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# Soviet-North Korean Relations in the 1980s



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An Intelligence Assessment

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SOV 84-10085CY

June 1984

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# Soviet-North Korean Relations in the 1980s



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An Intelligence Assessment

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This paper was prepared by [redacted]  
Office of Soviet Analysis, with a contribution by [redacted]  
[redacted] SOVA. Comments and queries are  
welcome and may be addressed to the Chief, Third  
World Division, SOVA, [redacted]

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**Soviet-North Korean Relations in the 1980s**



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**Key Judgments**

*Information available as of 29 May 1984 was used in this report.*

After more than a decade of frosty Soviet-North Korean relations, Moscow is moving slowly to improve its political ties with P'yongyang. Warmer Sino-Soviet relations, Moscow's deteriorating relations with Japan, and rising Soviet concern over US military cooperation with Tokyo, Seoul, and possibly Beijing give the USSR new opportunities and incentives to woo the North Koreans. The Soviets have:

- Upgraded their delegations to recent North Korean-sponsored events and sent other signals to Kim Il-song that they want to strengthen ties.
- Absolved P'yongyang of blame for the bombing of South Korean officials in Rangoon in 1983.
- Moved toward a limited acceptance of Kim Il-song's transfer of power to his son.
- Hosted a visit by Kim Il-song to Moscow in May 1984.



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Despite these low-cost political gestures, Moscow has yet to provide the major economic and military assistance that we believe would be required to swing North Korea back into its orbit. Nor has it moved to calm the North Koreans' concern over unofficial Soviet contacts with Seoul.



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Soviet reluctance to provide more military aid reflects, in our view, a desire to avoid an outbreak of hostilities on the peninsula that would involve an East-West military confrontation. Moscow probably also remains dubious of any substantial political payoff from increased economic assistance, given the North's fierce independence and unpredictability in foreign policy. The Soviets may also believe that new strains in their relationship with China would emerge if they move too quickly to improve ties with P'yongyang and that terminating contacts with South Korea would deny them an important source of leverage over Kim Il-song.



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We believe that, because both parties stand to gain from improving ties, the warming trend in Soviet-North Korean relations will continue. Moscow's concern with the costs and risks of courting the North, however, probably precludes rapid improvement. The Soviets probably will increase their low-cost political gestures to P'yongyang. They will also continue to ship noncritical military supplies and provide moderately increased economic assistance. P'yongyang probably will not misinterpret such limited support as a willingness to underwrite aggression against the South. Under such conditions, these Soviet actions would have few negative consequences for US interests.



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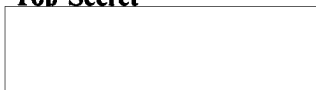


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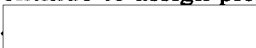
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Neither markedly closer ties nor a sharp deterioration in bilateral relations appears likely over the next few years. But either alternative might unfold under certain conditions 

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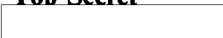
The emergence of a pro-Soviet leadership or a sharp increase in Soviet economic and military aid would almost certainly foster much closer ties between Moscow and P'yongyang. This would affect US interests adversely by increasing the military threat to Seoul. We believe, however, that such developments are unlikely as long as Kim Il-song remains in power and the Soviets continue to assign priority to repairing their relationship with the Chinese. 

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A deterioration in Soviet-North Korean relations might increase Moscow's willingness to accept a "two Germanys" solution to the Korean reunification issue and to expand its ties with the South. But it is equally likely that P'yongyang could become so alarmed by its loss of support in the Communist world that Kim Il-song would take drastic measures against the South to realize his reunification goals. 

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### Soviet-North Korean Relations in the 1980s



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#### Introduction

Since late 1982, after more than a decade of frosty Soviet-North Korean relations and a pronounced North Korean tilt toward Beijing, Moscow has moved to strengthen its ties to P'yongyang. Soviet moves to date have been cautious and limited mainly to political gestures. But such actions raise the possibility of more substantial Soviet economic and military offerings to maintain and increase the momentum for a closer relationship.



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#### Soviet Interest in Wooing the North

Moscow has a longstanding geostrategic interest in maintaining at least correct relations with North Korea, which borders the Soviet Union as well as China and South Korea (see map). Within the past few years, however, mounting Soviet concern over a perceived increase in military cooperation among Washington, Tokyo, Seoul, and possibly Beijing appears to have strengthened Moscow's interest in forging closer ties to P'yongyang.



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Moscow's concern over US military cooperation with Japan was heightened by the election of Japanese Prime Minister Nakasone in November 1982 and his widely publicized commitment to a closer security relationship with the United States. In response to this development, Moscow stepped up its campaign against the "NATOization" of northeast Asia and threatened Japan with military retaliation in January 1983.



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Soviet concern over possible Sino-US strategic cooperation also increased in the wake of the August 1982 Sino-US communique on Taiwan and Chinese Foreign Minister Huang Hua's statement to the Council of Foreign Relations in October 1982 stressing "common" US-Chinese interests. Assessments of Chinese foreign policy appearing in the authoritative Soviet journal *Problems of the Far East* throughout 1983 reflected Moscow's preoccupation with such cooperation. So, too, did private comments that high Soviet

Communist Party officials made to West Europeans following Chinese Premier Zhao Ziyang's visit to Washington in January.



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Meanwhile, Moscow's public assessments of the situation on the Korean peninsula and in northeast Asia generally reflected the leadership's concern over an alleged encirclement by "anti-Soviet" forces. For the first time ever, in 1983, the Soviet press described the US-South Korean "Team Spirit" exercises as preparations for an attack against Soviet as well as North Korean territory. Other Soviet commentary identified P'yongyang's security interests with those of Moscow, alleging that US weapons stationed in South Korea have ranges "that exceed the bounds of the Korean peninsula."



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Even as Soviet concern over US military activities in northeast Asia was increasing, improvements in Sino-Soviet relations in the fall of 1982 provided Moscow with a new opportunity to mend its fences with P'yongyang. Reductions in Sino-Soviet tensions reduced the North's ability to play the two Communist powers off against one another and probably made the Soviets more confident that the North Koreans would respond favorably to Soviet overtures. Moscow also may have calculated that diminished Sino-Soviet tensions would reduce Beijing's motivation to aggressively counter Soviet offers to P'yongyang.



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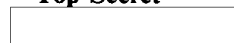
#### Political Relations: A Tactical Thaw

In September 1982, on the eve of the first round of Sino-Soviet talks, Moscow signaled its interest in improving ties with P'yongyang. The Soviets reaffirmed North Korea's "socialist" identity—which Brezhnev had implicitly denied at the 1981 Soviet Communist Party Congress—and sent warmer-than-usual greetings to North Korea's national day celebrations. Diplomatic sources reported that Moscow then accelerated or completed the delivery of economic aid already promised to the North. This probably

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was designed to woo Kim Il-song following his trip in the fall of 1982 to Beijing and to assuage ill feeling caused by the October 1982 visit to Seoul by TASS and USSR Ministry of Culture officials. The number of Soviet delegations traveling to P'yongyang in 1982 also rose some 60 percent above previous levels. [Redacted]

During the first months of General Secretary Andropov's tenure, the leadership made more sustained efforts to mend relations with P'yongyang. Moscow's gestures included, among others:

- The appointment of a former Andropov associate and an expert on Korean affairs, N. M. Shubnikov, as the new Soviet Ambassador to P'yongyang.

[Redacted]

Meanwhile, in another effort to improve their relations with P'yongyang, the Soviets by late spring indirectly signaled a relaxation of their opposition to the hereditary transfer of power from Kim Il-song to his son. In public, visiting Soviet and East European delegations still refused to toast the health of the younger Kim on the ostensible grounds that he held no high state position. But in May 1983, presumably with Moscow's tacit approval, Poland's General Jaruzelski reportedly conveyed official greetings to both

Kims when meeting with a North Korean delegation in Warsaw. A month later, for the first time in a Soviet Bloc state, the East German party newspaper reported the publication of a Kim Chong-il treatise on Marxism-Leninism. Another East German paper summarized the treatise and published a picture of the younger Kim, even though previously both the Soviet and the East European press had completely ignored Kim's ideological writings. [Redacted]

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Moscow's interest in wooing P'yongyang increased under the impact of adverse Asian reaction to the September 1983 KAL shootdown. The Soviets sent a delegation of higher-than-usual rank to North Korea's national day ceremonies in P'yongyang in early September. The delegation reportedly renewed an open ended invitation to Kim Il-song to visit Moscow at some unspecified time. For several weeks P'yongyang ignored Moscow's gestures. The North Koreans probably wanted to show their irritation with the USSR and Eastern Europe, which had failed to support North Korea's proposed boycott of the Inter-Parliamentary Union (IPU) meetings scheduled for Seoul in early October. To keep their options open, however, the North Koreans remained silent on the KAL shootdown. [Redacted]

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In late September, at almost the last minute, the Soviets canceled their decision to attend the IPU conference. Moscow's decision probably was influenced by its wish to avoid the embarrassment of public demonstrations and criticism of the USSR in the wake of the KAL shootdown. But Moscow delayed three weeks in announcing its plans. Seoul meanwhile provided repeated assurances that reaction to the shootdown would in no way affect the IPU proceedings or the security of the delegations attending. The delays involved, and the eventual timing of the Soviets' decision, suggest that it was calculated as much as a deliberate nod toward the North as a reaction to the KAL affair. Almost immediately after the Soviet decision was announced, P'yongyang responded by issuing a statement supporting Moscow's version of the KAL incident—despite the fact that Korean nationals for whom the North traditionally claimed to act as spokesman had perished in the

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shootdown. As an added gesture toward Moscow, P'yongyang also gave wide media coverage to Moscow's latest INF proposals. [Redacted]

Moscow's political overtures to the North continued in the wake of the Rangoon bombing in October and international allegations of North Korean responsibility. In contrast with its condemnation of North Korean behavior at the time of the 1976 axe murders, Moscow exonerated P'yongyang of any complicity in terrorist actions. The Soviet Ministry of Defense newspaper *Red Star* reprinted only P'yongyang's authorized version of the affair, and Soviet media stated that the incident probably had been contrived to further Washington's and Seoul's "aggressive designs" in Asia. After the Burmese investigation and November court proceedings placed responsibility for the bombing on the highest North Korean officials, *Pravda* ignored the Burmese report and published only P'yongyang's refutation. The Chinese press, by contrast, published both the North Korean and Burmese accounts of the incident to signify disapproval of "all terrorist activities." [Redacted]

[Redacted]

The Soviets meanwhile moved incrementally toward tacit acceptance of Kim Chong-il's succession. During the September 1983 North Korean national day celebrations held in P'yongyang's Embassy in Moscow, the Soviets—in a departure from their previous practice—reportedly offered toasts to the younger Kim. In December, Politburo member Grishin, who had attended the celebration, sent unprecedented official New Year's greetings to the younger Kim. Meanwhile, according to North Korean accounts, three more of Moscow's East European allies—Bulgaria, Czechoslovakia, and Hungary—indirectly endorsed Kim Chong-il as North Korea's prospective leader. [Redacted]

Since January 1984, Moscow has worked to maintain the momentum for better relations by promptly reporting the North's latest initiative for tripartite talks with the United States and South Korea on a peace agreement and reunification. Soviet public commentary, however, initially did not go beyond short factual

accounts of P'yongyang's proposal, and media coverage has yet to repeat the enthusiastic editorializing that accompanied the North's 1980 proposal for a dialogue with the South. Moscow's reticence probably reflects its unease with China's role since September 1983 as chief interlocutor between Washington and P'yongyang on the question of talks. It also shows Soviet concern that China might easily become a full-fledged participant if talks actually get under way. Moscow, therefore, probably will not go beyond its limited endorsement of P'yongyang's initiative until the participation issue is settled. [Redacted]

By its treatment of Andropov's death and the Chernenko succession in February 1984, P'yongyang acknowledged that warmer relations had developed over the past year. The North Korean delegation that conveyed condolences to the Soviet Embassy in P'yongyang was of higher rank than that after Brezhnev's death in late 1982 and included the heir-apparent, Kim Chong-il. North Korea also declared an extra day of mourning for Andropov. The message of sympathy sent by Kim Il-song expressed gratitude for the deceased Soviet leader's efforts on behalf of the Korean people, a sentiment absent in the message for Brezhnev's funeral. [Redacted]

Approximately a month later, in a departure from North Korean practice, Kim Il-song held a widely publicized "talk" with a Soviet TASS delegation. In it he portrayed Soviet-North Korean relations in more favorable terms than those used in recent years, while indirectly criticizing Beijing's policies on a number of fronts. The P'yongyang media meanwhile have shown even greater deference to Chernenko than Andropov.

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In late May, Kim traveled to Moscow—his first official visit in 23 years—and held two days of talks with top Soviet political, economic, military, and foreign affairs officials before proceeding on to Eastern Europe. From Moscow's perspective, the symbolic significance of Kim's visit—after his decadelong tilt toward Beijing—probably was its own reward. P'yongyang undoubtedly valued the visit as an opportunity to pressure Beijing to increase its support for the North on international issues. In contrast to normal Soviet practice, however, no joint communique was issued after the visit. This suggests a failure to reach agreement on key issues of concern to Kim (the Kim Chong-il succession, the tripartite talks on Korea) or on North Korean support for Soviet international positions [Redacted]

**Trade, Debt, and Aid**

Moscow's failure to markedly improve Soviet-North Korean economic ties since October 1982 contrasts dramatically with its efforts to build a closer political relationship. The Soviets have yet to confirm substantial new material offerings to develop political leverage with P'yongyang. [Redacted]

The bilateral *trade* that forms the basis of most Soviet-North Korean economic interactions rests on a combination of long-term (five-year) agreements (LTA) and annual protocols usually signed in the spring. The Soviets carry the accounts in subsidized CEMA ruble prices, even though North Korea is not a CEMA member. [Redacted]

[Redacted] the Soviets have adopted a less flexible position on the issue of the annual trade balance between the two nations. Annual trade must now be "balanced" at the year's end, allowing no rollovers of imbalances as credits. [Redacted]

Moscow has yet to make a sustained effort to expand its trade with the North. Although total estimated trade value in 1983 was roughly 1.6 times the 1975 level (see table 1), much of the nominal growth during the past eight years probably stems from the rising

<sup>1</sup> The annual trade "balance" takes into account credits extended and repayments of debts. Trade is "balanced" when Soviet exports minus imports, plus the difference between repayments and credits, equal zero. [Redacted]

price the North has had to pay for Soviet petroleum. Moreover, during 1983, two-way trade decreased by 20 percent. [Redacted]

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The USSR consistently accounts for slightly more than one-third of the North's total foreign trade, making it P'yongyang's largest trading partner. North Korea, on the other hand, accounts for about 1 percent of Soviet trade with Communist countries and an insignificant share of total Soviet trade. Since 1978 Moscow has imported mainly magnesium clinker, ferrous and nonferrous metals, cement, and rice from the North, while it has exported petroleum, machinery and equipment, and wheat to the North. [Redacted]

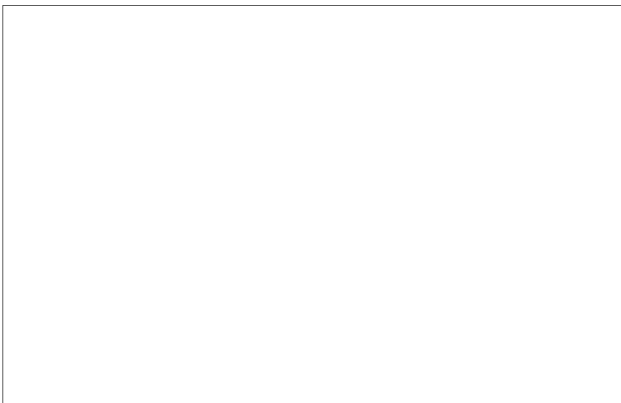
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Prospects for expanded bilateral trade probably will be limited by Moscow's continued unwillingness to tolerate the large trade imbalances it permits Cuba and Vietnam. The North's limited ability to expand its own exports to repay earlier credits and to pay for greater imports of Soviet goods make the imbalance a perennial problem. P'yongyang's *debt* to the USSR—more than \$600 million in 1982—has been diminishing slowly but only in response to Soviet pressures on the North to export even at the expense of North Korean domestic economic needs. [Redacted]

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Moscow has shown little interest in giving more economic *aid* to build a closer relationship (see table 1). Levels of per capita economic assistance to the North remain substantially lower than those the

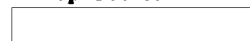
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**Table 1**  
**USSR and North Korea:**  
**Trade and Economic Assistance, 1975-83**

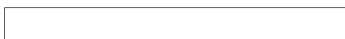
*Million current US \$*  
(except where noted)

|  | 1975       | 1976       | 1977       | 1978       | 1979       | 1980       | 1981       | 1982       | 1983 <sup>a</sup> |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| <b>Trade <sup>b</sup></b>                                  |            |            |            |            |            |            |            |            |                   |
| Soviet imports   | 210        | 158        | 223        | 296        | 392        | 438        | 348        | 500        | 410               |
| Soviet exports   | 260        | 242        | 224        | 259        | 360        | 443        | 388        | 440        | 345               |
| <b>Total</b>   | <b>470</b> | <b>400</b> | <b>447</b> | <b>556</b> | <b>753</b> | <b>881</b> | <b>736</b> | <b>940</b> | <b>755</b>        |
| As percentage of all Soviet trade with socialist countries | 1.2        | 1.0        | 0.9        | 0.9        | 1.1        | 1.1        | 0.9        | 1.0        | NA                |
| <b>Economic assistance <sup>c</sup></b>                    |            |            |            |            |            |            |            |            |                   |
| Economic aid   | 61         | 35         | 17         | 15         | 31         | 75         | 65         | 71         | NA                |
| Oil subsidies  | 40         | 30         | 30         | 20         | 45         | 185        | 80         | 60         | NA                |
| <b>Total</b>   | <b>101</b> | <b>65</b>  | <b>47</b>  | <b>35</b>  | <b>76</b>  | <b>260</b> | <b>145</b> | <b>131</b> | <b>NA</b>         |


<sup>a</sup> Projected, based on nine-month trade data.


<sup>b</sup> Trade totals may be greater than the sum of exports and imports due to rounding.

<sup>c</sup> Economic assistance calculated from reports of Soviet deliveries of project-related materials.




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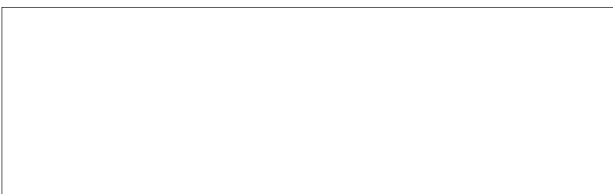
Soviets offer other Communist states. They possibly recognize that the North is better equipped than some of their clients to support itself economically. More important, the Soviets probably doubt the political value of sending more aid. 

Moscow also has been unsympathetic to North Korea's energy needs and has held the amount of crude petroleum targeted for sale to P'yongyang at roughly 1 million tons annually since 1973. Actual Soviet deliveries from 1980 through 1983 have been much lower—in the 600,000 ton range—largely owing to the North's inability to export enough to pay for the oil. As a result of declining Soviet deliveries and increased purchases from other suppliers, Moscow's potential oil leverage over the North has been diminishing steadily. In 1976 Soviet supplies accounted for three-fourths of the petroleum the North imported. In 1983 North Korean oil purchases from the USSR were smaller than those from either China or Iran. 

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Signs of Soviet misgivings about the wisdom of increasing aid to P'yongyang abound:

- The current LTA, which runs until 1985, makes no provision for new projects.
- In 1983 Moscow imposed harsher conditions on loans to the North by doubling interest rates and halving the repayment period. 



Whatever economic benefits the Soviets receive from their trade with P'yongyang probably are tied largely to the development of Siberian resources. North

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Korean cement, metals, foodstuffs, and consumer goods may have some limited impact on reducing regional shortages. Another economic benefit for Moscow is its almost exclusive use of the port of Najin on North Korea's eastern coast some 30 kilometers from the Soviet border. (Soviet access on a fee basis permits the transshipment of third-party goods by a combined sea-rail route.) Moscow also employs North Korean workers (an estimated 10,000 in 1982) in the logging industry of Eastern Siberia. [Redacted]

[Redacted]

Moscow appears particularly unwilling to assist the North in expanding and modernizing its Air Force with new fighters and bombers. Since 1974, China, rather than the USSR, has provided P'yongyang with MIG-19s and later model fighters (the F-7/MIG-21 using mid-1960s technology). [Redacted]

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No specific new economic assistance agreements were announced during Kim's May 1984 visit to the USSR. But Kim would not have agreed to the visit without assurances of some tangible benefits for the North, and Soviet media reports during the visit claimed agreement on new economic projects and steps to increase economic cooperation. The fact that the visit took place as both nations were preparing new, long-term economic plans also points toward some agreement on expanded economic relations. [Redacted]

No details regarding possible new military assistance agreements appeared during Kim's May 1984 visit to the USSR and talks with Soviet officials. But Soviet media commentary indicated that "special emphasis was made on issues of strengthening security in the Far East." According to North Korean press reports, during the visit Soviet Politburo member Grishin promised that the USSR would take "necessary steps to strengthen its security and also the security of its friends and allies" to counter the alleged "aggressive nature of imperialism" in Asia. [Redacted]

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**Military Assistance:**

**Unmet Demand and Potential Leverage**

Despite the potential for leverage, Moscow has done little to develop influence with P'yongyang through military agreements, even though North Korea has no other potential sources for advanced military equipment. Since 1978, China, rather than the USSR, has accounted for the lion's share of North Korea's military imports (see table 2). The Soviets have given aid to the North's defense industries since the mid-1970s, especially for North Korean production of AT-3 antitank and SA-7 anti-aircraft missile systems and for T-57 and T-62 medium tank production. However, they have not supplied any major weapon systems since 1973 and have shipped mainly defensive and support equipment. The far greater military aid given to Vietnam and India probably reflects Moscow's annoyance with P'yongyang's pro-Beijing tilt, its uneasiness with Kim Il-song's propensity for risk taking on the peninsula, and its assessment that close ties to these other Asian countries are more important to Soviet security. [Redacted]

An offer of more advanced MIG-21 or MIG-23 fighters, advanced aircraft production technology, or the antitank and air defense missiles [Redacted]

[Redacted] would substantially raise Moscow's standing with P'yongyang. But Moscow apparently remains concerned that such a reversal of its existing policy would be interpreted by P'yongyang as a sign that the Soviets would support the North—with manpower as well as material—in a full-scale military invasion of South Korea. Such a North Korean action would almost certainly lead to a war on the peninsula involving US as well as South Korean troops. In view of Moscow's previous inability to prevent the North from escalating the level of tension on the peninsula, the Soviets probably entertain no illusions that they would be able to control when or how weapons shipped to the North

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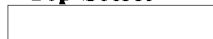
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**Table 2**  
**Soviet and Chinese Military Assistance to North Korea, 1978-83**

Million current US \$

|              | 1978 | 1979  | 1980 | 1981 | 1982  | 1983 <sup>a</sup> | 1978-83 <sup>b</sup> | Chinese Assistance as Percent of Soviet Assistance | 1954-83 <sup>b</sup> |
|--------------|------|-------|------|------|-------|-------------------|----------------------|--|----------------------|
| <b>USSR</b>  |      |       |      |      |       |                   |                      |  |                      |
| Agreements   | 11.9 | 112.9 | 13.0 | 76.0 | 0.1   | 2.0               | 216                  |  | 1,826.3              |
| Deliveries   | 11.9 | 112.9 | 3.2  | 67.4 | 18.5  | 2.0               | 216                  |  | 1,826.3              |
| <b>China</b> |      |       |      |      |       |                   |                      |  |                      |
| Agreements   | 36.1 | 19.5  | 6.6  |      | 262.6 |                   | 325                  | 150  | 728.5                |
| Deliveries   | 36.1 | 19.5  | 6.6  |      | 200.8 |                   | 263                  | 122  | 666.7                |

<sup>a</sup> January through June 1983.

<sup>b</sup> Through June 1983.



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might be used. Minimally, Moscow also is almost certainly concerned that more advanced aircraft or production technology might end up in the hands of the Chinese.

Moscow's reluctance to exploit its potential for military leverage with the North appears even greater when compared with Chinese behavior. In addition to its delivery of F-7s in 1982, Beijing allowed Kim Il-song and Kim Chong-il to tour defense industry sites during their visits in 1982 and 1983.



In the future, Moscow may assist P'yongyang's military production to a somewhat greater extent, because it benefits indirectly from the North's role as arms supplier to the Third World. Weaponry sales of nearly \$1.5 billion since 1978 have been a major hard currency earner for P'yongyang's troubled economy. The proceeds have been used to boost imports, which in turn help P'yongyang meet its export commitments to the USSR.

The Soviets appear not to oppose North Korean arms sales to former or actual Soviet customers. They may believe that P'yongyang's exports help ensure continued Third World dependence on Soviet-designed

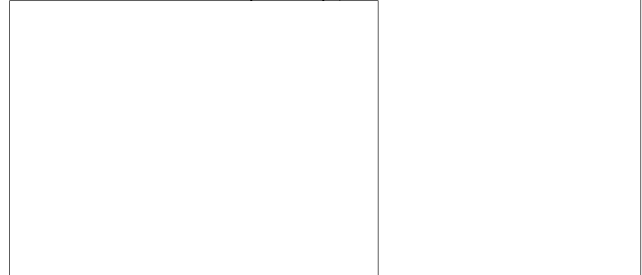
hardware. Iran, for example, has been the North's largest customer since 1980. The arms link maintains a basis for future Soviet-Iranian weapons deals, while political relations between Moscow and Tehran are increasingly strained.



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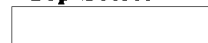
**The Limits to Rapid Change**

Several constraints operating on both Moscow and P'yongyang make it unlikely that any dramatic improvement in relations will occur during the next few years. Moscow remains suspicious of North Korean tactics in the Non-Aligned Movement (NAM).



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**Table 3**  
**Three Scenarios for Soviet-North Korean**  
**Relations: Trend Indicators**

| Most Likely Scenario:<br>Continued Slow Improvement  | An Alternative: Entente or Alliance  | An Alternative: Deterioration and Friction   |
|--|--|--|
| <b>Political</b>   |  |  |
| Low-cost symbolic gestures by Moscow (anniversary celebrations, exchanges of delegations, media coverage).   | Endorsement of Kim Chong-il succession; emergence of pro-Soviet leadership in P'yongyang.  | Refusal to acknowledge actual Chong-il succession; emergence of strongly pro-Beijing faction in leadership after Kim Il-song's demise.   |
| Confirmed arrangements for official visits to Moscow by both Kim Il-song and Kim Chong-il, with accompanying offers of new economic or military aid.   | Visits by a leading Soviet official to P'yongyang.   | Absence of any visits by top leaders on either side; reduction in rank of delegations exchanged.   |
| Soviet endorsement of North Korean diplomatic initiatives.   | Implicit Soviet acceptance of terrorist actions by North against South.  | Soviet condemnation of actions by North against South.   |
| Support for efforts to have 1988 Olympics moved from Seoul.  | Announcement that USSR will boycott 1988 Olympics if held in Seoul.  | Confirmation of Soviet decision to attend 1988 Olympics in Seoul.  |
| Continuing low-level unpublicized contacts with Seoul; attendance at international events in South.  | Termination of all contacts with the South; announcement of a trade boycott.   | Publicity in Soviet press for academic and cultural contacts with South; direct bilateral trade with South Korea.  |
| <b>Economic</b>  |  |  |
| Some loosening of recent restrictions on credit terms to North.  | Granting of more favorable loan terms than in the past.  | The imposition of harsher credit terms than those already existing or a denial of any new credits for additional projects.   |
| Guarantees of uninterrupted deliveries of petroleum and petroleum products and possible slight increase in shipments (up to 1 million tons annually).  | Significant increases in targeted oil deliveries beyond the 1 million tons pledged in past annual protocols.   | Sharp reductions in oil deliveries or denial of price concessions provided CEMA countries.   |
| Additional moratoriums on debt payments.   | Forgiveness of all past indebtedness.  | Refusal to roll over any unpaid debts and rigid insistence on scheduled repayment.   |
| Projection of generally balanced trade in LTAs and annual protocols.   | Provision of swing credits in the event of yearend imbalances.   | Greater pressure on North Korea to meet agreed-upon delivery schedules by withholding scheduled Soviet exports to ensure balanced trade throughout the year.   |
| Some additional economic aid to ongoing projects of roughly the same magnitude as 1981-85 levels (plus or minus 10 percent of the norm); assistance for new projects as existing ones are completed.   | Major new assistance agreements which are at least 50 percent greater than past levels; provision of technology for developing new economic sectors. | Sharp reductions in future economic aid even in the face of North Korean willingness/ability to honor export commitments; suspension of deliveries of investment goods provided in economic assistance agreements. |
| <b>Military</b>  |  |  |
| Shipment of noncritical military supplies (trucks, small boats) and defensive equipment (radars, anti-aircraft missiles); some sharing of intelligence and command-control-communications assistance; acceptance of arms exports to Third World. | Provision of advanced offensive weapon systems and air-to-surface missiles; transshipment of North Korean arms exports.                              | Termination or sharp reduction in existing military aid; blockage of North's arms exports to Soviet clients.   |
| Continued denial of verbal support for offensive actions on peninsula.   | Soviet approval of minor military actions by the North in the DMZ stopping short of a major military offensive on the peninsula.                     | Public condemnation of North's infiltration efforts against the South and terrorist actions.   |



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relations in the near term. The most likely scenario is continued slow improvement. The less likely alternatives are entente and deterioration. [Redacted]

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Moscow, for its part, undoubtedly perceives low-cost tactical advantages in better relations. These provide the Soviets with opportunities to:

- Signal to both China and the United States that Moscow's arm's-length relationship with P'yongyang is not permanent and that it is fully prepared to expand its influence in nations bordering China should Sino-Soviet talks fail to show progress.
- Build North Korean support for possible Soviet inclusion in any reunification talks, especially should the talks be expanded to include China or both China and Japan.
- Enlist P'yongyang's support for the Soviet "peace campaign" and Moscow's INF positions in Asia, in the face of Chinese and Japanese backing for US proposals of global limits. [Redacted]

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The P'yongyang regime probably has become increasingly anxious to secure a stronger Soviet commitment to its legitimacy and to its drive for reunification on its own terms. Recent statements suggesting that Beijing's understanding of "confederation" involves two distinct Korean entities coexisting side by side, and China's invitation to South Korean sports teams to participate in events in China, almost certainly have heightened North Korean concerns over the strength of Chinese support. The warming of Sino-Soviet, Sino-US, and Sino-Japanese relations since October 1982 also may have contributed to P'yongyang's concern that Chinese support for North Korean objectives on the peninsula might falter. The elder Kim might regard Soviet and Chinese approval of his son's succession as necessary to prevent a struggle for power upon his death. Meanwhile, the North would appreciate even small increments to the Soviet economic assistance program—whether in the form of new aid disbursement, technical assistance, or guaranteed oil deliveries—because they would aid the stagnating economy. [Redacted]

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North Korea's increased receptivity to Soviet overtures over the past 18 months may also reflect a calculation that its pro-Beijing tilt and rebuff of Soviet overtures during the 1970s and early 1980s failed to elicit the kinds of economic and military offerings from Moscow that it sought. The North now appears prepared to move back toward a position of equidistance with respect to its two giant Communist neighbors. Such moves fit well with Kim Il-song's traditional strategy for preserving North Korea's independence and may be designed to ease the way for a successor leadership to deal with both Moscow and Beijing. [Redacted]

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Moscow probably will continue to rely largely on political offerings to nourish warmer relations. Kim Il-song visited the USSR in late May at the invitation of the Soviet Communist Party and Government. A subsequent trip to P'yongyang by a high-ranking Soviet leader should not be ruled out. In the future, Moscow might issue an invitation for a separate visit by the younger Kim, step up the number and importance of Soviet delegations to P'yongyang, and increase its public support for North Korea's proposals for tripartite talks. P'yongyang would almost certainly welcome increased Soviet support in its competition with South Korea for international recognition and membership in international organizations. Meanwhile, the North Koreans have tempered their propaganda support for the pro-Chinese regime of Democratic Kampuchea and have reaffirmed their support of the Soviet position on INF deployments in Europe. [Redacted]

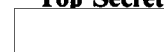
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Although some increase in Soviet economic assistance to North Korea and continued shipment of noncritical military items are also likely, the amounts involved probably will be small. Moscow probably remains dissatisfied with the way the North has used earlier economic aid and almost certainly believes that major military aid could encourage P'yongyang to initiate hostilities against the South. [Redacted]

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A slow-but-steady warming in Soviet-North Korean relations would pose few problems for US policy—as long as the North does not misinterpret Soviet gestures as unqualified endorsement of its more radical foreign policies. But so long as Moscow does not take steps to radically increase its leverage over P'yongyang, there also is little reason for Washington to expect that Moscow can act as a restraining force on any actions the North undertakes in the region.

aid to North Korea would not burden the Soviet economy, given the low levels of current aid. Moscow, however, probably would be skeptical of receiving any substantial political return in exchange for major new economic offerings.

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**Alternative Scenarios**

Although neither markedly closer ties nor a sharp deterioration appears likely over the next few years, either alternative could unfold under certain conditions.

Dramatically improved relations would also require that Moscow meet some if not all of the North's demands for military assistance and advanced offensive weapon systems. We judge it unlikely that Moscow would perceive the benefits of such a move as outweighing the risks to Soviet-US and Soviet-Chinese relations or to military stability on the peninsula.

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**Entente or Alliance.** Kim Il-song's strategy for preserving North Korean independence by avoiding exclusive reliance on either the Soviets or the Chinese make it unlikely that a patron-client relationship between Moscow and P'yongyang will emerge during Kim's lifetime. The legitimacy Kim Chong-il derives as executor of his father's policies, as heir to the Kim Il-song personality cult, and as chief spokesman for the indigenous *chuche* (self-reliance) model for North Korea's socialist development makes it difficult for him to embrace Moscow and its policies wholeheartedly without undermining his own authority.

Closer Soviet-North Korean ties, moreover, would remain contingent upon Moscow's willingness to terminate all contacts with the South. Moscow, thus, would have to forgo any economic advantages that increased trade and technological exchanges with the South can provide.

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Closer Soviet-North Korean ties approaching alliance could result from Kim Il-song's death or retirement, however, if a pro-Soviet leadership emerged victorious from a struggle for power. Despite signs of recent leadership shifts in P'yongyang, we have no reliable evidence that such a faction presently exists. If political competition between the USSR and China intensified or the Soviets decided to pressure South Korea, the Soviets might endorse Kim Chong-il and invite him to Moscow before a succession occurs.

P'yongyang's response to such Soviet initiatives would be less than predictable, as it would be framed with one eye on Beijing. If, however, Beijing withdrew its support for P'yongyang's reunification scheme and moved toward a "two Germanys" solution, P'yongyang might be more inclined to embrace Moscow in return for merely token increases in Soviet support. China, meanwhile, probably would not easily accept the emergence of a new Soviet client on its borders.

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The Soviets, however, probably would have to take stronger action, such as sharply increased economic and military aid or substantially increased oil shipments, to wean P'yongyang away from its policy of balancing. Calculations of the economic costs for Moscow that such a move would entail do not appear especially compelling. A doubling or even a tripling of

**Deterioration or Friction.** A marked deterioration in Soviet-North Korean relations appears equally unlikely. Events during 1983 probably have demonstrated to both nations that improved relations can be maintained for mutual advantage and at little real cost to either. Moscow's economic and military offerings to the North remain so small that temporary halts or minor cutbacks would not be likely to provoke a rift. Nor would a dramatic breakthrough in the

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Sino-Soviet normalization talks, which is itself unlikely, necessarily affect Moscow's ties to P'yongyang adversely. [Redacted]

goals. Although Soviet acceptance of a "two Germanys" solution would be in the US interest, a situation that would drive the North to act against the South out of desperation would not. [Redacted]

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An open rupture might develop should Moscow demonstrate implacable opposition once a Kim Chong-il succession occurs. P'yongyang then might respond by aligning itself more decisively with Beijing, thereby provoking further Soviet retaliation. In the unlikely event that the Chinese agreed to participate in four- or five-power talks on Korea's future—talks that would include the United States and Japan but not the Soviets—and P'yongyang concurred, Moscow might end all economic and military aid to the North and increase contacts with the South. [Redacted]

It remains unlikely that new diplomatic or economic initiatives aimed at Moscow by Seoul or a US decision to reduce or withdraw troops on the peninsula would induce the Soviets to totally eliminate their support for P'yongyang. Such a US move would undoubtedly encourage the Soviets to adopt a more critical stance toward at least some of P'yongyang's foreign or domestic policies. But Moscow's minimal leverage over the North means that even such initiatives would have few practical consequences for North Korean behavior or for US interests on the peninsula. [Redacted]

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**Implications.** For US interests and allies in northeast Asia, *significantly closer ties* between Moscow and P'yongyang would probably be threatening. Substantial increases in Soviet military and economic aid to the North would increase the chances of a North Korean invasion of the South, thereby threatening not only Seoul's security but also that of Japan. In return for such aid, the Soviets might also press North Korea for base rights on either the Yellow Sea or the Sea of Japan. This would pose an additional threat to the security of both China and Japan. Minimally, substantially greater Soviet support for the North might encourage P'yongyang to undertake further terrorist actions against the South. [Redacted]

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The effect of a *deterioration* in Soviet-North Korean relations on US interests and allies is more difficult to predict. A loosening of ties might increase Moscow's willingness to approve a "two Germanys" solution to the Korean reunification issue. It almost certainly would lead to a rapid extension of Soviet ties and dealings with the South, thus signaling *de facto* Soviet acceptance of the status quo on the peninsula. But a rapid deterioration and expanded Soviet-South Korean ties might also convince P'yongyang that its competitive position on the peninsula is rapidly eroding. Such an assessment might encourage Kim Il-song to resort to drastic measures to realize his reunification

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