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CRS Report for Congress

U.S. Assistance to North Korea

Mark E. Manyin and Mary Beth Nikitin
Foreign Affairs, Defense, and Trade Division

Summary

This report summarizes U.S. assistance to the Democratic People's Republic of North Korea (DPRK, also known as North Korea). It will be updated periodically to track changes in U.S. provision of aid to North Korea.

Since 1995, the United States has provided North Korea with over $1 billion in assistance, about 60% of which has paid for food aid and 40% or so paying for energy assistance. As shown in **Table 1** below, U.S. aid fell significantly in the mid-2000s, bottoming out at zero in FY2006. The Bush Administration resumed assistance in FY2007. In the fall of 2007, when progress began to be made in the six-party talks over North Korea's nuclear program, the United States began providing heavy fuel oil (HFO) in return for Pyongyang freezing and disabling its plutonium-based nuclear facilities in Yongbyon. The United States also is expected to provide technical assistance to North Korea to help in the disabling and dismantling processes. In May 2008, the Bush Administration announced it would resume food assistance to North Korea by providing 500,000 metric tons (MT). The first shipment was sent on June 29, 2008, after an agreement on monitoring was signed. Food aid to the DPRK has been scrutinized because Pyongyang restricts the ability of donor agencies to operate in the country. Compounding the problem is that South Korea and China, which in recent years have been North Korea's two most important providers of food aid, have little to no monitoring systems in place. U.N. officials have called for international donations of food to avert a "serious tragedy" in North Korea.

Food Aid

Since 1996, the United States has sent over 2 million metric tons (MT) of food assistance, worth about $700 million, to help North Korea alleviate chronic, massive food shortages that began in the early 1990s. A severe famine in the mid-1990s killed an estimated 600,000 to two million North Koreans. Over 90% of U.S. food assistance to Pyongyang has been channeled through the U.N. World Food Program (WFP), which has sent over 3.7 million MT of food to the DPRK since 1996. The United States has been

by far the largest cumulative contributor to the WFP's North Korea appeals.[1] After 2002, U.S. shipments fell steadily, bottoming out at zero in FY2006 and FY2007.

U.S. Assistance to North Korea, 1995-2008

Calendar or Fiscal Year (FY)	Food Aid (per FY)		KEDO Assistance (per calendar yr; $ million)	6-Party Talks-Related Assistance (per FY; $ million)		Medical Supplies & Other (per FY; $ million)	Total ($ million)
	Metric Tons	Commodity Value ($ million)		Fuel Oil	Nuclear Disablement		
1995	0	$0.0	$9.5	—	—	$0.2	**$9.7**
1996	19,500	$8.3	$22.0	—	—	$0.0	**$30.3**
1997	177,000	$52.4	$25.0	—	—	$5.0	**$82.4**
1998	200,000	$72.9	$50.0	—	—	$0.0	**$122.9**
1999	695,194	$222.1	$65.1	—	—	$0.0	**$287.2**
2000	265,000	$74.3	$64.4	—	—	$0.0	**$138.7**
2001	350,000	$102.8	$74.9	—	—	$0.0	**$177.7**
2002	207,000	$82.4	$90.5	—	—	$0.0	**$172.9**
2003	40,200	$25.5	$2.3	—	—	$0.0	**$27.8**
2004	110,000	$52.8	$0.0	—	—	$0.1	**$52.9**
2005	22,800	$7.5	—	—	—	—	**$7.5**
2006	0	$0.0	—	—	—	$0.0	**$0.0**
2007	0	$0.0	—	$25.0	$20.0	$0.0	**$45.0**
2008	500,000[a]	n.a.	—	$106.0[b]	—	$0.0	**$106.0**
2009 (Request)	—	n.a.	—	$15.0	—	—	**$15.0**
Total	**2,586,694**	**$701.0**	**$403.7**	**$146.0**	**$20.0**	**$5.3**	**$1,276.0**

Sources: USAID; US Department of Agriculture; State Department; KEDO (Korean Peninsula Energy Development Organization).

a. Some of this 500,000 MT may be distributed in FY2009. 37,000 MT was delivered starting June 30, 2008.

b. As of the end of May 2008, $53 million of this total had been allocated.

Assistance provided by the WFP also has fallen dramatically since 2001, when over 900,000 MT were shipped. The goal of the WFP's most recent appeal, which stretches from April 2006 through the end of August 2008, is 150,000 MT. There are two primary reasons for the decline in WFP assistance. The first is "donor fatigue," as contributing nations objected to the North Korean government's continued development of its nuclear and missile programs as well as tightened restrictions on the ability of donor agencies to monitor food shipments to ensure food is received by the neediest. Various sources assert that some — perhaps substantial amounts — of the food assistance going to North Korea

[1] The second largest donor of food aid to North Korea through WFP is South Korea, and the third largest is Russia.

is routinely diverted for resale in private markets or other uses.[2] The emergence of other emergency food situations around the globe also has stretched the food aid resources of the United States and other donors. It is unclear whether rising global food prices in 2008 will affect the response to the WFP's current appeal.

Second, in 2006 the WFP drastically scaled down its program in response to new restrictions placed upon it by the North Korean government. In response, the WFP and Pyongyang negotiated a new agreement that would feed 1.9 million people, less than a third of the 6.4 million people the WFP previously had targeted. North Korea's total population is approximately 22 million. In the deal, the WFP expatriate staff was cut by 75%, to 10 people, all of whom are based in Pyongyang. Before 2006, the WFP had over 40 expatriate staff and six offices around the country conducting thousands of monitoring trips every year.[3]

In mid-April 2008, the WFP warned that food shortages were likely to increase in 2008, leading to a high potential for many North Koreans to face "deeper and more widespread hunger." The agency called for more international donations and for the North Korean government to relax its restrictions on donor activities.[4] A month later, the United States Agency for International Development announced that the United States would resume food assistance to North Korea by providing 500,000 MT for one year beginning in June 2008. 400,000 MT would be channeled through the WFP. In a new innovation, approximately 100,000 tons would be funneled through non-governmental organizations (NGOs), including World Vision and Mercy Corps. The announcement stated that the resumption was made possible by an understanding reached with Pyongyang that allowed for "substantial improvement in monitoring and access in order to allow for confirmation of receipt by the intended recipients."[5] On June 27, an agreement was signed with Pyongyang that stipulated terms for increased WFP personnel and access for monitoring the delivery of the food aid. It allows WFP to expand its operations into 128 counties, versus an earlier 50, in regions at particular risk of famine. The NGO portion of the distribution is to be done in the two northwestern provinces of Chagang and North Pyongan.[6] On June 30, a US ship delivered 37,000 tons of wheat to North Korea.[7]

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[2] See, for instance, Stephan Haggard and Marcus Noland, *Hunger and Human Rights: The Politics of Famine in North Korea* (Washington, DC: U.S. Committee for Human Rights in North Korea, 2005), in which the authors argue that up to half of the WFP's aid deliveries did not reach their intended recipients.

[3] WFP Press Release, "WFP Set to Resume Operations in North Korea," 11 May 2006; undated WFP document, *Projected 2007 Needs for WFP Projects and Operations, Korea, DPR*.

[4] WFP Press Release, "WFP Warns of Potential Humanitarian Food Crisis in DPRK Following Critically Low Harvest, April 16, 2008.

[5] USAID Press Release, "Resumption of U.S. Food Assistance to the North Korean People," May 16, 2008.

[6] "Agreement reached as first US ship arrives in DPRK with food aid," World Food Program Press Release, June 30, 2008. [http://www.wfp.org/english/?ModuleID=137&Key=2877]

[7] "U.S. Wheat Begins New Aid to North Korea," *The Washington Post*, July 1, 2008.

U.S. official policy in recent times has de-linked food and humanitarian aid from strategic interests. Since June 2002, the Bush Administration officially has linked the level of U.S. food aid to three factors: the need in North Korea, competing needs on U.S. food assistance, and "verifiable progress" in North Korea allowing the humanitarian community improved access and monitoring.[8] In practice, some argue that the timing for U.S. pledges sometimes appears to be motivated also by a desire to influence talks over North Korea's nuclear program, and that the linkage between U.S. donations and improvements in North Korea's cooperation with the WFP occasionally has been tenuous.[9]

Energy Assistance

KEDO. From 1995 to 2002, the United States provided over $400 million in energy assistance to North Korea under the terms of the 1994 Agreed Framework, in which the DPRK agreed to halt its existing plutonium-based nuclear program in exchange for energy aid from the United States and other countries. The planned assistance, to be managed by the Korean Energy Development Organization (KEDO), consisted of the construction of two light-water nuclear reactors (LWRs) and the provision of 500,000 tons of heavy fuel oil while the reactors were being built. KEDO halted fuel oil shipments after an October 2002 dispute over North Korea's alleged clandestine uranium enrichment program. The Bush Administration then sought to permanently end the KEDO program.[10] In 2003 and 2004, KEDO's Executive Board (the United States, South Korea, Japan, and the European Union) decided to suspend construction on the LWRs for one year periods. In the fall of 2005, the KEDO program was terminated. In January 2006, the last foreign KEDO workers left the LWR construction site.

Assistance Related to the Six-Party Talks. For years, Administration officials, including President Bush, have said that U.S. development assistance would be forthcoming if North Korea begins dismantling its nuclear programs. In January 2003, President Bush said that he would consider offering the DPRK a "bold initiative" including energy and agricultural development aid if the country first verifiably dismantles its nuclear program and satisfies other U.S. security concerns dealing with missiles and the deployment of conventional forces.[11] In June 2004, the United States offered a proposal that envisioned a freeze of North Korea's weapons program, followed by a series of measures to ensure complete dismantlement and, eventually, a permanent security guarantee, negotiations to resolve North Korea's energy problems, and discussions on normalizing U.S.-North Korean relations that would include lifting the remaining U.S. sanctions and removing North Korea from the list of terrorist-supporting

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[8] USAID Press Release, June 7, 2002.

[9] Andrew S. Natsios, *The Great North Korean Famine*, United States Institute of Peace Press, Washington, DC, 2001, pp. 135, 143-148. Mark Noland, *Avoiding the Apocalypse: The Future of the Two Koreas*, Peterson Institute of International Economics, June 2000, pp. 159, 186, 189.

[10] State Department Daily Press Briefing by Adam Ereli, Deputy Spokesman, November 5, 2003.

[11] The Administration reportedly was preparing to offer a version of this plan to North Korea in the summer of 2002, but pulled it back after acquiring more details of Pyongyang's clandestine uranium nuclear weapons program. Testimony of Richard Armitage, State Department Deputy Secretary, before the Senate Foreign Relations Committee, February 4, 2003.

countries.[12] In September 2005, the Six Parties issued a joint "statement of principles," in which the six parties agreed to "promote economic cooperation in the fields of energy, trade and investment, bilaterally and/or multilaterally," and the United States, China, South Korea, Japan, and Russia "stated their willingness to provide energy assistance to the DPRK." The agreement stated that the parties would discuss the provision of a light water reactor to North Korea "at the appropriate time."

North Korea tested a nuclear device in October 2006, resulting in the passage of UN Security Council Resolution 1718, which imposed international sanctions banning trade of military goods, WMD and missile-related goods, and luxury items to North Korea. In the six-party talks held in December 2006, as well as meetings held earlier that month with North Korean negotiators, U.S. officials reportedly spelled out a detailed package of humanitarian, economic, and energy aid that would be available to Pyongyang if it gave up nuclear weapons and technology.[13] The resulting Denuclearization Action Plan of February 2007 called for a first phase to include the shut-down and disablement of key nuclear facilities and initial provision of 50,000 tons of heavy fuel oil to North Korea. In the second phase, the parties agreed to provide North Korea with "economic, energy and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil, including the initial shipment of 50,000 tons of heavy oil."

The shipments of fuel oil or equivalent assistance were to happen on an "action for action" basis, as North Korea made progress on the second phase (nuclear disablement at Yongbyon and declaration of nuclear facilities and activities). An October 2007 joint statement on "Second-Phase Actions" confirmed these commitments. North Korea has received a total of 330,000 tons of heavy fuel oil and 60,000 tons of fuel equivalent (i.e., steel products to renovate aging power plants).[14] Of this, the United States has so far contributed 134,000 tons of heavy fuel oil.[15] North Korea has equated actions on disablement with the shipments of energy assistance, and has thus slowed down removal of the spent fuel rods at Yongbyon, saying that while 80% of the disablement steps have been completed, only 36% of energy aid has been delivered.[16] Of the planned aid, half is heavy fuel oil provided by the United States and Russia, and the rest is to be energy facilities/equipment equivalent to 500,000 tons of heavy oil provided by China and South Korea.

The Departments of State and Energy are now working to disable the nuclear facilities at the Yongbyon complex in North Korea. This effort is being funded through the State Department's Nonproliferation and Disarmament Fund (NDF). The State Department is paying the North Korean government for the labor costs of disablement

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[12] See CRS Report RL30613, *North Korea: Terrorism List Removal?* by Larry Niksch.

[13] Helene Cooper and David Sanger, "U.S. Offers North Korea Aid for Dropping Nuclear Plans," *New York Times,* December 6, 2006.

[14] As of the Six-party Working Group Meeting on Economic and Energy Cooperation, June 10-11, 2008.

[15] Condoleezza Rice, "Diplomacy on North Korea Is Working," *The Wall Street Journal*, June 26, 2008. [http://www.state.gov/secretary/rm/2008/06/106282.htm]

[16] Lee Chi-dong, "N Korea Complains About Slow Provision of Energy Aid," Yonhap News, June 5, 2008.

activities, and also paying for related equipment and fuel. Approximately $20 million has been approved for this purpose to date. DOE is contributing some personnel to the effort. NDF funds may be used "notwithstanding any other provision of law" and therefore may be used in North Korea. North Korea's nuclear test triggered sanctions under Section 102 (b) (the "Glenn Amendment" *U.S.C. 2799aa-1*) of the Arms Export Control Act which prohibits assistance to a non-nuclear weapon state under the NPT that has detonated a nuclear explosive device. DOE funds cannot be spent in North Korea due to this restriction. A version of the waiver that includes certifications to Congress that North Korea is verifiably dismantling its program is contained in H.R. 5916, which passed the House. Congress passed language that would allow the President to waive the Glenn Amendment restrictions and stipulating that funds may only be used for the purpose of eliminating its WMD and missile-related programs in the FY2008 supplemental appropriations act, P.L. 110-252. The Congressional Budget Office estimated that nuclear dismantlement in North Korea will cost approximately $575 million and take about four years to complete.[17]

Beyond the Glenn amendment restrictions, Department of Defense funds must be specifically appropriated for use in North Korea. Section 8045 of the FY2008 Defense Appropriations Act (P.L. 110-116) says that "none of the funds appropriated or otherwise made available in this act may be obligated or expended for assistance to the Democratic People's Republic of Korea unless specifically appropriated for that purpose." However, this year authorization was given for CTR funds to be used globally (see Section 1305). The FY2008 Defense Authorization Act (P.L 110-181) specifically encourages "activities relating to the denuclearization of the Democratic People's Republic of Korea" as a potential new initiative for CTR work. Currently, the Department of Defense is not working on disablement efforts, but there may be a future role for DOD as the Six Party process progresses to dismantlement work.

The North Korean Human Rights Act

In the fall of 2004, the 108th Congress passed and President Bush signed H.R. 4011 (P.L. 108-333), the North Korea Human Rights Act. The act included provisions dealing with U.S. assistance to North Korea, including a requirement that U.S. non-humanitarian assistance to North Korea be contingent upon North Korea making "substantial progress" on a number of specific human rights issues, and hortatory language stating that "significant increases" above current levels of U.S. support for humanitarian assistance should be conditioned upon "substantial improvements" in transparency, monitoring, and access. A measure to reauthorize the act in the 110th Congress, H.R. 5834, would drop these provisions, though it does retain a requirement that USAID report annually to Congress on efforts to improve transparency and monitoring in U.S. humanitarian assistance to the DPRK. The House passed H.R. 5834 on May 15, 2008.

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[17] Congressional Budget Office, "Cost Estimate: S. 3001 National Defense Authorization Act for Fiscal Year 2009," June 13, 2008. [http://www.cbo.gov/ftpdocs/93xx/doc9390/s3001.pdf]