

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

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Since the end of the cold war, whenever the prospect of normalisation of relations between Japan and North Korea have been brought forward, foreign aid or the expectation of such aid has been one of the central ingredients and still is.¹ In the Pyongyang Declaration, issued in connection with the Japanese Prime Minister Junichiro Koizumi's meeting with Chairman Kim Jong Il of North Korea in September 2002, it was as well. This might be quite natural considering the immense economic needs in North Korea. The fact that Japan, one of the world's largest donors of ODA², is providing huge amounts of aid to most other Asian countries enhances these expectations. So do the large sums received by South Korea in connection with its normalisation of relations with Japan.

Peace building and peace preservation are new key concepts in Japanese foreign aid policy. According to the revised ODA charter of 2003³, the objective of Japan's ODA is to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity--"Japan aspires for world peace. Actively promoting the aforementioned effort with ODA" that Japan will carry out "even more strategically" in the future. Asia and especially East Asia is pointed out as a priority region. North Korea, with whom Japan has not yet normalised its relations, is one of Japan's closest neighbours and would, from a logical point of view, then seem like an important starting point. However, when main Japanese aid agencies such as JICA (Japan International Co-operation Agency) and JBIC (Japan Bank of International Co-operation) are asked, no one works officially with aid to North Korea⁴. The standard answer is that there is no aid to that country, besides some smaller amounts of Japanese humanitarian aid that are channelled through multilateral organisations.

If Japan regards aid as one of its main tools for creating peace, why isn't aid provided to North Korea? Aid is a very complex issue and not giving is often regarded as effective as giving, when it comes to getting concessions and changes in the recipients' policy behaviour. It is used both as a carrot and a stick. Aid is always envisioned as something quite plausible, if North Korean policy behaviour is changed for the better according to Japanese judgement (so called positive aid sanction); but aid is never paid out and remains an illusion as long as it does not change (negative sanction). But the question for Japan is more complex than this. There are various domestic opinions and interests groups that have to be taken into consideration. The kidnapping issue (explained below) has led to a considerable amount of anti-North Korean sentiment that makes it difficult for the Japanese government to disperse aid to North Korea. In fact the government is even considering other forms of economic sanctions as well⁵. There is also foreign pressure at work; the US, Japan's military ally, and other western countries as well have imposed economic sanctions on North Korea due to its withdrawal from the nuclear non-proliferation treaty. This also affects the Japanese position on the aid question.

Keeping all these factors in mind, this paper tries to measure the effectiveness of Japanese ODA as a tool to influence North Korea policy behaviour. What other policy options are there and what kind of results are reasonable to expect? Has Japanese ODA ever led to a change of behaviour? Has it contributed to peace and stability in the area in any way?

Creating a “Ripe Moment”

To evaluate the performance of Japanese aid from the standpoint of peacemaking, Mikio Oishi and Fumitaka Furuoka⁶ did case studies of Cambodia and Burma based on Zartman’s “ripe moment” theory⁷. A ripe moment refers to a situation in which the parties feel inclined to opt for a negotiated settlement of a conflict, rather than to continue it. The moment consists of three elements: a mutually hurting stalemate (MHS), a formula for a way out (FWO), and valid spokespersons (VSPs). In Oishi and Furuoka’s study Japan successfully supported the task of peacemaking in Cambodia by contributing to all three elements of the ripe moment but in Burma Japan was unable to assume a positive role. The situation in these two countries differed considerably although in both cases it was a question of internal conflicts that Japan as an outsider tried to ease by means of aid.

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

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

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

I will start by taking a closer look at our analytical tool, the ripe moment theory. Then I will look at the recent history of the Japan- Korean relationship and the development of Japanese ODA as well as the role of aid in the relationship. The debate on war reparations, as the Koreans like to consider envisioned money, or economic co-operation, as the Japanese prefer to see it, will be addressed. From the first attempts at establishing a relation with North Korea after the end of the Cold War, I will venture into more recent events, including the Pyongyang declaration and the revised ODA charter, as well as various external and internal forces working for or against deepened relations between the two countries. I will by using the three elements in the “ripe moment” theory analyse the situation and the potential of Japanese ODA as a peacemaking tool at the same time as I will be evaluating the theory as such. The question why a “ripe moment” never arises although the basic elements are there will be asked? Finally I will conclude by evaluating the effectiveness of Japanese ODA as a peacemaking tool, comparing it to other policy options and asking the question of what is reasonable to expect.

The Theoretical Approach

The first element in the “ripe moment” theory, a mutually hurting stalemate, exists when “both sides are locked in a situation from which they can not escalate the conflict with available means at an acceptable cost”. In this situation, the parties perceive that they cannot achieve their goals with unilateral means, and see that the status quo is increasingly unsustainable⁸. This stalemate is based primarily on the parties’ perception and is therefore subject to manipulation. That is, it can be created artificially.

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

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

As each of these three elements depends largely on the parties’ perceptions, there is good potential for a third-party mediator or for one of the parties to play a role in creating a “ripe moment”. A mutually hurting stalemate can be created or enhanced and help can be provided in finding a formula for a way out. A mediator can “sharpen the stalemate and sweeten the proposed outcome”⁹. This can be done by exercising political and economic leverage, that is, by employing positive or negative aid sanctions.

Historical background of Japanese Aid Policy

Being an aid recipient itself after WWII Japan’s career as a donor started out with war reparations to Burma, Philippines and Indonesia in the mid 1950s. It was tied to procurement from Japanese companies, and in that way it also served the purpose of promoting exports from Japan. In 1957, the yen loans from the Export-Import Bank started. They were almost exclusively directed towards Asia and overwhelmingly served Japan’s commercial purposes¹⁰.

It was not all Asian countries that got war reparations or aid loans. Some of Japan’s closest neighbours, China as well as North Korea and South Korea did not, neither did they normalize relations with Japan. In China the communists came to power in 1949 and between then and up to 1978 they followed a policy of “self-reliance” under which foreign borrowings and acceptance of outside assistance were denounced as humiliation of the country and in most cases rejected¹¹. The Korean peninsula in 1948 came to be divided into two countries the Republic of Korea (South Korea) and the Democratic Peoples’ Republic of Korea (North Korea)¹². As a result of WW II as well as the colonial legacy anti-Japanese feelings remained strong in all three of these countries. With the Korean War, the Cold War was deepened and when the occupation ended Japan signed a security treaty with the US in 1951 and was thus firmly positioned in the anti-communist camp.

It was going to take some time before relations between Japan and South Korea were normalised. In the revised US-Japan Security Treaty of 1960, Japan’s obligation to provide bases to the US for the security of the Far East was affirmed. There was also US pressure for further Japanese contribution to the security in the area. After many years of negotiations, in 1965 Japan and South Korea normalised relations, and Japan came to recognise South Korea according to the

UN resolution as the “only lawful” government on the Korean peninsula. The Japanese claimed that they were under no legal obligation to pay any compensation for the period of colonial rule, or any war compensation. It did, however, agree to make a settlement by providing South Korea with grants of US\$ 300 million and low interest loan aid of US\$ 200 million in “economic cooperation”¹³. The South Korean government, however, viewed this aid as a form of compensation and created domestic laws to use part of the grant aid to compensate victims of Japanese colonial rule.

At the beginning of the 1970s, the climate of detente brought about the visit of US President Nixon to China and the establishment of Sino-American relations. Japan was quick to follow suit and Sino-Japanese relation were normalized in 1972. The North Korean leader Kim Il Sung, who was the leading anti-Japanese freedom fighter and who kept anti-Japanese policy as a pillar of his politics at this time expressed hopes for deeper economic and culture ties with Japan in Japanese newspaper interviews. The North Korean economy was still rather good in the beginning of the 1970s and a newly created Dietmen’s Leaguer for the promotion of Japan-North Korean Friendship was created. They went to Pyongyang and signed a trade agreement in 1972. At this time the Japanese foreign aid program was still limited.

With the oil crisis of 1973 the pattern of Japanese ODA having a heavy concentration on Asia changed. A huge aid-package was extended for the Arab world to secure the supply of oil. As a consequence of this crisis, securing a stable supply of natural resources became another ingredient of Japanese aid policy¹⁴. Trade was a prerequisite to obtaining resources and a certain amount of infrastructure was needed to conduct such trade. That was why huge amount of aid money was spent on infrastructure development in Asia. In Japan there was also a strong belief in it’s own model for development, that is through industrialization and for this infrastructure was needed as well¹⁵.

In 1977, the first of a number of aid doubling plans was announced. The wish to be respected in the international community was one of the motives for those plans that eventually turned Japan into a leading donor. ODA, was in Japan most often seen as being part of the wider concept of economic cooperation (*keizai kyō ryoku*), that besides the aid part also includes other official flows (OOF¹⁶) and private direct investment.

While the aid amount, largely consisting of loans, was huge there was a debate on the quality of the Japanese aid. Besides its commercial angel, it was also criticised for not having any face¹⁷. At this time there where no country assistance plans with any overall policy for each country but aid was rather based on requests from the developing countries. Although Japan was well placed in the western anti communist camp it’s policy was most often one of keeping politics and economics separate (*seikei bunrei*).

In 1981 the South Korean government requested a Japanese government loan of US\$ 6 billion under a concept of security-linked economic cooperation. This was turned down by the Japanese side with the motivation that it was against the Japanese constitution. The request became a major political issue between the two countries and was not solved until Japanese Prime Minister Nakasone visited Seoul in 1983. At that time the security motivation had been dropped and an economic cooperation package of US\$4 billion was agreed upon by the two governments¹⁸

Post Cold War Relations and Japanese ODA

At the end of the Cold War there were a number of radical changes. First of all the South Korean economy had seen a miraculous growth and had now gathered considerable strength while the North Korean economy quickly declined as aid from Moscow and China decreased. In a climate

of detente South Korea approached the North (already in 1988). President Roh Tae Woo was also working for better relations with Moscow and Beijing.

The North, however, did not manage to improve relation with Washington and Tokyo and ran the risk of being isolated. From Tokyo's point of view there were several reasons for entering into negotiations with North Korea again. Peace and stability on the Korean peninsula would be the overall goal but also the possibility of a new market for Japanese companies as well as the possibility of getting the crew of the *Fujisanmaru* released.

It was not until 1990, after the first high level Seoul-Pyongyang talks, before a forty-member Japanese delegation from the Liberal Democratic Party and the Social Democratic Party visited Pyongyang and held direct talks with the North Korean Working Party.¹⁹

By that time Japan had already become the world's largest donor of ODA. To North Korean the great aid package that helped the South Korean economic growth in connection with its normalization of relations with Japan created expectations of a similar package. Already in the preparation for the visit of the party delegation the demands for colonial compensation were brought up. The Japanese government's position, communicated to the North Koreans, was that they could not expect to be treated any differently than other countries. Normalisations had to come first. The Korean Working Party intimated however that Japan, as a sign of goodwill, should be prepared to pay even in a state of non-normalised relations.²⁰

The visit by the delegation, as well as the private talks held between the delegation leader the LDP politician Shin Kanemaru and the North Korean leader Kim Il Sung, led to a promise to release the *Fujisanmaru* crew. The Three Party Joint Declaration, issued after the talks, promised to upgrade transport and telecommunication links and to move towards normalisation. North Korea would stop its nuclear experiments. The declaration also stated that Japan should not only apologise for colonial rule but also provide appropriate compensation for the "losses" from the end of the war until present. This last promise was controversial as it was contradictory to the Japanese government's standpoint and was a departure from the 1965 Basic Treaty under which Japan had avoided paying war compensation to South Korea and instead settled the problem with economic cooperation.²¹

This was a time of detente in the region, inspired by among other things the German reunification a dialogue was also initiated between North and South Korea. In 1991-1992 a number of normalisation talks were held between Japan and North Korea. The North wanted Japan to fulfil its pledges and pay up to US\$ 10 billion in colonial, wartime and post-wartime compensation. The Japanese Foreign Ministry insisted that things should be solved according to the same formula as had been used with South Korea. The economic cooperation that they had calculated was about half the sum of what the North was asking. The North gradually dropped the demand for post-war compensation but the two could still not agree on the sum of economic cooperation.

The end of the cold war also had large implications for Japanese ODA policy. Suddenly the world was not divided into a communist and a capitalist block and it was not as obvious as before who should get the aid. At this stage Japanese ODA, became more politicised. It sometimes came to be explained in terms of burden sharing (*yakuwari buntan*) where Japan, although relying on the US military forces for keeping the world order, would contribute its share to the international society through aid.

Suddenly there were a number of new countries that were eligible for aid and there was a search for criterias for providing aid. At home Japanese ODA had been heavily criticised for lacking a face, although it had the worlds largest budget and it was in this atmosphere that Japan's Official Development Charter was adopted in 1992. In this document a policy outline for

Japanese ODA was drafted for the first time. Japanese aid was to be implemented according to the following four principles.

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

The third paragraph which said that attention should be paid to the development and production of weapons of mass destruction in providing economic cooperation was going to have direct implications for the Japan-North Korean relations. With North Korea's refusal to comply with IAEA inspections in 1992 negotiations of normalisation and economic cooperation were stalemated.

The North Korean notice in March 1993 that it was planning to withdraw from NPT (Non Proliferation Treaty) led to a nuclear crisis that was not solved until US and North Korea concluded the agreed framework in 1994. According to this, two light water reactors²² were to be constructed and crude oil was to be provided to North Korea during a transitional period. Financing for this was mainly to be provided by Japan and South Korea and in 1995 the Korean Peninsula Energy Development Organisation (KEDO) was inaugurated to administer, finance and coordinate this. Besides economic contribution to this program Japan also provided food aid to North Korea via UN agencies in 1995 and 1996. Other contributions were put off until normalisation. Only after this had been achieved would economic cooperation as well as private investment be able to materialize. Another Japanese party delegation was off to North Korea in 1995. In a joint declaration with their North Korean counterpart, both governments were urged to resume normalisation talks. As a sign of somewhat improved relations, groups of Japanese wives, earlier repatriated to the North together with their Korean husbands, were allowed to visit Japan during 1997 and 1998. In 1997 another package of food aid via international organisations was also dispersed. However, the North Korean firing of a Taepodong-1 missile over Japanese territorial waters in 1998 led to Japan imposing limited sanctions on North Korea and the suspension of food aid, monetary contribution to KEDO and normalisation talks. It was not until December 1999, when a mission of Japanese politicians from all the major political parties travelled to Pyongyang, that the two countries agreed to resume normalisation talks.

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

Meanwhile, President Kim Dae Jung in the South Korea started his "Sunshine policy" a proactive policy to induce changes in North Korea and to lead it down the path towards peace, reform, and openness through reconciliation, interaction and cooperation with South Korea²³. The Kim Dae Jung government also worked hard in persuading Washington to adopt a soft-line policy, getting Japan to normalise relations and advocating North Korea's admission into various international organisations such as the World Bank and the Asian Development Bank²⁴. A major

breakthrough for the Sunshine policy came in 2000 with the summit meeting between Kim Dae Jung and Kim Jong-il in Pyongyang. In the joint declaration after the meeting it was stated that “the North and the South have agreed to resolve the question of reunification independently and through the joint effort of the Korean people, who are the masters of the country”. This policy of engagement of North Korea is continued by the current President Roh Moo Hyun²⁵.

The Pyongyang Declaration and the Revision of the ODA Charter

In September 2002 Japanese Prime Minister Junichiro Koizumi went to Pyongyang to meet with the North Korean leader Kim Jong-il. He went at a time when Japan’s ally, the US, was adopting a strategy of containment of North Korea. In his fight against terrorism on a worldwide basis President George W. Bush pointed at the North Korean government as a supporter of terrorism and belonging together with Iran and Irak to an axis of evil. It was most unusual that a Japanese Prime Minister should go there to promote better relations under such conditions.

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

The Pyongyang Declaration which was announced in connection with the meeting showed a softer stance and a willingness to cooperate on both sides.. In it the Japanese side expressed “deep remorse and heartfelt apology”²⁶ for the tremendous damage and suffering caused to the people of Korea through Japan’s colonial rule. Both sides determined that they would make every possible effort for an early normalization of relations. The claims for war compensation that North Korea always had made in previous meetings were now dropped, at least verbally. Instead there was a detailed promise of economic cooperation and how it would be negotiated:

“Both sides shared the recognition that, providing economic co-operation after the normalization by the Japanese side to the DPRK side, including grant aids, long-terms loans with low interest rates and such assistance as humanitarian assistance through international organisations, over a period of time deemed appropriate by both sides, and providing other loans and credits by such financial institutions as the Japan Bank for International Co-operation with a view of supporting private economic activities, would be consistent with the spirit of this Declaration, and decided that they would sincerely discuss the specific scales and contents of the economic co-operation in the normalization talks.”²⁷

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

The Pyongyang meeting was a concrete step forward in the normalizations talks between Japan and North Korea, but for two reasons relations very quickly turned sour again. The first was the nuclear issue. Within a month of the Japanese Prime Minister’s visit an American delegation arrived in Pyongyang and in connection with this, the North Koreans are said to have admitted that they had a secret nuclear development program. No proof has ever been presented in this issue. In an article in *Foreign Affairs* Selig S. Harrison²⁸ claims that the trip of the American delegation might have been inspired by a US that was worried over the ever more

conciliatory and independent approaches that were taken towards North Korea both by Seoul and Tokyo.

A secret nuclear program would be against the Agreed Framework and the statement that such a program existed made the US and its allied in KEDO (including Japan) retaliate by not delivering any oil to North Korea. Pyongyang declared the agreed framework dead, and decided to leave the NPT and the control agreement with IAEA. North Korea restarted its old nuclear programs and in February 2005 declared that they possessed nuclear weapons.

In Japan, however, the abduction issue has been the dominating issue, at least in media and among the general public, and contrary to what one might have expected North Korea's admission of the abductions actually resulted in inflaming the Japanese public opinion and caused the matter to become an even more serious concern for the government²⁹.

Meanwhile the Japanese government also revised its ODA Charter in 2003. The motivation for this revision was that: "The world has changed dramatically since the first Charter was approved, and today there is an urgent need for the international community, including Japan, to address new development challenges such as peace-building". To contribute to peace and the development of the international community, is, according to the new Charter, the objective of Japanese ODA. The four pillars remain in the new charter but number three, the one most directly related to North Korean-Japan relations, that is the one about paying full attention to military expenditure as well as development and production of mass destruction weapons and their export and import of arms, has been expanded with an explanatory text: "So as to maintain and strengthen international peace and stability, including the prevention of terrorism and the proliferation of weapons of mass destruction, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources and their own economic and social development."

According to the revised Charter Japanese aid is to be used more strategically in the future and should be more concentrated to East Asia and Japan's immediate neighbourhood. These are all indications that North Korea would be a likely candidate under the conditions that it complies with the nuclear agreements. So far it has not but still 250 000 tons of food and US\$10 million worth of medical supplies as humanitarian assistance was extended in connection with Prime Minister Koizumi's return to Pyongyang in May 2004 where he successfully negotiated for the return of the eight relatives as well as further investigation into other abduction cases. It was a concrete action to get Japan-North Korean relations moving again so that other issues between the two could be resolved³⁰.

While Japan has been putting the abductees at the top of its agenda in all negotiations with North Korea, South Korea has been practically ignoring it although there are 486 South Koreans officially recorded as held by Pyongyang in the post-Korean war period³¹. South Korea has consistently also been providing a considerable amount of foreign aid, both on a voluntary and on a government level, during the last ten years. According to the Unification Agency in South Korea, roughly half of all outside aid to North Korea comes from South Korea. Another large provider of aid to North Korea is China, although its aid is not counted as ODA, as China itself is not an OECD member but in fact also a recipient itself. Transparency in this field is weak and it is hard to say how large this aid is. When Japanese economic sanctions towards North Korea is debated it is often pointed out that at least the private flows are very hard to stop as they would probably only be rerouted through China instead.

Peace-building has become a priority issue for Japanese ODA and a big organisational restructuring is taking place among the implementing agencies. There will be more integration between loan aid, grant aid and technical assistance and a deeper policy dialogue

conducted with the recipient countries. At JICA there is now a special section working on peace-building assistance. They monitor the development in 30 countries which need special attention in this regard. At the same time, there has also been severe budget cuts in Japanese ODA³². What are then the implications of this new policy and how effective is Japanese aid as a tool for peace-building? Let us try to analyse the situation regarding North Korea with the help of the “ripe moment” theory.

Is Japanese Foreign Aid Contributing to Peace and Stability in the Area?

There was a bit of detente in Japanese-North Korean relations in the beginning of the 1970s, but largely still a stalemate although this was not mutually hurting. The North Korean economy was not too bad, the South Korean big economic expansion had not started yet and Japanese ODA program was rather limited.

At the end of the Cold War, however, there were a number of radical changes. In a climate of detente South Korea approached the North and in 1991 the two signed an agreement of Reconciliation, Non-aggression, Exchange and Cooperation. This was followed by a Joint Declaration of the Denuclearisation of the Korean Peninsula.

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

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

The second element “a formula for a way out” also seemed to have existed. As for peace and stability in the region the formula was in the agreement signed by the two Koreas as well as in their joint declaration of the denuclearisation of the peninsula. Normalisation of relations between Japan and North Korea would be accompanied by a major economic package although both sides at this time had not yet reached a conclusion on if it should be labelled war compensation or economic cooperation. North Korean also agreed to stop nuclear experiments and release the crew from the *Fujisanmaru*.

However, what seemed to have been lacking at this time, was a lack of a valuable spokesperson. Not on the North Korean side, where it was Kim Il Sung himself that conducted the talks but on the Japanese side where the spokesman was the LDP-politician Shin Kanemaru, who went to North Korea in 1990 as a party politician and conducted his so-called “private diplomacy”³³. In the declaration after the meeting it was stated that Japan should not only apologise for the colonial rule but also provide compensation for the “losses” from the end of the war until the present. The Ministry of Foreign Affairs in Japan was quick to point out that this was a party agreement and nothing binding for the Japanese government that wanted a solution according to the same formula as with South Korea.

In 1991-92 a number of normalisations talks were held between Japan and North Korea. The two countries could among other things not agree on the sum of the economic

cooperation. In 1992 Japan adopted its ODA Charter and North Korea signed the IAEA safeguard agreement. When it later refused to comply with inspections, negotiations on normalisation and economic cooperation from Japan were stalemated. The ripe moment was over for this time and in March 1993 North Korea said it was planning to withdraw from the NPT. The Japanese carrot, in the form of promise of economic cooperation in the future, was not able to prevent the nuclear crises that developed.

The crisis was finally solved, at least temporarily, in 1995 through the Agreed Framework of US-North Korean which was followed by the creation of The Korean Peninsula Energy Development Organisation (KEDO). North Korea, in exchange for abandoning its own nuclear ambitions, was to get two light water reactors financed mainly by South Korea and Japan. Some food aid was also provided by Japan but any larger contribution was put off until after normalisation.

Another long mutually hurting stalemate was initiated with relations swaying back and forth. Some minor improvement in North Korean behaviour, such as allowing the visit of Japanese wives, was awarded with another food aid package, while the firing of the Taepodong missile in 1998 led to the suspension of food aid as well as monetary contribution to KEDO. No formula for a way out was presented when negotiations for normalisation started again in Tokyo in 2000. Such a formula had to wait until Prime Minister Junichiro Koizumi went to Pyongyang in September 2002. In the declaration after the meeting a formula for a way out was presented. Japan apologised for the suffering caused to the Korean people during colonisation and made a promise of economic cooperation as soon as normalization, which both government would work hard for, had been achieved. North Korea on the other hand admitted to having abducted Japanese citizens, apologised and promised that it would not happen again. The five that were still alive were able to go to Japan. Both sides confirmed that, for an overall resolution of the nuclear issue on the Korean Peninsula, they would comply with all related international agreements. Both sides also confirmed the necessity of resolving security problems including nuclear and missile issues by promoting dialogues among countries concerned.

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

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

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

There were several reasons for the failure of the Pyongyang Declaration. One had to do with domestic factors and the backlash in the abduction issue. Here Japanese media, as well as nationalist feelings, played a major role. Prime Minister Koizumi, had to take strong public opinion into consideration. ODA is not an effective tool for dealing with the strong anti-North Korean feelings in Japan today. A solution to that problem has to be found, however, if there is to be any progress in the normalization talks.

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

When the nuclear issue surfaced officially, however, Japan had to act upon it and even if it might not have been true from the beginning it soon became so when North Korea restarted its old nuclear programs and left NPT. The ripe moment was gone and the illusion of future economic cooperation from Japan, at this point, seemed like a useless tool even in bringing the North Koreans back to the negotiating table

Why does a ripe moment never materialise even if the three basic elements, mutually hurting stalemate, formula for a way out and valid spokespersons are there? That is the question we have to ask after having analysed Japanese attempts of creating peace and stability in the area as well as normalising its own relations with North Korea. Is Japanese ODA not a valuable tool? What is lacking or what is the reason that things do not improve?

Let us first take a look at the ripe moment theory. It was developed by Zartman mainly to find solutions to internal conflicts. This is not really the case regarding North Korea. Although the Korean peninsula is divided into South and North Korea today there is no acute conflict between the two at the moment. On the contrary “the North and the South have agreed to resolve the question of reunification independently and through the joint effort of the Korean people, who are the masters of the country”³⁴. This position as well as the anti-Japanese feelings which are in existence in both Koreas makes it unlikely that they will be looking for Japan to play an important role in creating peace and stability in the area.

What North Korea has been demanding rather than the six party talks, is direct talks with the US and an assurance that they will not be attacked. From a historical point of view Korea constantly figured in the strategies of other actors. Its geographical position has made it a spot where other countries interests overlapped or collided³⁵. The interest of such external players is not taken into consideration in the ripe moment theory.

Oishi and Furoka in their studies on Cambodia and Burma found that the effectiveness of Japan’s aid sanctions tended to depend on whether Japan and other western countries worked together³⁶. In case of North Korea one besides other western actors probably also would have to include both China and South Korea. As long as they provide aid to North Korea it weakens negative aid sanctions by other countries.

Oishi and Furoka also found that if commercial interests were significantly large the Japanese approach in terms of creating or enhancing a mutually hurting stalemate may be diminished. Japanese commercial interests in North Korea must be considered very small and would thus not be considered a hindrance to any negative aid sanctions. The unilateral economic sanctions that have been suggested in Japan are rather ruled out due to the fact that it is questionable if they would have any effect³⁷

As for the normalisation of relations between Japan and North Korea the ripe moment theory does not have any dimension to deal with nationalism, complicated domestic policy issues and domestic public opinion that has to be taken into consideration.

Concluding Remarks

Japanese ODA, or the illusion of such aid, can be helpful at certain times, such as getting a signature on the Pyongyang Declaration. Limited humanitarian assistance in the form of food aid or medical equipment might have some effect in easing negotiations for limited issues such as visits by Japanese wives to their homeland or the return of the abductees' children and other relatives. Here it can at least be used as a way of showing good will and rewarding positive North Korean behaviour. It is highly doubtful if it has any effect as a negative sanction, that is when it is withdrawn or withheld, as a punishment for bad behaviour or in an attempt to get the North Korean government to change its behaviour (like at present).

What kind of results can one expect? Is it reasonable to believe that a country that, above all wants to get a US assurance that they will not be attacked, will give up their nuclear policy in exchange for Japanese ODA? It is not. One's North Korea has gotten such an assurance however things might change. At a lower level, if they do not feel any imminent and immediate threats Japanese ODA might be an effective tool contributing both to peace and stability in the area as well as the normalisation of relations. That is if Prime Minister Koizumi can get the support for such a policy from the domestic public opinion.

What other policy options are available for Japan in its peace building and peace preservation efforts? Under the present constitution military intervention to deal with conflicts is not an option. Economic sanctions has its limits depending the specific conditions for each case, compliance of other actors as well as negative effects on Japanese commercial interests.

Is completely withholding and not even giving an illusion of aid an option? Probably not, as this is the tool that the Japanese government has in dealing with North Korea. Expectations on some kind of compensation are high in the North and a complete refusal to comply with anything might further strengthen anti-Japanese feelings in the country. Japan, although always envisioned as the coming unrivalled donor to North Korea because of the size of its ODA budget, is however not the only donor. South Korea and China are other providers that North Korea might turn more extensively to in case they can not reach an agreement with Japan. This might isolate Japan and effect its future economic relations with the country.³⁸

The new ODA charter with its strong emphasis on peace-building and peace preservation is not totally useless. How effective aid will be as a tool for peacekeeping will depend on what kind of aid that is distributed, to whom, for what purpose and on which occasion. At JICA there is now a special section working on peace-building assistance. They monitor the development in 30 countries which need special attention in this regard. Many of them might receive aid that can contribute to peace building and peace preservation. North Korea, however, is not even included on JICA's lists of the countries monitored with special attention concerning peace-building assistance.

When it comes to complex issues, there are likely to be several underlying factors, both external and internal, that are of greater importance and that cannot be solved by economic cooperation alone. Foreign aid clearly has its limits as a tool for peace building in East Asia as well as normalisation of relations with North Korea, one of Japan's geographically closest yet imminently threatening neighbours.

¹ Hajime Izumi, "Nihon no Gaikō Kaado o Saidai Genkatsuyō se yo" (Let us use Japan's negotiation cards as far as possible) in *Seikai Shūkan*, Tokyo Sep 16 2003 pp. 6-9.

² ODA (Official Development Assistance), that is, foreign aid as defined by DAC, the Development Assistance committee of the OECD which means that it should be 1) resources provided by official agencies or by their executing agencies; 2) the main objective being the promotion of the economic development and welfare of the developing countries; 3) its concessional character is due to the effort to avoid placing a heavy burden on developing countries, and thus consists of a grant element of at least 25 percent.

³ Government of Japan, Ministry of Foreign Affairs Economic Co-operation Bureau, Japan's Official Development Assistance Charter, Tokyo, August 29 2003 pp.1-2.

⁴ Interviews at JICA and JBIC in Tokyo conducted by the author in March 2005.

⁵ For more information on domestic issues and economic sanctions please see.....'s article in this special issue.

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

⁷ I. William Zartman, Dynamics and Constraints in Negotiating in International Conflicts, in Elusive Peace: Negotiating an End to Civil War, ed. I William Zartman, Brookings Institution, Washington D.C, 1995.

⁸ Mikio Oishi and Fumitaka Furuoka, Can Japanese Aid Be an Effective Tool of Influence? PP. 892-893

⁹ Ibid. Zartman

¹⁰ Marie Söderberg, Japanese ODA What Type for Whom and Why? in Marie Söderberg ed. The Business of Japanese Foreign Aid, Routledge, London and New York 1996 pp.33-35.

¹¹ Tong Xiangao, 'Japan's ODA and The Peoples Republic of China: Strategic Aid?' in Chulacheeb Chinwanno and Wilaiwan Wannitikul (eds.), Japan's Official Development Assistance and Asian Developing economies, Institute of East Asian Studies, Bangkok, Thammasat University, 1991 pp.175-217.

¹² For a more thorough description of the history please see the introduction.

¹³ Endo Tetsuya, "Kokukō Seijōka Kōshō no Kongo" (Negotiations for normalisation from now on) in Seikai Shūkan, Tokyo September 28 2004 pp.18-21.

¹⁴ Marie Söderberg, Japanese ODA What Type for Whom and Why? in Marie Söderberg ed. The Business of Japanese Foreign Aid, Routledge, London and New York 1996 pp.33-35.

Akira Nishigaki and Yasutami Shimomura, Kaihatsu Enjo no Keizaigaku, Yuhaikaku, Japan 1993.

¹⁵ Akira Nishigaki and Yasutami Shimomura, Kaihatsu Enjo no Keizaigaku, Yuhaikaku, Japan 1993

¹⁶ Different kind of official flows that have conditions that are not concessional enough to make them qualified as ODA.

¹⁷ See for example Kazuo Sumi, ODA Enjo no Genjitsu, Iwanami Shinshō, Tokyo 1989 or Yoshinori Murai, Musekinin Enjo Taikoku Nihon, JICC, Tokyo 1989.

¹⁸ Isa Duke, Status Power Japanese Foreign Policy Making towards Korea, Routledge, New York and London 2002.

¹⁹ Tsuneco Akaha, "Japan's Policy Toward North Korea" in Tsuneco Akaha (ed.), The Future of North Korea, Routledge, London and New York 2002 p. 81.

²⁰ Christopher W. Hughes, Japan's Economic Power and Security, Japan and North Korea, Routledge, London and New York 1999.

²¹ Ibid. or Masao Okonogi ed. "Posto Reisen no Chōsen Hantō" (The Korean Peninsula after the Cold War), JIIA Publication 4, Kokusai Mondai KenkyūTokyo 1994.

²² These reactors are less efficient at producing weapons-grade plutonium.

²³ Chung-in Moon, The Sunshine Policy and the Korean Summit, Assessment and prospects, in Tsuneco Akaha (ed.), The Future of North Korea, Routledge, London and New York 2002.

²⁴ Ibid.

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- ²⁵ Aidan Foster-Carter, *Boycott or Business*, in *comparative Connections*, January 2005, Vol. 6, No.4---4th Quarter 2004.
- ²⁶ See the *Pyongyang Declaration*, Government of Japan, Ministry of Foreign Affairs.
- ²⁷ Government of Japan, Ministry of Foreign Affairs homepage.
- ²⁸ Selig S. Harrison, *Did North Korea Cheat?*, *Foreign Affairs* Volume 84 No. 1 2005.
- ²⁹ For detailed information on the abduction issue see the introduction as well as other articles in this special issue.
- ³⁰ *Japan Echo*, August 2004, Izumi Hajime, *Evaluating Koizumi's Second Trip to North Korea*, pp 6-11
- ³¹ *Ibid.* Aidan Foster-Carter
- ³² Since 1999 there has been more than a 25 per cent cut of the budget calculated in yen, which in dollar terms means more than a 30 per cent cut.
- ³³ Masayuki Suzuki, *Kita Chōsen no Tainichi Seisaku*, in Masao Okonogi "Posto Reisen no Chōsen Hantō" (The Korean Peninsula after the Cold War), JIIA Publication 4, Tokyo 1994 pp.50-92.
- ³⁴ This is the wording of the joint declaration after the meeting of Kim Dae Jung and Kim Jong-il in Pyongyang in 2000.
- ³⁵ See another article in this special issue.
- ³⁶ Mikio Oishi and Fumitaka Furuoka, *Can Japanese Aid Be an Effective Tool of Influence? Case Studies of Cambodia and Burma*, in *Asian Survey*, Vol. XLIII, No 6, Nov/Dec 2003, University of California Press pp.890-907.
- ³⁷ For more information on this see another paper by.....in this special issue.
- ³⁸ Piao Jianyi, "Kitachōsensen Keizai, Hōkai ka Kaifukuka" (North Korea's economy, breaking down or revitalising) in *Seikai Shūkan*, Tokyo September 28 2004.