planning "in the spirit of a true socialist culture."

19. North Korea has sometimes found it profitable to ride Chinese and Soviet coattails. In Pakistan, the USSR was instrumental in getting the North Korean mission established and assisting Pyongyang's representatives to make their initial contacts. Before the present fighting, North Korea used its access to Soviet military equipment to send in advisory teams to train the Pakistanis in the repair and manufacture of Soviet hardware. The Chinese also were helpful in placing North Korean technical teams in touch with the Pakistani military. Following China's lead, Pyongyang has furnished political support and training facilities to certain guerrilla organizations in the Middle East, and to various anti-South African, anti-Rhodesian, and anti-Portuguese groups in southern Africa. North Korea has in fact, both copied and competed with China in the training of guerrilla movements. Although no comparative figures of Chinese and North Korean assistance to these groups are available, Pyongyang has

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apparently found that the training of guerrillas is a relatively cheap and easy undertaking in which a small country can compete on fairly even terms for influence among radical groups.

20. Some of Pyongyang's opportunistic approaches have been better calculated than others. By siding strongly with the Arabs in the aftermath of the 1967 war with Israel, North Korea won access to the moderate Middle Eastern states of Lebanon and Kuwait, where Pyongyang now has trade missions. The North Koreans took advantage of the advent of the Allende regime to set up a commercial mission in Chile, although Santiago still recognizes South Korea. In Senegal, the North Koreans are about to capitalize on its president's desire to establish formal relations with another divided state (i.e. East Germany) to win recognition for themselves.

21. But diplomacy based on sheer opportunism can sometimes boomerang. As a result of Pyongyang's involvement with the Ceylonese "new left," which played a prominent role in the March-April 1971 insurrection, the North Koreans were ejected from that country. The fall of Nkrumah left Pyongyang,

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as it did Moscow, without fall-back assets in Ghana. The recent coup in Bolivia wiped out whatever achievements had been made by visiting North Korean "cultural" delegations; the new government publicly condemned Pyongyang's training of Latin American insurgents. Mexico reacted strongly last spring to disclosures that North Korea was training and funding student guerrillas -- whose requests for aid had previously been rejected by the Soviets, the Chinese, the North Vietnamese *and* the Cubans.

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22. When North Korea embarked on its rather extensive cultivation of the less developed countries, it had diplomatic relations with only 14. It now has diplomatic relations with 25 non-communist Third World states.* The North Koreans have generally won acceptability from the most radical or the most poverty-stricken: Syria, Iraq, South Yemen and the Yemen Arab Republic in the Arab World;

* *The fourteen were Cambodia, Syria, Yemen, Algeria, Mauritania, Guinea, Mali, Congo (Brazzaville), Tanzania, Ghana, Indonesia, the UAR, Kenya, and Uganda. The upsurge beginning in 1967 brought North Korea recognition from Burundi, the Central African Republic (CAR), Ceylon, Equatorial Guinea, Iraq, Somalia, South Yemen, Sudan, Zambia, Sierra Leone, Chad, and the Maldives Republic. Relations with Cambodia were severed in 1970 with Sihanouk's downfall and with Ghana in 1966, although Ghanaian recognition of North Korea was not withdrawn. Ceylon, as noted earlier, ejected North Korean diplomats after the 1971 insurrection and Pyongyang closed its embassy in the CAR to avoid the onus of a diplomatic break last spring. North Korea has trade or consular missions in 9 additional Third World countries: Burma, India, Nepal, Pakistan, Singapore, Chile, Kuwait, Lebanon, and Mauritius.*

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Ceylon (before the 1971 insurrection) and Pakistan in South Asia; and Sudan, Somalia, Tanzania, and Zambia in Africa. The radicals tend to be instinctively sympathetic to Pyongyang's strident anti-Western rhetoric. They see in North Korea a fellow victim of the colonial period, somehow managing to avoid Soviet or Chinese domination and loudly critical of the US. Pyongyang has learned to manipulate the symbols of anti-imperialism, small-country nationalism and economic self-reliance to exploit these natural sympathies. And, in the case of such poverty-stricken friends as South Yemen and Somalia, to supplement advice with a certain amount of aid.

23. But North Korea's pursuit of seemingly contradictory policies -- cultivating governments on a state-to-state basis while at the same time supporting and encouraging revolutionary fringe groups -- has led to political setbacks. These have not been confined to Ceylon or Ghana or Bolivia or Mexico. In the wake of the Ceylonese and Mexican episodes, for example, Indonesia and Malaysia cracked down hard on North Korean propaganda activities. Indeed, throughout East Asia, North Korea

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has been able to make little headway, in part because of its unsavory reputation as a meddler in the internal affairs of other countries. The disappearance of such congenial leaders as Sukarno and Sihanouk, was also the cause of setbacks, of course. (Meanwhile, ROK prestige in East Asia has grown tremendously in recent years.) In Latin America, too, North Korea has failed to extend its influence to any significant degree, though it has trained a few guerrilla leaders.*

24. For much of the Third World, North Korea remains a poor and remote country, with a parochial view of the world, and only rhetoric to offer in abundance to its would-be friends. To all but the most radical states,

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South Korea is a more attractive alternative, willing to match or exceed the North in providing economic and technical assistance. Seoul has also gained prestige in some quarters as a result of the effectiveness of its military activities in South Vietnam. More importantly, South Korea has impressed others by its vigorous and constructive role in promoting regional cooperation in East Asia; the Pak government took the initiative in forming the Asian and Pacific Council (ASPAC) in 1966, and, unlike North Korea, it participates in ECAFE, the Asian Development Bank, and numerous other regional organizations and conferences.

III. PROSPECTS

25. North Korea is no longer a pariah in the international community. Although it is still badly upstaged by Seoul in terms of diplomatic recognition (82 vs. 40), it has established a presence around the world much beyond that which it had in the mid-1960s. Its vigorous efforts in the Free World in recent years have at least established access to such important trade sources as Japan, West Germany, France, The Netherlands, Italy and Austria.

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Further modest trade increases in North Korea's trade with the developed countries, most especially Japan, seem likely. Pyongyang is interested in buying some 30 complete plants and will probably purchase additional machine tools, electronics equipment, industrial machinery, manufactured goods, and petroleum to meet the ambitious goals of its current Six-Year Plan (which emphasizes expansion of power, metallurgical, chemical, and machine-building capacities).

26. North Korea, however, may not find it easy to expand trade with the developed countries as rapidly or as substantially as in the past few years. Pyongyang has rolled up sizable debts in trading with the West; and negotiations have generally been lengthy and tough. Success of future trade negotiations will depend on the ability of North Korean export industries to generate foreign exchange earnings and, more importantly, on the continued willingness of certain Western European countries and Japan to extend long-term deferred repayment schemes and guaranteed contracts. In this connection, a straw in the wind may be Sweden's decision to grant North Korea (and North Vietnam and Cuba) preferential trade treatment at the beginning of next year; Sweden is the first OECD country to do so.

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27. North Korea will probably also make some additional political gains in the less developed countries. Particularly with regard to UN affairs, Pyongyang probably feels that its chances of receiving an "unconditional" invitation to any 1972 General Assembly deliberations on Korean issues have improved as a result of China's presence on the scene. Pyongyang may find a good deal of support for such an invitation among middle-of-the-road UN members -- i.e., those non-radicals of the Third World who nonetheless voted for Peking's admission. Moderates of the Middle East and West Africa, for example, for whom the Korean War is a distant and irrelevant memory and who draw no fine distinctions between the two Koreas, would be the most likely supporters of a revised UN approach to the Korean issue.

28. North Korean prospects at the UN would be clearly enhanced if the General Assembly were to wash its hands of the UN Command in South Korea or to abolish the UN Commission for the Unification and Rehabilitation of Korea (UNCURK), in short, for the UN to take steps to erase the vestiges of its 1950-1951 decisions. Thus, if North

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Korea is invited to any 1972 General Assembly discussion of the Korean issue, Pyongyang may be expected to lobby intensively, among both its communist allies and its Third World friends, for the abolition of these Korean War institutions and for adoption of a more evenhanded approach to the two Koreas. A parallel strategy outside the UN context, at least in the near term, would be for North Korea to support Chinese efforts to reach a modus vivendi with the US, and for continuation of the present Red Cross negotiations with the South Koreans. All these approaches would help to move Pyongyang toward its most compelling objective: the withdrawal of all remaining US troops from the ROK.

29. Any real diplomatic breakthrough for North Korea, however, is likely to depend mainly on the attitudes and actions of other countries. Ultimately, for example, Japan's policies toward Pyongyang will be shaped by the more important requirements of Tokyo's evolving posture toward China. Chou En-lai has stated to Japanese businessmen his desire for improved Japanese relations with North Korea. Elsewhere, North Korea's overseas

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fortunes will be shaped by such diverse factors as the progress of Sino-American talks and reconciliation of the two Germanys. Of major interest to North Korea in this latter connection is a possible shift in the UN position on the issue of divided states; changes here could lead to simultaneous admission for both Koreas, a position always acceptable to Pyongyang and increasingly acceptable to Seoul.

30. As the world moves to liquidate Cold War legacies, one might expect North Korea to follow the Chinese lead in yet another way -- to tone down its advocacy of violent revolution and bring its hostile and provocative propaganda more into line with its flexible diplomacy. But so far there has been little evidence of any such shift in North Korean *actions*, except in relations with Japan and South Korea. North Korean officials abroad continue to promote with excessive zeal Kim's pretensions to world revolutionary leadership. As late as 15 October, for example, Pyongyang Radio re-emphasized North Korea's dedication to all shades of revolutionary activity and

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underscored Kim's continuing belief in the necessity for supporting "the revolutionary struggles of peoples of all countries."

31. Yet it stands to reason that the North Koreans should limit their involvement with revolutionary movements, at least in those countries they are attempting to cultivate, if their efforts to appear more responsible internationally are to bear fruit. In this connection, the Korean Workers Party has recently undertaken "a comprehensive analysis of general questions raised by the international situation." If these sessions are fruitful, and if Pyongyang continues to see merit in Peking's new foreign policy pragmatism, there may soon be some reduction in North Korean revolutionary activity in the Third World.

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