



**South Korea-North Korea Relations:
Curtains for Kaesong?**

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In a triumph of hope over experience, our last report ended with the cautious thought that new leaders in the two Koreas, each with a dynastic background, might have “a tacit basis for understanding.” It is early days yet, but so far 2013 has gone in the opposite direction. This was one of those regular periods when storms on the peninsula make headlines around the world, so few readers will need informing of the broad contours of the past few months. The tensions fomented by Pyongyang, which seem to have died down for now (though one can never be quite sure), lasted longer – two months – and used more extreme rhetoric than usual. As so often, inter-Korean relations were more a victim than a main driver in all this. But they have suffered tangible damage with the closure, at least for now, of the Kaesong Industrial Complex (KIC), which had been the last remaining North-South joint venture.

A rational North?

Not for the first time, and doubtless not for the last, Pyongyang’s recent behavior has been hard to explain. This view is not universally shared. Experts as diverse in their perspectives as Japan’s Michishita Narushige and my UK compatriot Hazel Smith have argued in the past that the DPRK is a rational actor, despite appearances. Andrei Lankov is of the same mind, declaring on the first page of his new book that “North Korea is not irrational.”

Of course, rationality is context-dependent. But as Ralph Cossa has said, North Korea never misses an opportunity to miss an opportunity. The latest chance lost came on Feb. 25 with the inauguration of Park Geun-hye as president of South Korea. Though the daughter of the dictator Park Chung-hee and a conservative like the man she succeeded, Lee Myung-bak, Park had visited Pyongyang a decade ago as a private citizen; she dined with Kim Jong Il.

Moreover, since at least 2011, starting with an article in the US journal *Foreign Affairs*, Park had been at pains to distance herself from Lee’s hard line, advocating then as now what she calls “Trustpolitik.” So far this is more slogan than policy. But those in Pyongyang who track such things had no reason to doubt that, with Park in the Blue House, relations could improve – without Lee’s insistence that the North must first denuclearize. Even if cynically, they could have chosen to play her along and, as during the decade of the former “Sunshine” policy (1998-2007), enjoyed renewed flows of aid and investment. If indeed as reported the DPRK is worried about Chinese domination of its economy since “Sunshine” was eclipsed by Lee, what better remedy than to let the South back in and play off the two rivals in time-honored DPRK fashion? Even Southern rightists are keen to see that North Korea does not become economically a fourth province of Manchuria, as the daily *Chosun Ilbo* has put it.

But this was the road not taken – and which will now be much harder to take in future, even if a way is found to row back from recent tensions. Instead, using the same malign playbook honed by his father and grandfather before him, Kim Jong Un chose to embark on and then escalate another cycle of provocation and reaction, of a dreadfully familiar kind.

A familiar one-two

This began last year, with the successful launch – after April’s embarrassing failure – of a satellite on Dec. 12. After over a decade of experience and (in the past) negotiations, not to mention previous UN Security Council (UNSC) sanctions, the North Korean regime knew perfectly well that the global community would regard this as tantamount to a banned long-range missile test – and punish it accordingly. The response took time, owing partly to the holiday break and the usual backstage negotiations between the US and China as to how strong a form of words and scope of actions the latter was prepared to countenance.

When it finally came on Jan. 22, UNSC Resolution 2087 was stronger than some – that may include North Korea – expected. Basically, it extended existing sanctions under earlier UNSC resolutions (1695 and 1718 in 2006, then 1874 in 2009) to six further organizations and four individuals. As always, Pyongyang at once rejected this as a US plot – despite the fact that, like all previous UN censure of the DPRK, the resolution was passed unanimously, including support from both Russia and China as permanent UNSC members – and vowed that it would not be cowed. Fears at once arose that the same sequence would unfold as in 2006 and 2009; namely that, like his late father Kim Jong Il, Kim Jong Un would follow up a de facto missile test with the much more serious provocation of a nuclear test.

And so it proved. North Korea’s third nuclear test took place on Feb. 12. DPRK media boasted that this involved a miniaturized device, but that cannot be independently confirmed. Nor can the all-important question of whether it used plutonium, as in previous tests, or for the first time the North’s newer, largely unknown program based on highly enriched uranium (HEU). Radiological samples gathered by the US and others proved inconclusive.

UNSC reaction was quicker this time. Resolution 2094 of March 7, 2013, once again unanimous, further tightened existing sanctions to include more monitoring of cargoes, diplomats and banks – especially bulk cash transfers. Banned luxury items were itemized for the first time, having hitherto been left to member states to decide. North Korea once again angrily dismissed this censure. (It cannot have helped Pyongyang’s temper that South Korea is currently a UNSC member state, having been elected in October to serve for the two calendar years 2013-2014.)

War games: taking umbrage

This oft-repeated cycle of tests, censure, sanctions, and defiance was not the only pretext that North Korea used to foment a sense of crisis. Pyongyang also took violent exception to what are in fact routine joint US-ROK military exercises held on the peninsula every spring: the computer-based *Key Resolve*, and the larger-scale *Foal Eagle*. (The DPRK is even informed of their starting dates, so its annual claims that these are a prelude to imperialist invasion cannot be

taken seriously.) This year such shrieks were even louder than usual. North Korean rhetoric has always been fierce, but this spring it reached new heights (or plumbed new depths), including for the first time threats of pre-emptive nuclear strikes. The rhetorical target here was as much the US as South Korea. In one much-publicized picture, Kim Jong Un was seen pondering documents, surrounded by KPA officers, against a background of a map of the Pacific showing flight paths to various named US cities – including Austin, which caused no little head-scratching in that inoffensive corner of Texas. (Ed. note: Some later speculated that the target might have actually been Barksdale AFB, Louisiana, which at least makes more sense given it is home to a B-52 wing.) Fortunately, North Korea as yet lacks any such capacity, so this all had a staged and cartoonish character. That did not make it any less unsettling.

Though little remarked, there may be a parallel here with last spring's vicious and highly personalized propaganda campaign against South Korea's then President Lee Myung-bak, including vile cartoons of him as a rat being bloodily done to death in a variety of ways. We covered this [here](#) in detail at the time. These cartoons can no longer be found on KCNA, but Jeffrey Lewis has usefully [preserved some for posterity](#). One comment there is worth quoting for its wider resonance: "How do you negotiate with a government that presents propaganda posters showing your president's gory dismemberment?"

This year's campaign lacked the cartoons' visual nastiness and personal animus, but was no less extreme in its language. Quoting this *in extenso* would be tedious. Any reader – except in South Korea; will President Park end this needless ban? – has only to turn to KCNA.kp, which helpfully files its main diatribes under the telling sidebar "DPRK in All-Out Action Against Enemies," and scroll back over the past two months. Of late they have toned this down, but only slightly. As recently as May 10, party daily *Rodong Sinmun* could still write: "The DPRK remains steadfast in its attitude to meet any challenge of the hostile forces for aggression through an all-out action based on nuclear deterrent of justice, **bring earlier the day of the final victory in the great war for national reunification** (*emphasis added*) and guarantee the prosperity of a reunified country and the independent dignity of the nation for all ages."

Leaving aside the bizarre idea of nuclear "all-out action" as a way to "guarantee prosperity" – guarantee poverty, more like – taken literally what can this mean except that North Korea would welcome a "unification" achieved by the nuclear defeat (as if!) of South Korea, with all the catastrophic material and human loss of innocent lives that would entail? Or if they don't really mean it, why do they say it? To adapt the question above, how can you talk usefully to a regime which purports to gleefully contemplate nuking you into submission?

True, most such threats including this one are formally posed as conditionals. If the enemy attacks – or in this case, merely "challenges" – then we strike. Richard Lloyd Parry in a review in the *London Review of Books* stresses this point in a useful recent overview, tellingly titled "[Advantage Pyongyang](#)," "The noises from the North are widely misunderstood. They are not unilateral threats of war, but promises of retaliation in the event of US and South Korean attack. (This gets lost in much of the reporting because of the famous verbosity of North Korea's official communiqués: the threat is quoted, while the balls-aching conditional preamble is cut.)"

Amen to that striking adjective, but I would make less of this. The fact is, Pyongyang cranks up the war talk relentlessly – as though itching to be given an excuse to attack. The tone, if by no means the eloquence, is essentially as in Clint Eastwood’s famous “Make my day.”

One more example, from late April when tensions were starting to subside. One could expect Army Day, April 25, to spawn some bombastic and bellicose speeches. But they were never quite like this before. *KCNA* reported DPRK Air Force Commander Ri Pyong Chol as boasting that “Stalwart pilots, once given a sortie order, will load nuclear bombs, instead of fuel for return, and storm enemy strongholds to blow them up.” Not to be outdone, “Strategic Rocket Force Commander Kim Rak Gyom said that the DPRK’s inter-continental ballistic missiles have already set the dens of the brigandish U.S. imperialists as their first target and officers and men of the Strategic Rocket Force are one click away from pushing the launch button.”

A “state of war”

Regarding South Korea specifically, on March 30 *KCNA* issued what it termed a “special statement” of “the government, political parties and organizations of the DPRK.” This was headlined: “North-South Relations Have Been Put at State of War.” *Inter alia*, it warned that the “time when words could work has passed,” hence “the Supreme Command of the KPA was just when it made the judgment and decision to decisively settle accounts with the US imperialists and south Korean puppets by dint of the arms of Songun [military-first policy].”

Accordingly, “the dear respected Marshal Kim Jong Un, brilliant commander of Mt. Paektu, convened an urgent operation meeting on the performance of duty of the Strategic Rocket Force of the Korean People’s Army ... and finally examined and ratified a plan for firepower strike.” And so on and so on: “the strong will of the army and people of the DPRK to annihilate the enemies”; “Time has come to stage a do-or-die final battle.” And this, notably: “[Enemies] should clearly know that in the era of Marshal Kim Jong Un, the greatest-ever commander, all things are different from what they used to be in the past.... The hostile forces will clearly realize the iron will, matchless grit and extraordinary mettle of the brilliant commander of Mt. Paektu that the earth cannot exist without Songun Korea.”

Greatest-ever? Compared even to his grandfather, a genuine guerrilla against Japan who also really did take on the US in battle (a disastrous error, though Pyongyang calls it a victory)? No doubt Kim Jong Un has to establish a pedigree, but this is arrogance indeed by a wholly untried youth. Yet the warning that “all things are different” now may prove only too true.

Importantly, this was not provoked by anything South Korea or the US had done. True, the March 30 statement singled out *Foal Eagle*’s unprecedented use of *B-52* and *B-2* bombers as “an unpardonable and heinous provocation.” Lloyd Parry calls this deployment “a very stupid thing to do”, since it “sprinkle[d] gunpowder on the North’s indignation.” Maybe so; but given the lurid threats that North Korea was issuing, the US faced a very difficult choice. The new US defense secretary, Chuck Hagel, was frank about his dilemma: “It only takes being wrong once, and I don’t want to be the secretary of defense that was wrong once.”

Kaesong sacrificed

Nor did all this remain at the level of rhetoric. Fortunately, Kim Jong Un had more sense than to actually attempt a military provocation. The judgment that he was never going to do so has thus turned out to be correct, so far. Yet the airy view quoted by *Yonhap* on March 12 of an unnamed ROK defense spokesman, saying that “Barking dogs don’t bite,” might easily have proved too sanguine. They sure bit in 2010, twice: sinking the *Cheonan* and shelling Yeonpyeong. (We discussed both of these attacks at length at the time: see all four issues of *Comparative Connections* for that year (Volume 12).

While Austin, Texas proved safe from North Korea’s non-existent ICBMs, a softer target lay closer to home. As Pyongyang’s rhetoric mounted, some in Seoul called their bluff. How can you be in a state of war, even while running a joint venture with the enemy where everything is normal and calm? Not for long, it turned out. Though Pyongyang predictably professed to be outraged by such comments, the sad sequence of events which unfolded at Kaesong was almost certainly something it had planned well in advance. As discussed below, one does not shut down a resource that was bringing in \$90 million a year on a whim or out of pique.

Little noticed at the time, North Korea’s first threat to the Kaesong Industrial Complex (KIC, as South Korea calls it; the North says zone, thus KIZ) came as early as Feb. 7. A report that the South would henceforth inspect inbound cargoes more rigorously in line with UNSC sanctions enraged the North’s National Economic Cooperation Committee (NECC). *KCNA*’s prophetic headline read: “S. Korea Will Have to Pay Dearly for ‘Sanctions’ against KIZ.” The North warned that in the event of any provocation, it would “take such resolute counter-actions as withdrawing all privileges for the KIZ and restoring the area as a military zone.”

In fact, the KIC carried on as normal, nor is it clear if inspections were in fact stepped up. However, on March 30 – the same day as the “state of war” announcement, but separately – the North’s General Bureau for Central Guidance to the Development of the Special Zone (GBCGDSZ) released a statement that *KCNA* headlined: “DPRK Warns Future of Kaesong Industrial Zone Depends on S. Korea’s Attitude.” Taking offense at Seoul media suggestions that the North was keeping the KIC open because it needed the money – to the contrary, they claim (as in the Feb. 7 statement) that it is their act of charity, based on “compatriotic feeling for the minor enterprises and poor people in south Korea” – this went on: “It is an extremely unusual thing that the Kaesong Industrial Zone is still in existence under the grave situation.” It warned, ominously: “The south Korean puppet forces are left with no face to make complaint *even though we ban the south side’s personnel’s entry into the zone and close it*” (emphasis added)

And that is precisely what happened. On April 3, without notice (although with hindsight the GBCGDSZ’s threat quoted above was a warning) the North began refusing entry to Southern personnel and vehicles. The ironically named Demilitarized Zone (DMZ) is still the world’s most heavily armed frontier, but in recent years it was no longer totally sealed. The former “Sunshine” policy saw two border crossing points opened: near the east coast for access to the Mt. Kumgang resort, and Dorasan north of Seoul – not far from Panmunjom, previously the sole point of contact under the 1953 Armistice Agreement – for the KIC. The east coast route fell into disuse since July 2008, when the South suspended tourism after a middle-aged female visitor was shot

dead at Mt. Kumgang and the North refused to let the South send in its own investigators. But Dorasan stayed busy. Southern managers and other staff commuted (weekly or in some cases daily) from in and around Seoul, while trucks took raw materials and other supplies in and finished goods out. Last June, as we reported, Dorasan clocked up its millionth border crosser in nine years. (There used to be a railway service too, briefly. But the North was never keen, and this was also less economic for the 123 SMEs in the zone than road transportation. So Dorasan's gleaming new station now stands forlorn.)

The road crossing looks set to join it in disuse. The North had restricted border crossing in the past, so at first the hope in Seoul was that this too would only be a temporary blip. The ban was one-way: South Koreans were allowed to leave the KIC, but few did for fear of not being let in again. On April 4, a day after the entry ban began, the North's Committee for the Peaceful Reunification of Korea (CPRK) – which despite its name issues threats as fierce as every other DPRK body – warned “the puppet group” over its “provocative racket.” ROK Defense Minister Kim Kwan-jin – an unplanned holdover from the Lee Myung-bak era after Park Geun-hye's first choice for the post withdrew in face of allegations of scandal – is an especial Northern bugbear. This time the “die-hard warmonger” had spoken – unsurprisingly in the circumstances – about potential hostage scenarios. Seething with faux fury, the CPRK warned the “puppet group that “it had better control its mouth, mindful that the Zone is less than 40 km from Seoul.” And then this: “[T]he shutdown of the Zone has become imminent. If the south Korean puppet group and conservative media keep vociferating about the Zone, we will take a resolute measure of withdrawing all our personnel from the Zone.”

And so they did. Four days later on April 8, Kim Yang Gon, a senior secretary of the Central Committee (CC) of the North's ruling Workers' Party (WPK), visited the KIC. Declaring it to be “in the grip of a serious crisis ... due to such hideous confrontation maniacs as Kim Kwan-jin,” Kim announced two “important steps.” First, the DPRK would “withdraw all its employees from the zone.” Second, “it will temporarily suspend the operations in the zone and examine the issue of whether it will allow its existence or close it.”

Sometimes North Korea is as good as its word. Next day, April 9, none of the 53,448 DPRK workers in the KIC showed up for work; nor have they since. Still hoping this might just be a temporary ploy, Southern businesses at first kept going as best they could. Their government naturally protested, while offering talks which the North rebuffed. As the month wore on the situation became unsustainable, as food and other supplies (e.g., medicine) began to run short.

On April 26, the ROK government felt it had no option but to tell its remaining citizens in the KIC to come home. All did so by May 1, bar seven who were still discussing unpaid wages and the like; with typical perversity, the trucks the North turned away included one carrying \$7 million for March's wages. Seoul quickly scotched some media spin implying this was in any way a hostage situation. The final seven returned early on May 3; at the same time as the North let in a truck carrying \$13 million for wages and taxes. Rude and petty to the last, North Korea thus even made the South in effect pay for the privilege of being kicked out.

Can the KIC come back?

Is this the end? Some in Seoul still harbor hope. Pyongyang sent a high-level negotiator, but only to discuss details of the closure. As of May 6 the South, which supplies electricity to the KIC, was still doing so – but on a much smaller scale than before, given the fall in demand. This suffices to keep a water purification plant running, which by some accounts serves part of nearby Kaesong city as well. The center-right Seoul daily *JoongAng Ilbo*, in an article on May 6 headlined “A ray of hope to reopen Kaesong park still blinking,” said that the DPRK had asked for electricity and water supplies to be maintained. That can be seen as barefaced cheek – or as the *JoongAng* put it, a ray of hope. This being North Korea, perhaps it is both.

Turning power or water on and off is easy. Not so a project like the KIC, where real damage has been done that will not quickly be undone. A precedent here is Mt. Kumgang, whose five-year impasse has seen the North confiscate Hyundai and other ROK assets worth some \$400 million – but not sell them or get much use from the resort, which is only really viable for South Korean tourists. One conceivable way out could be to swap one suspension for another: If the South lets tours to Mt. Kumgang resume, the North could reopen Kaesong.

Yet unlike the late Chung Ju-yung, the Hyundai patriarch whose long-term vision and deep pockets underwrote both the Kumgang and Kaesong zones, the Southern SMEs in the KIC are strapped for cash. They invested there in good faith, mainly for cheap labor; only to be kicked in the teeth by the North for no fault of theirs. Are many or any of them ready to risk it again? Their own government is offering 300 billion won (\$272 million) compensation, but that hardly suffices; it cannot repair the reputational damage from their inability to fulfil contracts since Pyongyang pulled the plug. The global marketplace is even less forgiving than the DPRK, if more impersonally. If you don’t deliver, there may be no second chance.

Does North Korea understand this, or care? Unconfirmed reports reaching Seoul suggest that the North may have planned this move long ago, and has no intention of rescinding it. The evidence for this, such as it is, is of two kinds. First, it is claimed that Kim Jong Il, having allowed the creation of the KIC, changed his mind for fear of its long-term impact. On April 29 the Seoul-based *Daily NK* quoted what it said was an anonymous source in Pyongyang: “Kim Jong Il’s greatest concern of all was that as the Kaesong Industrial Complex got bigger it would cause a growing number of workers to harbor feelings of interest and longing for South Korean society. Kim Jong Eun is now focusing on Kim Jong Il’s injunction that ‘you must move decisively to close it as soon as you see a chance.’”

Second, other anecdotal data indicate that the KIC workers have now been widely dispersed in North Hwanghae province, and perhaps further afield. By all accounts they are not pleased at losing their jobs and being assigned to quite different ones (e.g., on collective farms), nor at having to undergo ‘study sessions’ where they must relate every encounter they ever had with South Koreans. This too hardly suggests that the KIC has a future.

Guns and butter

But does North Korea’s left hand even know what its right hand is doing? A further puzzle is that at the very same time that it was gratuitously sabotaging its only established and fully

functioning special economic zone – there are two new ones with China, but it is early days yet – the DPRK was claiming to want more of these. In a significant but baffling move, if mainly beyond our scope in a journal whose remit is bilateralism, even while threatening the world in practice the regime was also busy backing this up with a brand new theory.

On March 31, a hastily called plenary meeting of the WPK Central Committee (announced only on March 27), self-described as “historic,” proclaimed a new party line: the simultaneous development of nuclear weapons and the economy (*Byungjin* in Korean). “Guns or butter” is a term used in Economics 101 to signal the inexorability of choice in allocating resources, but Kim Jong Un seems to think he can have his cake and eat it. The same meeting promoted the DPRK’s sole certified reformer, former Premier Pak Pong Ju, to the Politburo. Pak impressed South Koreans when he visited there as chemical industry minister leading an economic delegation in 2002, in happier times. Appointed premier in 2003, he spearheaded the tentative reforms instituted (but never formally announced) in 2002, but was sacked in 2007 as the tide turned in favor of diehard anti-marketeters. So his return to the top echelons is good news.

Better yet, next day on April 1 the Supreme People’s Assembly (SPA), the rubber-stamp parliament, reappointed Pak as premier. The man he replaced, elderly loyalist Choe Yong Rim, as usual gave an economic report. This concluded with an unexpected peroration:

All the fields and units of the national economy should build under a long-term plan export bases for producing second-stage and third-stage processed goods and finished goods of high competitiveness at international markets by relying on locally available resources and indigenous technology. Latest scientific and technological achievements should be positively introduced to increase the varieties of exports and remarkably raise their quality. Trade should be made diversified and multilateral while conducting a variety of trade activities. The joint venture and collaboration should be actively promoted and the work for setting up economic development zones be pushed forward.

Good advice indeed. But how can one reconcile this with destroying the KIC? South Korean Unification Minister Ryoo Kihl-jae, the architect of Park’s “trustpolitik” approach and as such a very disappointed man currently, made the obvious comment: “If they act like this, who will invest in the North?” For all sorts of reasons, from capital shortage to UNSC sanctions and reputational issues, *byungjin* is a non-starter. Nuclear weapons and economic development are not a both/and, but an either/or.

Finally, the news on May 13 that North Korea has appointed its fourth defense minister in barely a year is a reminder that below the surface all is far from smooth in Pyongyang. Among the several hypotheses advanced to explain the DPRK’s threatening demeanor in recent months, one is that Kim Jong Un still needs to impress the military by acting tough. Changing the minister of People’s Armed Forces so frequently suggests he is not impressing them that much, and that he is failing to control them. If behind the scenes a power struggle is raging in Pyongyang, North Korea’s stance toward the South and the wider world could yet change – hopefully for the better.

Chronology of North Korea-South Korea Relations

January – April 2012

Jan. 1, 2013: Kim Jong Un's first New Year speech, replacing the joint editorials of his father's era, includes pro forma calls for an end to North-South confrontation – but also a threat to reunify Korea by force “if the aggressors dare launch a preemptive attack.”

Jan. 2, 2013: The North's National Defense Commission (NDC) says that the next South Korean government “must choose between confrontation and peace.”

Jan. 2, 2013: ROK Ministry of Unification (MOU) reports that Northern defector arrivals fell to 1,508 in 2012, down from 2,706 in 2011 and the first annual total under 2,000 since 2006. The decline is attributed to tighter border control after Kim Jong Il's death. The cumulative total of Northern escapees residing in South Korea at end-2012 was 24,613.

Jan. 3, 2013: MOU sources tell *Yonhap* that the ROK's 2013 budget, finally passed by the National Assembly on Jan. 1, allocates 1.09 trillion won (\$1.02 billion) to the fund for inter-Korean cooperation. This is 9.1 percent more than in 2012, anticipating some easing of tensions. This breaks down as 735.7 billion won for humanitarian assistance (up 13 percent, and including allocations to send 400,000 tons of rice and 300,000 tons of fertilizer); 265 billion won for economic cooperation; and 90.2 billion won for the Kaesong Industrial Complex (KIC).

Jan. 4, 2013: MOU data show that in 2012 no North Koreans visited the South: the first zero score since 1998. Peaking at 1,313 in 2005, numbers fell from 332 in 2008 to 14 in 2011. Last year 110,116 South Koreans went north, almost all (99.8 percent) of them to the (KIC).

Jan. 9, 2013: Survey by the ROK National Veterans Association reports that 78.7 percent of South Koreans surveyed reckon that a second Korean war is possible. Almost half (45.7 percent) believe that the nation's division will last for at least 20 more years.

Jan. 16, 2013: ROK National Police Agency (NPA) says North Korea was behind last June's cyber-attack which temporarily crippled the center-right Seoul daily *JoongAng Ilbo*'s website and server. This is the fifth separate such attack on ROK entities since 2009.

Jan. 16, 2013: The *JoongAng Ilbo* reports that the National Intelligence Service (NIS) has reorganized its tracking of North Korea, with separate departments for analysis and “early warning management” and increased use of “humint.” Under Lee Myung-bak the agency arrested 23 Northern infiltrators and caught 132 spies disguised as defectors, while 169 South Koreans were charged with praising or propagandizing the North. This compares to 43 arrests in total under Lee's liberal predecessor Roh Moo-hyun, president during 2003-08.

Jan. 21, 2013: MOU refuses requests by Incheon city and Gangwon province to contact the North about possible inter-Korean games at a youth soccer tournament in Hainan, China on Jan. 24-27. Both Koreas are already sending teams.

Jan. 21, 2013: ROK intelligence confirms Seoul press reports that a Northern defector aged 33 named Yu was arrested on Jan. 11. Working for Seoul Metropolitan Government, Yu is suspected of passing on to Pyongyang details of over 10,000 defectors in South Korea.

Jan. 22, 2013: UN Security Council (UNSC) unanimously passes Resolution 2087, condemning and sanctioning North Korea's Dec. 12 rocket launch. As usual, Pyongyang at once rejects this as a US conspiracy and "a fraudulent document devoid of any legality."

Jan. 24, 2013: Apropos UNSCR 2087, the NDC – the DPRK's top executive body – criticizes "big countries, which [should] take the lead in building a fair world order" for "abandoning without hesitation even elementary principle."

Jan. 24, 2013: At a press conference in Pyongyang, former defectors Kwang Ho and his wife Ko Kyong Hui denounce the South for deceiving them and tearfully thank Kim Jong Un for forgiving them. Theirs is the third such re-defection in recent months.

Feb. 4, 2013: MOU reports to the ROK National Assembly (NA) that in view of sanctions under UNSCR 2087 there will be enhanced inspection of goods entering the KIC.

Feb. 7, 2013: The DPRK's National Economic Cooperation Committee (NECC) warns the South that if it imposes "reckless" sanctions on the KIC, it will "have to pay dearly."

Feb. 8, 2013: ROK president-elect Park Geun-hye names former Defense Minister Kim Jang-soo, to head a new national security office within the Blue House (presidential office).

Feb. 9, 2013: (South) Korea Customs Service (KCS) data show that despite tensions inter-Korean trade in 2012 reached a record high of \$1.97 billion. Southern exports rose 13.4 per cent year on year to \$896.26 million, topped by Northern exports up 19.3 percent at \$1.07 billion. 99 percent of this involved the joint venture KIC.

Feb. 12, 2013: North Korea conducts its third nuclear test, at the usual site of Punggye-ri near the east coast. Its claim that this involved a miniaturized device cannot be confirmed; nor is it known whether this used plutonium or enriched uranium.

Feb. 13, 2013: President-elect Park names her foreign policy adviser Yun Byung-se as foreign minister, and retired Army Gen. Kim Byung-kwan as defence minister. The latter is immediately criticized for a variety of alleged ethical and judgmental lapses.

Feb. 17, 2013: A further and final batch of Cabinet nominations by President-elect Park includes Ryoo Kihl-jae as unification minister. An academic specialist on North Korea, Ryoo is the architect of Park Heun-hye's "trustpolitik" philosophy.

Feb. 19, 2013: At the UN Conference on Disarmament in Geneva, DPRK diplomat Jon Yong Ryong warns: "As the saying goes, a new-born puppy knows no fear of a tiger. South Korea's

erratic behavior would only herald its final destruction.” Jon is roundly criticized by other delegates for “completely inappropriate language” and threatened with expulsion.

Feb. 25, 2013: Park Geun-hye is inaugurated as president of the ROK, the first ever woman to hold that post. Her inauguration speech expresses the hope that “North Korea will abide by international norms and make the right choice so that the trust-building process ... can move forward” towards “an era of harmonious unification.”

March 1, 2013: The annual joint US-ROK *Foal Eagle* exercises, “one of the largest and longest war games in the world,” get under way. They end on April 30.

March 7, 2013: The UNSC unanimously passes Resolution 2094, condemning the DPRK’s Feb. 12 nuclear test and further tightening sanctions to include more monitoring of cargoes, diplomats and banks – especially bulk cash transfers. Banned luxury items are itemized for the first time. North Korea once again angrily dismisses this censure.

March 8, 2013: The North’s Committee for the Peaceful Reunification of Korea (CPRK) declares that “the DPRK abrogates all agreements on nonaggression reached between the north and the south.” Furthermore, it “totally nullifies the [1992] joint declaration on the denuclearization of the Korean Peninsula”. Third, “the DPRK will close the Panmunjom [Red Cross] liaison channel between the north and the south.” The statement ends: “We will never miss the golden chance to wage a great war for national reunification.”

March 11-21, 2013: Joint US-ROK military exercise *Key Resolve* is held.

March 11, 2013: ROK Red Cross confirms the North has cut the mutual hotline at Panmunjom.

March 12, 2013: *Yonhap* quotes an unnamed defense ministry (MND) source as dismissing recent DPRK threats: “Barking dogs don’t bite.” The same source also claims that the North’s Korean People’s Army (KPA) is experiencing growing rates of desertion.

March 18, 2013: *Yonhap* quotes prosecutors as saying that a North Korean woman recently arrested after entering the South as a defector last August claimed she had been an “ordinary housewife” in the North, whose regime had coerced her into spying (initially on South Koreans in China) by threats to harm her family.

March 22, 2013: Kim Byung-kwan, President Park’s nominee as defense minister, withdraws amid continuing criticism on various ethical grounds. To avoid any hiatus at a time of high tension, Park announces that she will instead retain the incumbent Kim Kwan-jin.

March 27, 2013: North Korea severs its military hotline with South Korea, normally used to handle border crossings between the South and the KIC. However such crossings continue, with North and South working out the details within the zone itself.

March 30, 2013: *KCNA* carries a “special statement” of “the government, political parties and organizations of the DPRK” under the headline: “North-South Relations Have Been Put at State

of War.” This warns that “the time when words could work has passed,” and hence “the Supreme Command of the KPA was just when it made the judgment and decision to decisively settle accounts with the US imperialists and south Korean puppets by dint of the arms of Songun [military-first policy] ... Time has come to stage a do-or-die final battle.”

March 30, 2013: The North’s General Bureau for Central Guidance to the Development of the Special Zone (GBCGDSZ) releases a statement which KCNA headlines: “DPRK Warns Future of Kaesong Industrial Zone Depends on S. Korea’s Attitude.” Saying “it is an extremely unusual thing that the Kaesong Industrial Zone is still in existence under the grave situation,” this warns: “The south Korean puppet forces are left with no face to make complaint even though we ban the south side’s personnel’s entry into the zone and close it.”

March 31, 2013: The Central Committee of the ruling Workers’ Party of Korea (WPK CC) convenes in Pyongyang. It proclaims a new line of developing the economy and nuclear weapons in parallel (*byungjin*). Former Premier Pak Pong Ju is promoted to the Politburo.

April 1, 2013: The Supreme People’s Assembly (SPA), the North’s rubber-stamp parliament, holds its regular one-day spring session. As usual this passes a budget with no numbers. Pak Pong Ju is reappointed premier. A law is passed declaring the DPRK a nuclear weapons state.

April 2, 2013: DPRK says it is restarting its nuclear reactor at Yongbyon.

April 3, 2013: Without warning, North Korea starts refusing to allow Southern vehicles or personnel across the Demilitarized Zone (DMZ) to enter the KIC. Those in the zone are free to leave, but most choose not to do so for fear of not being allowed back in again.

April 4, 2013: Dismissing Southern protests as “a provocative racket,” the DPRK warns that “The shutdown of the [Kaesong] Zone has become imminent. If the south Korean puppet[s] ... keep vociferating ... we will take a resolute measure of withdrawing all our personnel.”

April 5, 2013: Several foreign embassies in Pyongyang, including those of Russia and the UK, report that DPRK authorities have contacted them to offer assistance in case they wish to leave. None do so. The British embassy rebukes North Korea for stirring up tensions.

April 8, 2013: Asked in the National Assembly about a potential fresh nuclear test by North Korea, Unification Minister Ryoo Kihl-jae says there “is such a sign” of activity at the Punggye-ri site, but that he will not comment further on matters related to intelligence.

April 8, 2013: After visiting the KIC, WPK CC Secretary Kim Yang Gon announces that “The DPRK will withdraw all its employees” and “temporarily suspend the operations in the zone and examine the issue of whether it will allow its existence or close it as the south Korean authorities and military warmongers seek to turn it into a hotbed of confrontation.”

April 9, 2013: None of the KIC’s 53,000 North Korean employees turn up for work.

April 9, 2013: The North's Korea Asia-Pacific Peace Committee (KAPPC) warns that "the situation on the Korean Peninsula is inching close to a thermonuclear war." Since "it does not want to see foreigners in south Korea fall victim," it "informs all foreign institutions and enterprises and foreigners including tourists in Seoul and all other parts of south Korea that they are requested to take measures for shelter and evacuation in advance for their safety."

April 25, 2013: The DPRK marks Army Day with a parade, not in downtown Pyongyang but at the Kumsusan Palace mausoleum east of the capital. Air Force Commander Ri Pyong Chol thunders that "Stalwart pilots, once given a sortie order, will load nuclear bombs, instead of fuel for return, and storm enemy strongholds to blow them up." Strategic Rocket Force Commander Kim Rak Gyom adds that "the DPRK's inter-continental ballistic missiles have already set the dens of the brigandish U.S. imperialists as their first target and officers and men of the Strategic Rocket Force are one click away from pushing the launch button."

April 26, 2013: After the DPRK rejects a final deadline to commence negotiations, the ROK government tells its citizens still in the KIC to return home.

April 29, 2013: Citing sources in Pyongyang, the Seoul-based *DailyNK* claims that before his death Kim Jong Il worried that the KIC would stir pro-South feelings and told his son and heir Kim Jong Un: "You must move decisively to close it as soon as you see a chance."

April 30, 2013: 43 Southern managers return from the KIC in the early hours. Seven remain, to sort out unpaid wages and taxes. Seoul denies that this is in any way a hostage situation.

April 30, 2013: Unification Minister Ryoo says: "Our offer for dialogue still stands ... but North Korea must abandon its trite behavior. If they act like this, who will invest in the North?"

May 2, 2013: The ROK government offers 300 billion won (\$272 million) compensation, in the form of loans, to Southern SMEs invested in the KIC. It is unclear whether this suffices to cover their losses in full.

May 3, 2013: The last seven South Koreans leave the KIC. One last truck crosses the border into the zone, and returns after delivering \$13 million to the North to pay wages and taxes.

May 5, 2013: Under the headline "Kaesong Workers Sent Far and Wide," the *DailyNK* claims that the KIC's 53,000 workers have been widely dispersed to other worksites; suggesting there is little chance that the zone will reopen any time soon.

May 6, 2013: The Seoul press reports that the South is still supplying electricity to the KIC, albeit on a much smaller scale than before given the fall in demand. This suffices to keep a water purification plant running, which may serve part of nearby Kaesong city as well.

May 13, 2013: *KCNA* report identifies Jang Jong Nam as Minister of People's Armed Forces. This makes Jang, a little-known general, the fourth to hold that post since April 2012; suggesting serious churn in the KPA.