



**North Korea-South Korea Relations:
Lee Outflanked**

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Rarely does the political weather change so abruptly with the calendar as it has in Korea during the past quarter. As we reported in our last issue, North Korea chose April 1 – April Fools’ day – to finally break its long silence on the South’s new leader Lee Myung-bak, who was elected president last December 19 and took office on February 25. With rare restraint, Pyongyang had kept its counsel for several months since Lee – a former mayor of Seoul, ex-Hyundai CEO and self-described pragmatic conservative – was elected president by a large majority on a platform of mending fences with the U.S. and curbing Seoul’s “sunshine” policy of the past decade. Though ready to expand inter-Korean dealings on his own terms – as in his Vision 3000 program, which offered to triple North Korean national income to US\$3,000 per head – Lee insisted on linking any increased cooperation to progress on the North’s nuclear disarmament.

Sunshine dimmed

President Lee’s new approach to South-North cooperation signalled a distinct break from his predecessors Kim Dae-jung (1998-2003) and Roh Moo-hyun (2003-2008), both of whom – especially the latter – often seemed to operate “sunshine” semi-independently of the multilateral denuclearization effort embodied in the on-off Six-Party Talks (6PT), sometimes to Washington’s frustration. Thus, when Pyongyang fired a clutch of missiles in July 2006, followed in October by a nuclear test, Seoul rather oddly applied sanctions to humanitarian aid, but kept business as usual at the two flagship cross border projects in the Mount Kumgang tourist zone on the east coast and the Kaesong Industrial Complex (KIC) north of Seoul.

In the past, North Korea had never hesitated to excoriate Lee Myung-bak’s Grand National Party (GNP) as “nation-selling traitors” and “pro-US flunkeys.” Its long delay in commenting on Lee and his electoral victory bespeaks a debate in Pyongyang over what to make of him. He professed to be a pragmatist, after all and was suspected of being too soft on the North by, among others, the GNP’s last and twice-defeated presidential candidate, Lee Hoi-chang. The other Lee duly ran for president as a hard-right independent, taking 15 per cent of the vote and North Korean media trained their fire on him instead.

But it was too good to last. By April 1, Pyongyang had made up its mind and turned the full force of its bellicose rhetoric on Lee Myung-bak, as described in our last report. It continued throughout the quarter and as of early July, all official inter-Korean contacts and institutions were on hold with no sign of how or when the impasse would be broken. Yet, at the same time,

in the strange but on balance positive duality which is sunshine's lasting legacy, the Kaesong and Kungang zones carried on business as usual, although as described below on July 11 a fatal shot rang out that may prompt a rethink.

Lee at bay

As the inter-Korean standoff continued, it became increasingly clear that President Lee had miscalculated. He was and is also beleaguered on the home front, where bizarre protests against resumption of U.S. beef imports, of all things, escalated during May and June into large and sometimes violent street protests. The underlying beef seemed to be against Lee's high-handed style, even though his appeal was precisely as a no-nonsense former captain of industry who pledged CEO-style government.

Whatever the reason, in this volatile – not to say capricious – political atmosphere Lee's popularity plunged from 70 to below 20 per cent. The man formerly known as 'bulldozer' was reduced to grovelling apologies on television, twice; they cut little ice. Although the protests were dying down by July and the new National Assembly elected on April 9 at last convened on July 10 (the center-left opposition had been making hay over beef until then), this whole episode has left South Korea's new leader and government seriously weakened. It will be tough now for Lee to win back respect, either at home or abroad.

A bungled break

On the inter-Korean front too, Lee now looks to have bungled. In theory, making future sunshine conditional on progress in denuclearization was and is entirely reasonable. But in practice such a linkage has two downsides: one intrinsic, the other contingent on timing. While the old sunshine often looked one-sidedly generous and sometimes put a strain on coordination with the U.S., a realpolitik argument can be made which itself has two strands. South Korea is not just one among five equal interlocutors of the North at the 6PT. Legally, and despite a decade of sunshine, the ROK still formally claims jurisdiction over the entire Korean peninsula – as does the DPRK. As such, it is not only liberal South Koreans, dazzled by sunshine, who assert that Seoul has a special interest in the North: hey, it's their country.

Leverage lost

On this view, one gain of sunshine is that opening up and institutionalizing official North-South contacts gave Seoul its own independent leverage – if anyone can be said to have this – or at least lines of communication in Pyongyang. To insist henceforth on a link to denuclearization arguably threw away any autonomy for the ROK, making future progress in inter-Korean relations both subordinate to U.S.-DPRK ties and a hostage to fortune since the nuclear issue is notoriously difficult and volatile. Better coordination with Washington is one thing, but many South Koreans feel that, as on beef, Lee went too far and too fast.

Second, in any case, this was very bad timing. Far from being in sync with U.S. policy, at this juncture, a North-South spat is no help to Washington. Rather it risked upsetting the applecart, just when Assistant Secretary of State Christopher Hill was trying to clinch the next stage of the

long drawn out – five years, and counting – 6PT process. Now that North Korea has finally submitted some kind of nuclear declaration and the 6PT have resumed in Beijing, it takes no crystal ball to predict that Pyongyang will expect rewards all round, such as the half a million tons of U.S. food aid already being delivered in a clear substitute for what Seoul had sent in past years. Meanwhile, the North can afford to cold-shoulder the South.

On July 11, in a striking U-turn, President Lee told the new National Assembly that “full dialogue between the two Koreas must resume” and pledged to implement all accords signed at both inter-Korean summits. Hitherto he had been sceptical of the large-scale plans for economic cooperation agreed by Roh Moo-hyun last October, linking these in particular to nuclear compliance. While Lee’s abject climbdown will be duly relished in Pyongyang, somehow one doubts that Kim Jong-il will rush to embrace him just yet.

Trade rises, notwithstanding

The hiatus in official political ties gives an opportunity to look in more depth than usual at other aspects of the North-South relationship, such as its economic dimension. The two governments may be at loggerheads, but business is business. So far both sides have been careful not to let their current political quarrel prevent them from making money.

On June 24, the South’s Unification Ministry (MOU) reported that inter-Korean trade in the first five months of 2008 rose 30 percent to \$734.25 million, up from \$562.92 million in January-May last year. Within this, the commercial component – true trade, as opposed to aid – soared by over half (52 per cent) to \$685 million or 93 per cent of the total. Conversely, what MOU coyly calls “non-commercial trade” fell by 56 per cent to \$49.2 million. While this reflects a decline in assistance from the South under Lee Myung-bak, the trend is a healthy one. It means the two sides are doing real business, rather than one-sided hand-outs whose motives are primarily political and which may or may not make economic sense.

The most recent monthly figures suggest that the political row is not unduly hurting the business relationship. Trade in May rose 14 per cent year on year, from \$151.9 million to \$172.7 million. Here again almost 90 per cent (\$153 million) was commercial, up 46 per cent from May 2007. Within this, the contribution of the two flagship joint economic projects just north of the Demilitarized Zone (DMZ) – the Kaesong industrial complex, and the Mt. Kumgang tourism resort on the east coast – more than doubled from \$40.9 million last May to \$89.5 million this May, comprising over half of all trade.

Unbalanced

Readers versed in economics will have noticed something missing. Curiously, no breakdown is given of imports or exports, the most basic distinction in any trade statistics. One hopes this is not out of some misguided idea that such vulgar details go against the spirit of inter-Korean cooperation; a notion that might have been entertained under the ‘sunshine’ policy of the past two ROK governments – which did in fact, however, publish direction of trade statistics – but that the vaunted pragmatist and ex-businessman Lee Myung-bak surely would pooh-pooh.

That this is no mere oversight is suggested by the fact, as we reported last quarter, that an import-export breakdown was similarly missing when MOU reported on annual inter-Korean trade for 2007 in January. The total rose by a third over 2006, from \$1.35 to \$1.79 billion, but again the ministry was silent on which Korea sent how much to the other.

Fortunately, the Bank of Korea (BoK), the South's staunchly independent central bank – as witness its address: bok.or.kr, not .go for government – has now filled the gap. On June 18, BoK published its annual attempt to estimate basic economic magnitudes for North Korea, which has produced no regular economic statistics for over 40 years since the 1960s. While the BoK's methodology has its critics, this annual data series is the best guess that we have. Moreover, any biases if consistent should at least allow yearly changes to show up.

The general picture, unsurprisingly, is one of woe. BoK reckons that North Korea's gross domestic product (GDP) shrank for a second year running by 2.3 per cent, mainly owing to a disastrous harvest. Agriculture still accounts for over a fifth of the Northern economy as against just 3 per cent in the South, even though the latter was the Peninsula's traditional rice bowl, while much of the mountainous North is frankly ill-suited for farming.

A widening chasm

Overall, the inter-Korean chasm grows ever wider. BoK estimates Northern gross national income (GNI, a slightly different measure than GDP) for 2007 at \$24.8 billion, or just over a thousand dollars (\$1,070) per head. Others regard this as way too high. In March, Lee Jong-suk, a former unification minister under Roh Moo-hyun, criticized both BoK's methodology and the Roh government for hushing up a study that he commissioned which computed a lower figure. Now a researcher at the private Sejong Institute, Lee's critique, as reported, seems to be *a priori* arguing that any method that credits North Korea with GDP per head of about US\$1,000, close to that of Vietnam, which is a visibly richer and more dynamic economy, must be flawed. Lee puts North Korea's figure at about US\$390, placing it among the poorest countries on the planet.

Either way, the Northern economy, which until the 1970s was of a comparable scale and dynamic to the South's – initially it was even ahead – is now utterly dwarfed by it. Even on BoK's figures, South Korean GNI in 2007 of \$902.5 billion was 36.4 times the North's. Put another way, it takes less than 3 per cent annual growth in the South – recent annual norms have been nearly twice that – to add the equivalent of an entire Northern economy. That will still happen this year with at least 4 per cent GDP growth expected – Lee Myung-bak, unwisely, had boasted of attaining 7 per cent – despite a worsening international outlook reflected in soaring import costs for fuels, minerals, and food. South Koreans grumble at a rate of growth, even in bad times, that the semi-starving North can only envy. On a per capita basis, and again using BoK's arguably generous estimates for Northern GNI, South Koreans on average are 17.4 times richer than North Koreans. Moreover, both the absolute and relative gaps are growing every year. An already wealthy South just keeps on growing, albeit less rapidly than before – while a desperately poor North stagnates or even shrinks.

A year's exports in a day

If the South-North output gap is wide, then for trade it is astronomical. Here too, according to BoK, North Korea lost ground in 2007. Imports were down 1.3 per cent to \$2.02 billion from 2006, while exports fell 3 per cent to US\$920 million, leaving the usual large trade deficit of over a billion dollars – thought to be funded at least in part by illicit activities. The North's total trade of under \$3 billion is overwhelmed by the South's \$728 billion; a staggering ratio of 248:1. For exports, the figure rises to 404:1 – meaning that South Korea sold more to the world on average in a single day than the North managed in the entire year.

In fact, this is not quite accurate. Here, it is BoK's turn to mislead. Maddeningly, and thus belying its vaunted autonomy, like other branches of the ROK government it excludes inter-Korean trade when computing the North's foreign trade on the specious ground that this is internal rather than international. This self-occluding false modesty seriously distorts the figures as it understates the North's overall trade performance and conceals at least one very important fact. (A further tiresome quirk is that BoK, again like many others in Seoul, retains the Korean *man-ok* system – counting in units of 10,000 and 100 million, where the West uses thousands and millions – even in English language publications. This is not only frustrating but a frequent source of error, should a zero or two go astray in transcription.)

South Korea is the North's top market

Unlike MOU, however, BoK does at least give a directional breakdown of inter-Korean trade going back to 2002. With a slight blip in 2004, this reveals steady progress. In five years North-South trade almost tripled from \$642 million in 2002 to nearly \$1.8 billion last year. In particular, during the past three years, the North's exports to the South have really begun to take off. The 2007 figure of \$765 million was up by almost half on 2006, and well over double the \$340 million in 2005. Moreover – and this is what you might miss, perhaps because they want you to – this \$765 million, while peanuts to Seoul, is enough to make South Korea now the North's largest export market, ahead of China.

For now, Beijing remains Pyongyang's top trade partner overall, given that last year it sent imports worth \$1.392 billion, far exceeding the \$582 million in exports it received from North Korea. But, at this rate, South Korea may soon displace China as North Korea's main trading partner on both sides of the ledger this year or next. It would be ironic indeed if this happened on Lee Myung-bak's watch and with political relations still frozen. *Pace* Karl Marx – whose portrait still hangs in Kim Il Sung Square, but whose name North Korea has banished from its Constitution and whose ideas have been largely overlain by a virulent quasi-fascist nationalism – the old doctrine of the economic base determining the political superstructure clearly does not apply. Between the two Koreas these two spheres currently appear pretty much autonomous, each with its separate dynamic.

One country, two planets

As usual BoK also provides comparative figures for sectoral output, which as ever reinforce a sense of “one country, two planets.” The North has most of the peninsula's minerals, so it leads

the South in coal production by 8:1 and iron ore by 17:1. It also has 5,200 km of railways to the South's 3,400, though how much of this decrepit network actually works is not considered. Everywhere else, the South – which of course has twice as many people, crammed into a smaller area – wins hands down. Thus, staying with infrastructure, South Korea's 103,000 km road network is four times the North's (and in far better condition; the DPRK's are often mere tracks, while even concrete "motorways" are bumpy). Southern port capacity is 18 times that of the North's, with a similar lead (17-fold) in shipping tonnage.

In the energy sphere, despite the North mining more coal, South Korea has ten times more generating capacity – and a 17-fold lead in actual electricity produced since many Northern power stations are in disrepair. The most telling gap is in crude oil imports. South Korea, a major global purchaser, took 873 billion barrels while the North had less than 4 billion: a ratio of 228:1. And so it goes on. In farming, even though this is 21 per cent of the Northern economy and only 3 per cent of the South's, the latter – admittedly with better land – grew more corn (the North's staple crop) and three times as much rice and fish. In industry, gaps vary from large to vast. South Korea produced 8.5 times more cement and fertilizer, 42 times more steel (despite all that iron ore in the North), and 48 times more synthetic fibers.

Such figures may be hard to take in. They have long been unable to fit on a single graph. Yet these are, or were, two halves of the same country; both of which, in theory, remain committed to eventual reunification. While the Koreas have plenty of immediate issues to occupy them – above all, currently, how to re-establish a political working relationship – it is also essential, if terrifying, to peer into the abyss and ask what meaningful reunification is even possible, and how, between two economies and societies that over half a century have diverged so markedly and tragically. Can Humpty Dumpty ever be put back together again?

Dying to meet

One group for whom the current inter-Korean freeze is very bad news is the dwindling band of elderly separated family members. Their hopes were raised by the program of reunions begun after the June 2000 North-South summit only to be dashed as it became clear that most were doomed to disappointment. The snail's pace and small numbers insisted on by Pyongyang meant that only a lucky few would get to meet relatives not seen or heard from in over half a century. For the rest, mortality would take its inexorable course.

Figures published by the South's MOU on July 7 confirmed this sad prognosis. As of June, out of a total of 127, 251 applicants for family reunions since 1988 (sic: the date is puzzling, since regular reunions began only in 2000), 35,475 or 28 per cent had already died; more than twice as many as had been reunited with their kin. Four years ago the mortality figure stood at 18 per cent. With a further 3-4,000 persons passing away each year, at this rate the cohort will become extinct before most have the chance to experience even this cruel parody of a true reunion. (The lucky few meet just once, under TV cameras, for a mere three days with no further contact of any kind permitted thereafter.)

Football: playing games

The two Korean governments may not currently be meeting, but international competition compels their soccer teams to do so. On June 22, North and South met on the football field for the second time in three months in the third qualifying round for the 2010 World Cup. On both occasions the fight was fair and the result was a scoreless draw, sufficient for the ROK to finish top in Asia's Group 3. Both teams will now go through to the next round.

The players' sportsmanship contrasted with the DPRK government's antics. The earlier match on March 28 should have been in Pyongyang, but the North would not let the South fly its flag or play its national anthem. Instead of punishing this clear defiance of its rules, FIFA let the game be moved to Shanghai as a neutral venue. In June, the North tried it on again, claiming Seoul was unsafe and demanding another venue; it said the Southern resort island of Jeju would be acceptable. This time FIFA stood firm, and the game went ahead in Seoul's World Cup stadium before 48,500 fans – a section of whom wore white and waved flags of a united Korea, cheering both teams. The expected anti-North rallies by right-wing groups did not materialize.

These days the actual teams belie any simple division between North and South. One of the DPRK players, midfielder Ahn Young-hak, stayed on in the South; he plays in the domestic K-league for Samsung Suwon Bluewings. Ahn is an ethnic Korean from Japan, as is North Korea's formidable top striker Jong Tae-se. Jong in fact has ROK nationality, but attended Korean schools in Japan run by pro-North Koreans and chose to represent the DPRK.

They shoot people, don't they?

North Korea's routinely fiery rhetoric seems not to faze South Koreans, who have headed North in record numbers. In a useful innovation, MOU's website – largely paralyzed under the new government; the ministry itself was lucky to survive – now keeps a daily score.

Thus, on June 29 some 3,400 South Koreans were on the far side of the DMZ: 2,087 at Mt. Kumgang, 1,323 at Kaesong, and 70 elsewhere. In May, Southern visitors to the two zones totaled 56,957, up three-quarters from last year. The South's news agency, *Yonhap*, gave no breakdown, but most will have been tourists to Mt. Kumgang – where they can now drive their own cars across the DMZ – with a smaller number of managers, engineers, etc., traveling between Seoul (or Incheon port) and Kaesong. The latter continues to grow with 69 Southern firms now there, employing 24,000 Northern workers to make export goods.

The figures for Kumgang may now dip, or indeed dry up altogether. On July 11 a Northern soldier shot dead a middle-aged female Southern tourist, who had strayed into a restricted area on a pre-dawn walk. One would like to hope that this will remind South Koreans of the real nature of the regime from which the kitsch bubble of the Kumgang enclave normally shields them. The ROK government immediately suspended all tours. The DPRK expressed regret but refused either to apologize or allow entry to an official Southern enquiry. It thus looked even less likely that inter-Korean ties would improve any time soon.

Chronology of North Korea-South Korea Relations January-March 2008

April 1, 2008: A lengthy commentary in *Rodong Sinmun*, the ruling Workers' Party of Korea (WPK) daily, attacks Lee Myung-bak as "a vicious political charlatan and imposter" and a pro-U.S. sycophant for subordinating inter-Korean ties to wider diplomacy and linking this to denuclearization and human rights. It names Lee 49 times, in the first direct insult of an ROK leader since 2000.

April 1, 2008: North Korea cancels two planned Southern visits to Kaesong. Acheon Corp., a church and an NGO were due to send 500 people to plant trees on Arbor Day, April 5. On April 10 200 Gyeonggi province officials were set to visit, but the North said Gyeonggi governor Kim Moon-soo – a GNP member – was not welcome, in effect aborting the trip.

April 2-3, 2008: A 6-strong Southern civic delegation visits Mt. Kumgang to discuss events to mark the June 2000 joint declaration. The North warns that this event's success depends on both sides' attitude.

April 3, 2008: The KPA Navy Command assails ROK "warmongers" for "perpetrating a serious military provocation" in West (Yellow) Sea. The ROK Navy retorts that its three patrol boats were south of the Northern Limit Line (NLL), which the DPRK claims not to recognize. DPRK claims they were there to stop Chinese fishing boats in Northern waters from crossing.

April 3, 2008: *KCNA* reports that a day earlier the Central Committee of the Democratic Front for the Reunification of the Fatherland (DFRF) issued a statement marking the 60th anniversary of the April 3 leftist uprising on Jeju island in South Korea.

April 3, 2008: The North's DFRF accuses "South Korea's conservative regime" of "driving north-south relations to confrontation and catastrophe, blatantly swimming against the trend of the era of independence, reunification, peace and prosperity."

April 4-5, 2008: In a lengthy article, *Uriminzokkiri* calls Lee MB a traitor. It urges all Koreans to "step up their struggle against [his] anti-tribal and anti-unification scheme".

April 5, 2008: *Rodong Sinmun* attacks "pro-U.S. conservative ruling forces in south Korea hell-bent on dependence on foreign forces and confrontation with fellow countrymen."

April 5, 2008: Kim Yong-dae, presidium vice chairman of the Supreme People's Assembly (SPA, the North's rubber-stamp parliament), urges South Korea's new administration to adhere to past inter-Korean agreements and their spirit, and not to raise tensions.

April 5-7, 2008: *KCNA* reports undated visits by Kim Jong-il to different KPA bases on three successive days, and again on April 9. On April 7 it quotes Kim as saying the KPA could "beat back the enemy's invasion at a single stroke."

April 6, 2008: Kim Choong-bae, president of the Korea Institute for Defense Analyses (KIDA) and former superintendent of the Korea Military Academy (KMA), reveals a 2004 survey of 250 first-year KMA recruits, suppressed by the previous government. Asked who was South Korea's main enemy, 33 per cent said North Korea and 34 per cent the U.S.

April 7, 2008: *Rodong Sinmun* criticizes the ROK for “ following the U.S. imperialists.” It warns that those who “dance to the whistle of outside forces will only suffer a collapse.”

April 7, 2008: ROK Unification Minister Kim Ha-joong says Seoul will not riposte but wait until Pyongyang's misunderstanding eases, adding “Our position toward mutual respect and co-prosperity between the two Koreas remains firm.”

April 7, 2008: The leftish Seoul daily *Hankyoreh* reports that North Korea has asked China for massive rice aid, having decided not to request this or fertilizer from South Korea unless Seoul moves first to improve ties. Beijing has yet to respond.

April 7, 2008: In a telephone conversation with outgoing Russian president Vladimir Putin, Lee Myung-bak reportedly seeks continued efforts to connect the trans-Korean and trans-Siberian railways, as well as other tripartite cooperation projects involving North Korea.

April 8, 2008: The South's Defense Ministry (MND) officially renames a June 2002 marine firefight as the “Second Yeonpyeong Sea Battle”; saying its previous name, “Exchange of Fire in the West Sea”, did not reflect its significance. The memorial service for the six ROK sailors killed will henceforth be hosted by the government rather than their military units.

April 8, 2008: *Minju Joson*, daily paper of the DPRK Cabinet, attacks Seoul media claims that recent Northern criticism of Lee Myung-bak was intended to influence April 9's ROK national assembly elections as “a sophism for distorting truth.”

April 9, 2008: The GNP narrowly wins control of the National Assembly, taking 153 out of 299 seats in South Korea's parliamentary election. The GNP victory is much narrower than in December's presidential election. Two other conservative groups also poll well.

April 10, 2008: North Korea expels a Southern procurement supervisor from a construction site at Mt. Kumgang, where the South is building a \$60 million family reunion center. Later that day, the North also blocks another ROK procurement official from entering the zone.

April 10, 2008: Both Koreas and China meet in Beijing for the third time to discuss supply of energy-related equipment to the DPRK under the 6PT. Some 30 per cent of what North Korea is due in return for disabling its Yongbyon reactor site has been shipped so far.

April 10, 2008: 29 North Korean refugees detained in Thailand launch a hunger strike, demanding to be sent to the U.S rather than to South Korea as is the usual practice.

April 10-11, 2008: South Korea's two umbrella trade union organizations hold talks with their Northern counterparts at Mt. Kumgang. They agree to replace their usual large joint May Day event with smaller joint programs by industrial labor unions later in the year.

April 11, 2008: The *Korea Herald* quotes as unnamed ROK official as saying that on April 8 two KPA fighter jets flew within 10 km of the Military Demarcation Line (MDL). This is the closest DPRK aircraft have flown to the inter-Korean border in recent years.

April 17, 2008: On his first trip to Washington as ROK President, Lee Myung-bak proposes that both Koreas open liaison offices in each others' capitals.

April 24, 2008: North Korea confirms that it will boycott the usual May Day celebrations held since 2001 with Southern trade unions, citing the new ROK government's "hostility".

April 25, 2008: *Choson Sinbo*, a daily published by pro-North Koreans in Japan, denies that the DPRK plans to sideline the ROK in future six 6PT. It say those in Seoul who practice "sycophancy toward the U.S." have "arbitrarily distorted" the North's intention.

April 26, 2008: *Rodong Sinmun* rejects Lee Myung-bak's liaison office suggestion as "anti-unification garbage", calling Lee an "imbecile and political somnambulist."

April 27, 2008: A North Korean second lieutenant named Ri, aged 28, crosses the MDL to seek asylum in the South – the first KPA officer to do so by this route for a decade.

April 27-28, 2008: The fifth inter-Korean conference of youth and student organizations for implementing the June 15 and October 4 joint declarations is held at Mt. Kumgang.

April 28, 2008: The flame for the 29th Olympic Games arrives in Pyongyang from Seoul, shortly after midnight by a direct special plane. Ceremonies for the Olympic torch pass as expected without incident in North Korea, unlike in the South.

May 2, 2008: South Korea officially asks the North to stop slandering President Lee.

May 2, 2008: North Korea criticizes the South's decision to buy 21 *F-15K fighter* jets by 2012 as a "reckless arms buildup" for a preemptive attack scenario.

May 4, 2008: *Minju Choson*, daily of the DPRK government, attacks Lee Myung-bak's recent visits to the U.S and Japan as "sycophantic and treacherous". A day earlier *Rodong Sinmun* called the U.S. trip a "tributary pilgrimage", while on May 7 it claimed that "during the junkets, the traitor unveiled his bellicose intention to act a servant and a shock force in carrying out the outsiders' aggression policy for war in a bid to stifle fellow countrymen by force and realize his design to invade the DPRK."

May 4, 2008: The Unification Ministry (MOU) reports that despite strained political ties, the number of South Korean visitors to the North in the first four months of 2008 almost doubled compared with last year, from 58,000 to 103,000.

May 6, 2008: Jeong Se-hyun, an ex-ROK unification minister who now heads the Southern branch of the unofficial Korean Council for Reconciliation and Cooperation (KCRR), leads a 90-strong delegation on a four-day visit to Pyongyang for the opening of a joint tree farm. His hosts profess disappointment that he brought no political message from the new ROK administration.

May 7-9, 2008: A joint meeting of journalists – 26 from the North, 27 from the South – at Mt. Kungang agrees to exchange a variety of news articles and programs, and to engage in solidarity activities. It denounces biased or forged reports by “anti-unification forces” that create distrust and confrontation between the Korean people.

May 10, 2008: Back from Pyongyang, Jeong Se-hyun reports a DPRK official as saying that the current chill in relations will ease if “the South’s highest-ranking official promises to uphold the June 15 Joint Declaration from the 2000 inter-Korean summit.”

May 13, 2008: Despite a recent 500,000 ton grain donation by the U.S amid fears that the North may be slipping into famine, MOU denies reports that the ROK is considering giving rice to the DPRK via an international body such as the UN World Food Program (WFP).

May 15, 2008: MOU says it has allocated US\$9.5 million to support ROK NGOs working on projects in North Korea. It will also give some \$15 million to UNICEF and WHO projects for infants in the DPRK.

May 15-16, 2008: A meeting of women’s groups from both Koreas to implement the June 15 and October 4 summit declarations is held at the North’s Mt. Kungang resort.

May 18, 2008: *Rodong Sinmun* marks the 28th anniversary of the Gwangju pro-democracy revolt by calling on South Koreans to check “the anti-national and anti-reunification moves of the sycophantic traitorous forces.” Such direct incitement by Northern media for South Koreans to rise against the ROK government had not been heard in a decade.

May 18, 2008: Speaking in Gwangju, Lee Myung-bak offers to help North Korea open and change, saying “We’re always open-minded toward the North.”

May 19, 2008: Foreign Minister Yu Myung-hwan says that South Korea will consider sending humanitarian food aid to North Korea even without a request from Pyongyang, if the food shortage in the North is confirmed to be serious.

May 23, 2008: South Korean organizers say that the North Korean women’s soccer team, one of the world’s strongest, has withdrawn from the Peace Queen Cup to be held in Seoul, citing “deteriorating conditions on the Korean Peninsula.”

May 23, 2008: Representatives of the North, South, and overseas Korean committees for implementing the June 15 2000 Joint Declaration meet in Kaesong.

May 24, 2008: The DPRK website *Uriminzokkiri* attacks new MOU guidelines for ROK schools on inter-Korean relations as anti-communist and anti-North, and asks “Is It [a] Unification Ministry or Division Ministry?” The new text seeks a more balanced account than the one used under the previous liberal administration.

May 26, 2008: MOU says that South Korea will send the North 1,000 tons of electrolytic copper, worth \$8.5 million, as the third batch of energy aid under the 6PT.

May 26, 2008: *KCNA* quotes the DPRK’s National Peace Committee (NPC) as claiming that the annual US-ROK security consultative meeting (SCM) is designed to prepare for an invasion of the North. NPC calls on the South Korean people to resolutely reject the SCM and the “warmonger” Lee government, and to end 60 years of “U.S. military occupation.”

May 26, 2008: Japan-based daily *Choson Sinbo* suggests that rapid progress in U.S.-DPRK ties is a good opportunity for inter-Korean relations also, and calls on the Lee Myung-bak government to “stop its self-contradiction.”

May 27, 2008: South Korea’s Gyeonggi province (greater Seoul) says it will give food aid to the North. Gyeonggi governor Kim Moon-soo says that the North “appears to feel greatly burdened” by the South’s assistance.

May 27, 2008: A DPRK patrol boat briefly crosses the Northern Limit Line (NLL), the *de facto* inter-Korean border in the West (Yellow) Sea, while escorting 200 Chinese fishing boats (who pay a fee to fish in Northern waters, rich in blue crab). The KPA vessel returns North after radio warnings from ROK ships. This is the fourth border violation this year.

May 28, 2008: A South Korean-built golf course opens at the North’s Mt. Kumgang resort. It will employ 200 North Koreans, including 60 caddies. Initially members-only, it will open to the (Southern) public next year.

May 29-30, 2008: Meeting at Mt. Kumgang, educators from North and South resolve to try to implement the 2000 and 2007 summit agreements. The ROK side comprised only the leftist Korean Teachers and Education Workers Union, since this year the rival conservative Korean Federation of Teachers’ Associations did not participate.

May 30, 2008: *Rodong Sinmun* and the Committee for the Peaceful Reunification of the Fatherland (CPRF) mark the Lee Myung-bak administration’s first 100 days with fresh and lengthy attacks on Lee as a “traitor” with a “sycophantic” view toward the United States.

May 30, 2008: The chief DPRK delegate to inter-Korean military talks accuses the ROK of conspiring with Japanese civic organizations to scatter anti-communist leaflets in the North. He warns that, “Japan’s archipelago is within the range of a merciless strike by the revolutionary armed forces of the DPRK.”

May 30, 2008: The KPA fires three short-range *Styx*-class sea-to-sea missiles into the West (Yellow) Sea, in the second such test this year. The ROK MND calls this a routine test of the North's aging arsenal, noting that two of the three appear to have misfired.

Late May, 2008: Internet rumors circulate of Kim Jong-il's death. South Korea's National Intelligence Service (NIS) and other government bodies deny this. *KCNA* steps up its reporting of Kim's on the spot guidance, but as ever gives no dates for these alleged visits.

June 3, 2008: *Choson Sinbo* cites lack of fertilizer as the most urgent problem for DPRK farmers. An unnamed ROK analyst says the North will lose half a million tons of grain unless the South provides its usual 300,000 tons of fertilizer.

June 8, 2008: The memoirs of Lim Dong-won, ex-unification minister and *eminence grise* of the sunshine policy, reveal that Kim Dae-jung and Kim Jong-il set up a direct hotline four days after their June 2000 summit meeting, at the former's instigation.

June 9, 2008: The KPA's Panmunjom mission condemns April decision by Presidents Lee and Bush to cancel any further cutback in the 28,500 U.S. troops in ROK, as a move towards war.

June 10, 2008: Radio Free Asia says that the DPRK recently notified the World Health Organization (WHO) that it has had no cases of bird flu nor hand, foot and mouth disease (HFMD) this year. A week earlier the ROK Buddhist NGO Good Friends claimed that a mystery epidemic has been spreading in North Korean towns bordering China, killing many infants weakened by malnutrition. China has had 26 child HFMD fatalities this year.

June 10, 2008: *Rodong Sinmun* praises mass rallies in Seoul against the resumption of U.S. beef imports as "an anti-U.S., anti-fascist protest ... to achieve democracy and unification."

June 11, 2008: South Korea hosts the energy working group of the 6PT in Panmunjom.

June 11, 2008: NGO Good Friends claims that North Korea is covering up an outbreak of bird flu near a military base in Jongpyong county, South Hamgyong province in the northeast.

June 14, 2008: The DPRK's Democratic Front for the Reunification of the Fatherland (DFRF) calls on ROK President Lee Myung-bak to implement last October's summit declaration. It adds that Lee must first apologize for his "anti-national actions", and that his slogan "Denuclearization, Opening, \$3,000 vision" (the latter being the goal of tripling North Koreans' average income per head) is a "criminal watchword" that should be "thrown into the dumping ground of history."

June 14-16, 2008: A 258-strong civilian Southern delegation visits Mt. Kumgang to jointly celebrate the eighth anniversary of the first inter-Korean summit in June 2000. Unlike in the past, the ROK government neither sent delegates nor provided any subsidy. Meanwhile, DPRK media again sharply criticize ROK president Lee Myung-bak.

June 15, 2008: Two North Koreans defect to the South by boat in the West (Yellow) Sea. Such a route has hitherto been rare.

June 18, 2008: The NGO, Good Friends, publishes what it says is an official DPRK document admitting that the food situation is so bad that it could have “irrevocable consequences,” and blaming the U.S. and South Korea for the situation.

June 19, 2008: Denying that it has any bird flu, North Korea attacks the US news agency *Associated Press (AP)* for circulating a “false and manipulated report ...to tarnish the image of the DPRK and stifle it to death.” It does not criticize Good Friends or any other media.

June 22, 2008: In separate comments, *Rodong Sinmun* says that North-South ties are “in their worst crisis” because Seoul is seeking military superiority. Meanwhile *KCNA* accuses the Lee Myung-bak administration of dragging its feet on an earlier agreement to facilitate communication, passage, and customs for joint ventures. Seoul ripostes that it is Pyongyang, which is refusing dialogue, both on this issue and more generally.

June 22, 2008: The two Koreas draw 0-0 in their second World Cup qualifying match, held in Seoul after FIFA refused DPRK demands to move it to a neutral venue, as in March.

June 24, 2008: South’s MOU says that inter-Korean trade in the first five months of 2008 was up 30 percent over last year. For May, the increase was 14 percent.

June 26, 2008: ROK Center for Disease Control and Prevention (KCDC) says it has shipped US\$1.22 million worth of anti-malaria supplies to North Korea to help prevent the spread of the disease during summer. Medicine for 50,000 people, 100,000 mosquito nets, insecticides, and test kits to check for infection were sent on the same day. Such aid has helped cut North Korea’s malaria cases drastically from an estimated 200,000 in 2000 to just 7,400 last year.

June 27, 2008: MOU sources report that since June 24 the DPRK has been restricting the exit of ROK people and materials from the Kaesong zone to the South to afternoons only. Entry to the zone remains possible in the mornings also.

June 27, 2008: *MBC*, one of the ROK’s two leading broadcasters, but not the state-run *KBS*, is among foreign media is invited to watch the demolition of the main cooling tower at Yongbyon.

June 29, 2008: South Korea says it plans to create an inter-Korean economic zone in Paju, just south of the DMZ. This could later connect to the North’s Kaesong zone.

June 30, 2008: *KCNA* reports that North Korea and Laos have signed a mutual legal treaty in Vientiane. Sources in Seoul suggest this is intended to block DPRK defectors from going to South Korea via Laos.

June 30, 2008: MOU says the North has refused to respond to its offer to send 50,000 tons of corn as emergency aid.

July 7, 2008: President Lee Myung-bak reiterates his willingness to meet DPRK leader Kim Jong-il any time, if this will help end North Korea's nuclear programs.

July 11, 2008: President Lee tells the new National Assembly that, "full dialogue between the two Koreas must resume," including on how to implement the summit accords of both 2000 and 2007 as well as the never-realized 1991 inter-Korean basic agreement. He also offers humanitarian aid. *Rodong Sinmun* promptly rejects this as "nothing new", and accuses Lee of evasiveness in "mingling all the past agreements together."

July 11, 2008: A KPA soldier shoots dead a middle-aged female Southern tourist at Mt. Kumgang, who apparently strayed into a restricted area on a pre-dawn walk. South Korea suspends tourism to the resort from July 12 while the incident is investigated. The DPRK, while expressing regret, refuses to apologize or allow entry for an official ROK enquiry.