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PRACTITIONER TO  
PRACTITIONER  
SERIES

# Talking Points: North Korea

## Part 1

Encouraging a Different Mindset in North Korea:  
Introduction and Recommended Talking Points  
on Agriculture, Food Security, Private Economic  
Activities, and Enterprise Reform

Author  
Ambassador Thomas Schäfer

**CAPS**

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**Editor's note:**

The three-part "Talking Points: North Korea" papers are the inaugural publications in the Center For Asia Pacific Strategy's "Practitioner to Practitioner" series which seeks to provide practical and actionable policy recommendations for practitioners from practitioners.

**Talking Points: North Korea Series**

by Ambassador Thomas Schäfer

**Part 1:**

Encouraging A Different Mindset In North Korea: Introduction And Recommended Talking Points On Agriculture, Food Security, Private Economic Activities, And The Enterprise Reform

**Part 2:**

Talking Points On Private Foreign Investment And Special Economic Zones

**Part 3:**

Talking Points On Military Spending, Objectives Of Nuclear Armament, Nuclear Negotiations, "Hostile Policy," A Peace Treaty, And An End-Of-War Declaration

Ambassador Thomas Schäfer served two tours in Pyongyang as the German Ambassador to the Democratic People's Republic of Korea (DPRK) or North Korea, and is the most qualified practitioner with direct knowledge of and experience with the North Korean regime to provide the recommendations included in this three-part series.

## INTRODUCTION

Contrary to what Pyongyang's propaganda wants us to believe, North Korea is not a "monolithic" country with everybody wholeheartedly following the Workers' Party's line to the letter, but composed of different interests and social groups that pull into different directions. That there are different views in the elite, has occasionally been admitted to foreigners residing in Pyongyang. There have also been internal policy discussions that have been reflected in official media, albeit only to some extent and at certain times. The leadership is under pressure as not only the elite, but ordinary North Koreans are well aware of the huge gap between official propaganda and reality, and of the fact that life in neighboring China and South Korea is far better than their own. General discontent and differing opinions within the elite provide an opportunity for the international community to exert some influence on policy discussions among North Koreans.

Based on its overall motto "From Practitioners to Practitioners", the Center for Asia Pacific Strategy aims to provide actionable recommendations and solutions. In the case of secluded and self-isolating North Korea, one of the challenges of the international community is to make the best use of the scarce opportunities of interaction with North Koreans. This paper contains proposals for suitable topics and –in the form of talking points (in bold type) followed by background information- for possible ways to present them. The suggested topics in the realm of economic policy including agriculture, private economic activities, enterprise reform, foreign investment, special economic zones have all been controversially discussed in the country's leadership in the last twenty years. Talking about them might help relaunch such discussions.

In addition, some talking points are suggested that might be raised in the course of security policy discussions. Even if these points refer to statements or policies by Pyongyang in the past, the interlocutor's answer might help shed a light on fundamental North Korean attitudes.

Depending on the context, it is suggested to actively address human rights – or particular cases - although Pyongyang has often reacted with protests and

refusals to talk whenever the topic was brought up. The regime in Pyongyang cares about its image abroad, and the North Korean population should not get the impression that the trampling of human rights in North Korea is of minor interest to foreign countries. Moreover, in the case of North Korea, appeasement tactics generally do not work.

This paper is based on the author's experience who has had countless conversations with North Koreans. As North Koreans often try to evade delving into details or even skip some topics altogether, the talking points were selected with a view to help provoke substantial talks about North Korean policy choices. They are suggestions only and should be complemented and adapted to the specific situation. Their objective is not only to get information but to encourage the voices in North Korea that advocate reforms.

North Korean officials are well trained in trying to unsettle or divide foreign interlocutors by flattery, brusqueness or even insults. In most cases, it seems best to ignore flattery, react seriously to insults while remaining friendly in general – and speak one's mind, as any other reaction would be interpreted as weakness. Being persistent might help.



# TALKING POINTS ON AGRICULTURE AND FOOD SECURITY

## *Donor Fatigue:*

**We acknowledge the efforts DPRK is making in order to become self-sufficient. We understand that it is a policy decision taken a long time ago. However, the stagnation of agricultural output for decades – even before DPRK was sanctioned – as well as the lack of efficiency, transparency, and access, have led to donor fatigue.**

## *Lack of Transparency and Access:*

**Compared to projects elsewhere, aid organizations working in the Democratic People's Republic of Korea (DPRK) have enjoyed very little access to relevant information and to the project sites. Better access and greater transparency through an open dialogue would improve project implementation, facilitate the identification of further needs, and enhance trust.**

## *Kitchen Gardens:*

**In general, kitchen gardens seem to be the best maintained and best-yielding plots of land in DPRK, as people can directly reap the benefits of their labor. They are examples of efficiency, but very small. The experience of other countries proves that expanding them would considerably improve food availability: in the Soviet Union, while constituting only 2-4 percent of the arable land, kitchen gardens produced between 25 and 33 percent of the total food requirements. In the DPRK, the (international) Crop and Food Security Assessment Mission estimated in 2008 that the average cereal in kitchen gardens was more than double the national average. In the Soviet Union and China, increasing the size of kitchen gardens produced excellent results. Why doesn't DPRK follow suit?**

## *Sloping Lands:*

**In the DPRK, usufruct rights are not only granted for kitchen gardens, but are also at least de facto allowed on hillside slopes. It is evident that also there production increases considerably if user groups can reap direct and uncontested benefits. Could usufruct rights on sloping lands be expanded?**

*Marketing of Agricultural Surplus:*

**Other countries have experienced important increases in agricultural output by allowing farmers to use goods produced in excess of the state quota as they see fit. The opportunity to sell such produce at market prices would eliminate black markets, reduce corruption, enhance living standards in the countryside and improve food supply in the cities.**

*Using Comparative Advantages for Food Security:*

**The DPRK has a rough climate, little arable land and, because of deforestation, is prone to natural disasters. Under these circumstances, it is particularly difficult to produce all the necessary food within the country. Other countries produce food at less cost while the DPRK could be a competitive exporter of industrial goods. An alternative to food self-sufficiency would thus be to take advantage of comparative advantages and satisfy the country's food needs in the international markets with the proceeds of industrial exports.**

### **Background:**

Before 1990, DPRK was only able to produce enough food for its population because energy, fertilizer and machinery were delivered by China, the Soviet Union, and other socialist countries at favorable conditions. In the 1990ths, the public distribution system collapsed, and a famine ensued. Since then, the agricultural output has been largely stagnant.

Reform attempts: There have only been timid attempts to introduce changes to the agricultural system, notably around 2002/3 and during Kim Jong Un's first year in government. The proposed changes in 2012 —dubbed the "June 28 reforms" by foreign observers— were not published at the time, were taken tentatively and afterwards met with resistance. For some time it was not clear to what extent agricultural policy had really changed. It was only in February 2014 that the agricultural policy was explained in a published letter by Kim Jong Un to the so-called subgroup leaders of agricultural cooperatives. He wrote

that the "recently adopted field responsibility system" was meant to inflame the enthusiasm of farm workers, and that the socialist principle of distribution did not mean egalitarianism; rather, the surplus achieved by the cooperative should be distributed to its members in accordance with their "work points." He maintained that model cooperatives had increased their members' incomes by over-fulfilling the state-mandated quotas.

North Korean agriculture is organized in cooperatives which are divided into brigades with different functions: there are planting brigades, construction brigades, vegetable brigades, and repair brigades. The brigades, on the other hand, are divided into subgroups. Members of the subgroups are assigned specific tasks; upon fulfillment, the respective subgroup leader rewards these members with "work points," which provide a right to shares in the part of the harvest which the State leaves to the cooperative for self-sufficiency. The remuneration of the members of the cooperatives was to be different depending on their performance, as Kim Jong Un expressly called for in his letter. The much vaunted "field responsibility system" did not comprise more than that: it only referred to how and to what extent the individual cooperative member should be compensated, in the opinion of the respective subgroup leader, for the assigned work he or she had done. The basic tenets of the system remained intact: It was not individuals who decided what they wanted to grow, nor could they enjoy the fruits of their own labor; the corn they planted was not "their" corn, but part of the cooperative's harvest. To significantly increase production, the land should not only have been made available to individual farmers for a longer time, but it should have been left to them to decide what to produce and how to market the products, and they should have been given the monetary value of any profits and not just "work points."

As to the share of the harvest each cooperative had to pay to the state, Kim Jong Un wrote: "The state should impose reasonable coercive levies on the basis of national demand and the interest and needs of farmers in such a way that farmers continue to work with confidence." The absolute quantity or the percentage of

the harvest that each cooperative has to hand over to the State seems to be a matter of negotiation between the cooperative on the one hand and the district government or the district party leadership on the other; there do not seem to be strict percentages applied across the board. The interests of the cooperative and the representatives of the district leadership naturally diverge widely, especially since the state-determined price for the cereals has traditionally only been a fraction of the black-market price. It is to assume that fraud attempts, in the form of, for example, low production figures, continue to be widespread, even though private trade in staple foods remains prohibited. To sum up, the "June 28 Reforms" do not seem to have changed anything substantial in agriculture. Since the relevant leadership discussions had ended in 2014, there seem to have been no more important discussions about possible changes.

Kitchen gardens: These gardens next to houses are officially allowed only in the countryside, but exist in the cities as well. Since Kim Il Sung's time, their size is limited to 100 square meters per family.

Resistance to reforms: The leadership fears a weakening of political control. Therefore, it opposes the long-term allocation of land to farmers, the privatization of decisions on what to grow, the creation of private marketing channels, and the allocation of profits to individual farmers. For the current leadership, maintaining control over the population takes precedence over an improvement of living conditions.

# TALKING POINTS ON PRIVATE ECONOMIC ACTIVITIES AND ENTERPRISE REFORM

**Since the “Arduous March” and the collapse of the public distribution system in the 1990s, North Korea has had a mixed economy: Many people can only make ends meet through private-sector activities. Since that time, markets are a common sight in the DPRK. In the years of transition from Kim Jong Il to Kim Jong Un, notably Pyongyang became more colorful, with visibly more private activities. And at the beginning of Kim Jong Un's reign, there were discussions and some decisions on allowing state enterprises to do business on their own. But the size and number of markets have always been limited and since a couple of years, the state has tried to reassert control of state enterprises. As the economic benefit of loosening restrictions has been obvious, I wonder why this roll-back has been undertaken. Innumerable countries have experienced remarkable growth through private activities.**

## **Background:**

Since the collapse of the public distribution system and the resulting famine (officially called “Arduous March”) in the 1990s, North Korea has had a mixed economy. Most people can only make ends meet through private-sector activities, often carried out alongside their official job. Such activities take diverse forms which may range from selling home-grown vegetables or repairing bicycles to importing consumer goods on a large scale, or privately operating a factory. Given the continuing ideological stigma of the private sector and the fact that legal provisions may be unclear, contradictory or lacking, the political and legal basis of such ventures is often precarious.

The first manifestations of private sector growth were farmers' markets; more visible changes to life in Pyongyang (more cars, more restaurants, more markets etc.) occurred notably during the last years of Kim Jong Il's reign and the first years under Kim Jong Un. Pyongyang and to a lesser degree some smaller cities became a bit more colorful while the countryside basically remained unchanged. However, private sector development was not linear as repeated attempts (e.g. restrictions on markets and transport or a currency reform in 2009 that annihilated traders' capital) were made to limit its growth. These ups and downs were reflections of the prevalent influence in the leadership of moderates or hardliners respectively.

Part of the above-mentioned "June 28 Reforms" were tentative experiments with the management of large enterprises ("Socialist Enterprise Responsibility Management System"). A respective law was passed in 2014. The leadership encouraged light industry factories in particular to embrace changes. Companies, after meeting the government's production targets, were encouraged to commit to additional production, deciding for themselves on the procurement of the necessary raw materials, the marketing of the products, and the allocation of any additional revenue, including paying the workers' wages. They were given the right to trade with each other and with foreign countries. However, they remained state-owned, the supply of energy and capital continued to be determined through the plan, and the Workers' Party remained in control of important personnel decisions. On the other hand, companies were supposed to shoulder the responsibility for their employees, including their diet. It is not known how many companies ultimately implemented the proposed management changes. Most of the innovations and start-ups seem to have been in the sector of trade and services.

As shown above, discussions in the leadership on possible changes in agriculture had already ended at the beginning of 2014. In his 2016 New Year's speech, Kim Jong Un made no mention of the changes in the area of corporate management (nor agriculture); it seemed that the leadership's limited willingness to undertake structural changes in enterprise management had largely evaporated as well. In later years, the regime's intention to reassert state control over the enterprises and roll back changes undertaken earlier became even more obvious. Today, only few elements of earlier reform plans remain in place.

## ABOUT THE AUTHOR



H.E. Thomas Schäfer hails from Oldenburg, Germany and he is a member of the Board of Advisors to the Center for Asia Pacific Strategy. During his career in the German Foreign Office, he was posted several times to East Asia and is the former German Ambassador to North Korea (2007-2010 and 2013-2018), and Guatemala (2010-2013). He has PhD in German history from the University of Kiel in 1985. He is the author of the book, *From Kim Jong Il to Kim Jong Un: How the Hardliners Prevailed: On the Political History of North Korea (2007-2020)*.

See full biography on the CAPS website [here](#).

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