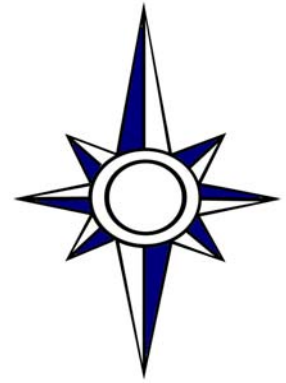


Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



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North Korea-South Korea Relations: So Long, Kaesong?

The second quarter of 2009 saw North Korea make headlines around the world, as it likes to do. (On their leisurely train journey across Siberia toward Moscow in the summer of 2001, Kim Jong-il told his Russian host, Konstantin Pulikovsky: “I am the object of criticism around the world. But I think that since I am being discussed, then I am on the right track.”) The quarter was neatly, perhaps deliberately, bookended by missile launches. On April 5 after a two month build-up, while the world watched the preparations via spy satellites, the DPRK finally fired its long-awaited *Taepodong-2* long-range missile. Ostensibly this was to put a satellite in orbit – although neither the International Telecommunication Union (ITU) nor anyone else has managed to observe any new object soaring across the heavens. Meanwhile, relations between the South and North continued to deteriorate as interaction became more caustic and the stakes higher. By the end of the quarter, the rest of the world watched again as the North launched more missiles.

A Fourth of July fusillade

Pyongyang marked the Fourth of July – surely no coincidence – with a volley of seven ballistic missiles, having fired four others two days earlier. The first four were small anti-ship weapons. The later seven comprised two mid-range *Nodongs*, which can hit all of South Korea and much of Japan, and five shorter-range *Scuds*, whose reach covers most of South Korea. Seoul’s Defense Ministry (MND) said that some flew up to 420 km, and that their accuracy – uncertain in the past – had “greatly improved.”

Being ballistic missiles, this Fourth of July salute was illegal under UN Security Council (UNSC) Resolution 1874, passed unanimously on June 12 in response to North Korea’s far graver provocation than any missile: its second nuclear test, carried out on May 25. April’s rocket launch had also prompted UNSC censure, as Pyongyang must have known it would. But at Russian and Chinese prompting, this rap was quite mild: a President’s Statement rather than a full-fledged resolution. Even so, it prompted paroxysms of feigned indignation. The DPRK declared it will “never” return to the nuclear Six-Party Talks, but rather would resume its nuclear activities. For once, Kim Jong-il was as good as his word, as we saw on May 25.

The situation on the peninsula has thus entered a new and worrying phase. We may hope that this fresh belligerence somehow reflects the delicate process of choosing a successor to Kim Jong-il, reportedly his little-known third son Kim Jong-un. Once that is in place, the DPRK might return to negotiations in some form. But perhaps it will not, defying expectations and creating fresh challenges for the region. At present we can do little more than wait and see.

Totting up the slurs

At a time when the world grows ever more puzzled and alarmed at Pyongyang's behavior, inter-Korean relations are something of a sideshow. Predictably, a North Korea angry with pretty much everyone reserved its worst venom for South Korean President Lee Myung-bak. Lee Chan-ho, chief analyst of cross-border ties at the ROK Unification Ministry (MOU), has been keeping score. As of June 22, DPRK media had denigrated President Lee 1,705 times so far this year: on average 9.9 times daily, up from 7.6 last year. Lee added that "some of the epithets ... used to refer to President Lee are so blatant that I can't even quote them here ... What's worse is that North Korea is using indescribably abusive language to slam the prime minister, foreign, defense and unification ministers as well." Moreover, "the figure would be much higher if we combined the fire-breathing editorials in various North Korean media, including the *Rodong Sinmun*" (daily paper of the ruling Workers' Party of Korea, WPK).

There is no excuse for such vicious rudeness, but it reflects real disappointment. As we have argued before, Lee was wrong to repudiate the economic projects agreed by his predecessor, Roh Moo-hyun, at the second inter-Korean summit in Pyongyang in October 2007, two months before Lee's election. At the very least, if the North was minded to end all cooperation in any case, it would have had much more to unwind and the fault would have been wholly on one side. As it is, Lee's vapid and passive, but implicitly hostile, stance from the outset toward the North – no more "Sunshine," but no better idea except an unfeasible linkage to nuclear disarmament and a patronizing 'Vision 3000' plan to develop the DPRK – can only have undermined those in Pyongyang who dared to favor North-South dialogue, while strengthening the hardliners now manifestly ascendant there.

A spook's false move

If a small trumpet may be blown, here lies the strength of *Comparative Connections*' careful survey of the minutiae every quarter. Memories are short, in and on Korea as elsewhere. But read back in this journal and recall, barely 18 months ago, the secret visit – revealed a month later – by the South's then intelligence chief, Kim Man-bok, to Pyongyang on Dec. 18, 2007. On the very eve of the ROK presidential election, Kim – who had earlier played a key role in arranging the October 2007 summit – took it upon himself to go North and reassure his DPRK equivalent, Kim Yang-gon, not to worry if Lee Myung-bak won (his victory was by then a racing certainty, according to all the polls) since he would continue to engage the North.

Rarely was worse advice ever given. In a further odd move, Kim admitted leaking the news and transcript of this visit to the Seoul press himself. He resigned on February 11, two weeks before Lee's inauguration. His motives were probably self-serving, hoping to curry favor with the new administration. Yet his expectation of policy continuity toward North Korea was then widely shared. While critical of "Sunshine" as too one-sided, Lee campaigned as a pragmatic centrist. And as we also chronicled at the time, the North kept its counsel for three months after his election before deciding it had been conned and switching to vitriol mode.

All decisions have consequences, as well as causes. Kim Man-bok merely lost his job. His DPRK interlocutor Kim Yang-gon kept his, nominally as a department director in the WPK. He

remains a regular companion of Kim Jong-il, especially at the theatre; most recently a rendition of the Chinese opera *Dream of the Red Chamber* by the Pibada opera troupe in the east coast city of Hamhung on June 14. Perhaps as relaxation from menacing the world, the dear leader goes to the opera a lot these days. A week earlier he saw *Eugene Onegin*, its first mention for many a year – with his also long-unmentioned sister Kim Kyong-hui, wife of his ever more powerful brother-in-law and right-hand man Jang Song-taek. Maybe Kim really is dying; so, externally he is going for broke while at home this is his last chance to get about, see the family, and do what he truly enjoys. But that is beyond the scope of this article.

They shoot people, don't they?

Kim Yang-gon is luckier than Choe Sung-chol. As vice chairman of the Asia-Pacific Peace Committee (APPC), Choe was North Korea's pointman on the South until a year ago. In that role he welcomed and escorted Roh Moo-hyun in the North at the October 2007 summit. After "Sunshine's" eclipse in both halves of Korea, Choe was rumored in January to be undergoing "revolutionary training" at a chicken farm. But reports in May claimed he had been executed, being blamed for poor judgment after relations deteriorated under Lee Myung-bak. Other versions say he was accused of making the North too dependent economically on the South and nurturing fantasies about South Korea.

If true, this highlights both North Korea's unchanging nastiness and the grim consequences of making the wrong call. Similarly, the current ferment and uncertainty over succession may well be a major cause of the DPRK's new belligerency. You are less likely to be shot in Pyongyang for taking too hard a line. Standing up for peace is much riskier.

So long, Kaesong?

With almost all channels of North-South cooperation from the "Sunshine" years now in limbo, if not dead, the main substance of inter-Korean relations in the past quarter concerned the sole project still surviving, albeit ever more shakily. At the Kaesong Industrial Complex (KIC) just an hour's drive north of Seoul, just over 100 Southern SMEs employ some 40,000 Northern workers to make a range of mostly fairly basic household products. The KIC had grown quite fast since it opened in 2004 amid grand talk of its becoming Korea's Shenzhen.

Now, sadly, it looks ever more likely that the KIC will go the way of an earlier venture on the other side of the Peninsula. Hyundai's Mount Kumgang resort, opened in 1998, brought 1.8 million Southern tourists in the past decade across the once impenetrable Demilitarized Zone (DMZ). Yet none have gone since the Korean People's Army (KPA) fatally shot Park Wang-ja, a 53 year-old Seoul housewife who strayed into a forbidden area in a pre-dawn walk on July 11 last year. The South at once suspended the tours because the North refused to let it send in a team to investigate, and a year later they remain suspended. Hyundai Asan, the operator, insists they will resume, but it is bleeding red ink, and amid the present worsening overall political climate, the prospect of resumption appears remote.

Hyundai Asan is also involved, with the ROK parastatal Korea Land, in running the KIC. Since late last year the North has harried South Koreans in the KIC by cutting the numbers allowed to

stay there and arbitrarily closing or restricting cross-border traffic. Now the harassment has moved to a whole new level.

Held hostage

On March 30, the North arrested a Hyundai engineer at the KIC, only recently named as Yu Song-jin. He is apparently accused of insulting the DPRK system and trying to incite a female Northern worker to defect. (The gender angle has barely been commented on. But since nearly all Southern managers at the KIC are male while almost the whole Northern workforce is female, it would be strange if the old Korean saying *nam nam puk yo* – Southern man, Northern woman – were not in the air, though romance is strictly off-limits.)

The DPRK had no right to arrest Yu. KIC regulations stipulate that any ROK citizen there suspected of wrongdoing must be expelled to the South. Yet over three months later he remains detained, wholly incommunicado. No charges have been brought, yet the North has refused to let anyone see him, to accept letters from his family, or even to discuss the matter. By contrast, the two U.S. female journalists arrested in March and sentenced in June to 12 years hard labor have at least been permitted a few consular visits and telephone calls home.

This is outrageous and surely deliberate. Pyongyang must know Seoul cannot accept this, and that Southern SMEs will not stay in the KIC if their people risk arbitrary imprisonment. Besides his being a useful hostage, Yu's detention thus looks like a ploy to force the KIC's closure – while placing the onus of responsibility and blame on the South for doing so.

Seoul wrong-footed on PSI

The North's other behavior at a series of meetings on the KIC reinforces this interpretation of cynicism. It still has the ability to wrong-foot the South. Thus, when it said in mid-April that it wanted to discuss the KIC's future, the ROK government rather clumsily postponed announcing a long-expected decision on joining the U.S.-led Proliferation Security Initiative (PSI), for fear of jeopardizing the new and now rare North-South dialogue. This cut no ice. On April 18, the KPA warned that it would regard South Korea's full participation in the PSI as a declaration of war. In a more than usually menacing note, the KPA statement added that the South "should never forget that Seoul is just 50 km away from the Military Demarcation Line (MDL)."

The eventual first meeting on (and at) the KIC, three days later, was farcical. It lasted just 22 minutes, late in the evening, after procedural disputes had delayed the start for over 12 hours. Clearly playing hardball, the North at first unprecedentedly refused even to reveal the names or rank of its own delegates so the South did not know whom they would be meeting.

Arranging a second meeting was complicated *inter alia* by Yu Song-jin's detention, with the North refusing to allow this on the agenda. Meanwhile, Pyongyang dropped a bombshell. On May 15 it unilaterally "declare[d] null and void the rules and contracts on land rent, wages and all sorts of taxes" at the KIC. Telling the South to accept the changes "unconditionally," the North added that "we do not care about them leaving ... if they have no will to carry [this] out." Seoul denounced this blackmail as "simply unacceptable." Other new restrictions planned for the

KIC – such as tighter traffic regulations, including a \$1,000 fine for illegally blocking streets – can only be called petty harassment.

On May 20, a representative of the 106 mostly small Southern firms operating in the zone warned that they face the risk of bankruptcy as their orders plunge while tension rises. Yoo Chang-geun said the companies would lodge a strong protest with both Korean governments. Much good may it do him, with both in their stubbornly short-sighted states of mind. On June 16, a fur and leather apparel maker, Skinnet, became the first ROK firm to quit the zone since it opened in 2004, citing safety and profitability concerns. It is unlikely to be the last.

Thirty times more rent, please

Not until June 11 did the two Koreas manage to meet again, and the North unveiled its new terms. Brazenly, it demanded a four-fold rise in wages for its 40,000 workers in the KIC to \$300 monthly, plus a 30-fold increase in the 50-year land lease fee from \$16 million to \$500 million. It must know that the South cannot afford – either financially or politically – to accept such exorbitant demands, hence the suspicion has to be that such maximalism is intended to force the KIC's closure. Yet MOU and others deny this, professing to believe that this is just the North's usual ultra-tough style and bargaining is still possible.

At a subsequent three-hour meeting on June 19, the North unexpectedly offered to lift curbs it has imposed since December on cross-border traffic and on the number of South Koreans permitted to stay at the KIC. It was not clear if this was sincere, and no other progress was made – including (crucially) regarding the still detained Yu Song-jin. A further one-hour meeting on July 2 was again stalemated, and broke up with no date set to meet again.

Despite MOU's optimism, the fear must be that in its present mood the DPRK does not care: either about loss of income in the short term – last year firms in the KIC remitted some \$26 million in wages, straight to Pyongyang before an unknown portion of it reaches the actual workers – let alone the long-run win-win vision that the KIC embodied. Hardliners in the KPA are thought to fear the zone's ideological impact, seeing it as a Trojan horse for capitalism.

Why stop them going?

Of course, North Korea is primarily to blame for its worsening relations with the South, and indeed, the world. Yet one must question the Lee administration's response. For example, why ban South Koreans from going North, as the ROK has done in reaction to the DPRK's nuclear test? (The sole exceptions being travel to the Kaesong and Kungang zones.)

While much about the "Sunshine" policy was arguable, one of its unambiguous gains was to allow a wide range of South Koreans – business, NGOs, professional groups, religious believers, and more – to go North, more or less freely. Although this traffic was one way, it broke the decades-old monopoly of the two governments in controlling unification issues. Even if no counterparts on the Northern side were ever truly nongovernmental, this allowed many valuable relationships to be forged, personally and locally, especially by aid groups, whose motivation is often overtly religious (Christian or Buddhist). It will be tragic both now and for the long term if

these incipient links are broken, and the Peninsula reverts – as seems to be happening – to old-style confrontation. That was the problem; it is no solution.

More immediately, the South's ban directly hits its own companies who are doing what Lee Myung-bak once professed to believe in: forging pragmatic business ties with the North. There are more of these than one might suppose. Besides the 106 SMEs in Kaesong, no fewer than 611 other ROK firms deal with the DPRK. Most (399) are general trading companies. A further 164 engage in processing-on-commission, the leading edge before the advent of the KIC: sending raw materials and sometimes equipment North, and receiving finished goods in return. There are also 48 investment companies; 120 of these met in Seoul in angry mood on June 15 to demand that the current crisis be resolved. While not all actually need to go North, for those who do Seoul's ban is a major headache.

All goes down

Worsening North-South political ties can already be measured by economic numbers. On May 31 Seoul's MOU reported that in the first four months it spent only 26.91 billion *won* (\$21.48 million), or a mere 1.8 percent of this year's budget of 1.5 trillion *won* earmarked for inter-Korean cooperation. Such spending already plunged by two-thirds from 715.73 billion *won* in 2007, Roh Moo-hyun's last year in office, to 231.2 billion *won* in 2008, the start of Lee Myung-bak's presidency. In theory large funds (800 billion *won*) are still set aside for rice and fertilizer aid, but no one expects this to be asked for or given in the present situation. The same applies to other notional budgets, e.g., for crossborder rail links. In a later report on June 24, MOU said that total Southern aid (state and private) to the North during Jan.-May was \$15.18 million, down 60 percent from \$26.33 million last year.

While governments can switch aid on or off like a tap, commercial trade is less subject to direct official control and slower to react. Inter-Korean trade, having surged fivefold in less than a decade of "Sunshine" from \$329 million in 1999 to \$1.7 billion in 2007, inched further upward even in the chill of the Lee Myung-bak era to reach \$1.82 billion in 2008. The rise will not continue this year, at the present rate. South Korean customs data show that in the first four months trade fell by a 24.8 percent (year-on-year), from \$566.92 million to \$426.35 million. May's figure fell 38 percent from \$171.9 million to \$106.5 million: the ninth successive month of year-on-year declines. Matters are unlikely to improve in the second half.

Roh's suicide: the North stokes the flames

On the political front, in an eventful three days in late May ex-President Roh Moo-hyun's sad suicide on May 23 was upstaged globally, if not locally, by North Korea's nuclear test two days later. A corruption probe was drawing ever closer to Roh, whose tragic death – his last political act, and one of his most effective – was much mourned in the South. Yet it also emphasized the deep faultlines there between left and right. Opinion polls found that most South Koreans believe the corruption investigation against Roh was politically motivated.

The North must have planned its nuclear test far in advance, but its timing two days after Roh's death riled many in the South, as if Kim Jong-il was determined to upstage him to the last. The

Dear Leader swiftly expressed condolences, but Pyongyang did not leave it at that. On June 5, *Rodong Sinmun* declared that: “The South Korean public unanimously contends that the unexpected and tragic death of the former ‘president’ is murder by Lee Myung-bak’s political retaliation.” (Note those weasel quote marks around ‘president’; North Korea still does not accept South Korea’s legitimacy.)

Four days later the North’s Committee for the Peaceful Reunification of Korea (CPRK) issued what *KCNA* called “a detailed report on the truth about the death of Roh Moo-hyun.” CPRK called this “a politically motivated, premeditated and deliberate terror and murder orchestrated by the United States and the pro-American conservative forces of south Korea” – and much more in a similar vein. Yet to say that “the Lee Myung-bak group ... had gone mad with the operation to ‘kill Roh Moo-hyun’” is absurd as well as offensive. In fact Roh’s death has harmed Lee politically, not helped him, putting the government on the defensive, and giving progressives and conservatives in South Korea yet one more issue to fight about.

Cyberwar?

The quarter ended – or strictly, the new quarter – began with what may be a taste of things to come. Fears of cyberterrorism had been mounting, and on April 30 South Korea and the U.S. signed an accord on jointly combating this. On May 5, intelligence sources in Seoul claimed that the KPA has created a 100-strong cyberwarfare unit – later described as Research Center No. 110, under the KPA General staff – tasked to disrupt ROK and U.S. military networks. DPRK hackers reportedly break into U.S. military websites more often than anyone else. In June, ROK defense officials said they were detecting 95,000 attempted cyber attacks a day on average, 11 percent of which tried to obtain military information.

Similar claims have been made before, but in early July South Koreans sat up and took note. On July 8, the Communications Commission (KCC) reported that major ROK websites had been inundated by heavy traffic generated by malicious software, starting the night before. As the attacks continued, some 33 sites in total were affected. They included the Blue House, Defense Ministry, and National Assembly; Kookmin, Shinhan and Korea Exchange banks; top Internet portals Daum and Naver; and a leading online shopping mall, Auction.

The Seoul press swiftly pointed the finger at North Korea. The National Intelligence Service (NIS) echoed this, blaming the North or (ominously) “its southern supporters.” Others were less sure. It emerged that major U.S. government sites were also attacked, starting during the Fourth of July holiday. On July 10, the NIS said the cyber attacks on the ROK came from 86 internet protocol addresses in 16 countries, including the U.S., Japan, China, and South Korea – but not North Korea. Blocking five specific sites in the U.S., ROK, Germany, Austria, and Georgia slowed down the attacks. As many as 200,000 computers may have been involved, most hacked into and hijacked into a “botnet” to flood the targets with fake queries.

North Korea was not mentioned, but the NIS reserved its suspicions – though chided by the liberal opposition Democratic Party (DP) for not publishing its evidence. The fact that many of the computers used were in South Korea could merely reflect the fact that few countries possess such a concentration of high speed computing power. In a further twist on July 10, the malicious

codes that had broken into thousands of South Korean personal computers (PCs) started wiping their hard drives. KCC reported 350 PCs affected, but warned the number could rise sharply as up to 50,000 have been infected.

Whoever did it, this attack has jolted the ROK to move faster in setting up a cyber defense system at public institutions by the end of the year. The MND will bring forward plans to create an agency to protect military information from cyber attacks. The new Information Security Command will be launched next Jan. 1, two years earlier than planned, and become fully operational in July 2010.

Was it the North? Before this episode, the DPRK poured scorn on any such suggestions. *KCNA*'s typically robust headline read: "S. Korean Puppets' Move to Participate in U.S.-led Cyber Storm Exercises Blasted." Decrying claims that the KPA has a cyberwarfare unit as "misinformation," the article did assert "the DPRK is fully ready for any form of high-tech war." Better believe it.

Chronology of North Korea-South Korea Relations April-June 2009

April 1, 2009: South Korea defeats the North 1-0 in Seoul in a final-round Asian qualifier for soccer's World Cup. The North does not allow any supporters to travel South.

April 1, 2009: The Institute for National Security Strategy (INSS), an arm of the ROK National Intelligence Service (NIS), says the DPRK's impending rocket launch may cost \$500 million.

April 2, 2009: An ROK Air Force officer says the Korean People's Army (KPA) has deployed a fleet of *MiG-23* fighters to protect its impending rocket launch.

April 2, 2009: ROK President Lee Myung-bak says at the G20 summit in London that he is considering the possibility of sending a special envoy to the North to help ease strained ties.

April 5, 2009: The DPRK launches its long-expected three-stage rocket from the Musudan-ri site in the northeast. The ROK, with many other states, criticizes the launch.

April 6, 2009: An opinion poll for the ROK government finds that 51.8 percent of South Koreans want Seoul to address the DPRK rocket issue through international cooperation, while 33.6 percent favor direct inter-Korean talks. Asked with whom the ROK should cooperate for its national security, 60 percent say the U.S., 15.7 percent North Korea, and 10.4 percent China.

April 6, 2009: South Korea rebuffs Northern charges that its soccer players lost their recent match in Seoul through deliberate poisoning after being given out-of-date food.

April 7, 2009: Unification Minister Hyun In-taek says that an additional resettlement center for DPRK defectors is planned. The existing Hanawon facility, whose capacity was doubled from 300 to 700 last year, is "not insufficient ... at present, but we have to prepare for the future."

April 7, 2009: President Lee calls for a South Korean held in the KIC since March 30 to be released. Unnamed at this stage, the detainee is later identified as Yu Song-jin.

April 9, 2009: North Korea's Supreme People's Assembly (SPA) meets for a single day. Kim Jong-il is present, but looks ill. Decisions made include the removal from the DPRK Cabinet of an inter-Korean cooperation committee created in 2004. Kim's brother-in-law, Jang Song-taek, is appointed to an expanded National Defense Commission (NDC).

April 9, 2009: An ROK military source says a DPRK *MiG-23* jet fighter crashed into the sea near Musudan-ri on April 4, a day before the rocket launch.

April 13, 2009: ROK Unification Ministry (MOU) describes the detention of Yu Song-jin at the KIC as a "serious situation," "very unjust," and "inhumane."

April 13, 2009: UNSC issues a President's Statement unanimously condemning North Korea's rocket launch of April 5.

April 14, 2009: In reaction to what it calls the "brigandish" UNSC statement, the Foreign Ministry says the DPRK will "never" again attend the Six-Party Talks, and will restore its nuclear facilities to strengthen its deterrent. South Korea expresses "deep regret" at this.

April 14, 2009: An ROK Foreign Ministry (MOFAT) official says South Korea, the U.S. and Japan have agreed a draft list of some 10 DPRK companies which could face UN sanctions.

April 14, 2009: An ROK source says nine DPRK merchant vessels could be searched in international waters under the U.S.-led Proliferation Security Initiative (PSI).

April 15, 2009: The International Atomic Energy Agency (IAEA) says the DPRK has asked its inspectors to leave the country "at the earliest possible time."

April 17, 2009: The secretariat of the North's Committee for the Peaceful Reunification of Fatherland (CPRF) says that a nuclear war on the peninsula is only a matter of time, "due to the war chariot of the 'South Korea-U.S. military alliance'."

April 17, 2009: *Rodong Sinmun*, daily paper of the North's ruling Workers' Party of Korea (WPK), accuses Seoul of banning Southern civilian aid groups from visiting Pyongyang on alleged safety grounds since the April 5 rocket launch.

April 17, 2009: Thirty Southern NGOs demand the release of the ROK worker held in Kaesong, saying this "clearly violates ... inter-Korean accords" and is "tantamount to kidnapping."

April 18, 2009: ROK says it will postpone announcing a decision on joining the PSI until after inter-Korean talks. *KCNA* carries a statement by the KPA General Staff, warning the DPRK would regard South Korea's full participation in the PSI as a declaration of war.

April 19, 2009: Seoul says it “regrets” the latest Northern threats, and insists that PSI is not specifically targeting Pyongyang.

April 19, 2009: On the 49th anniversary of the student uprising that toppled the ROK’s first president, Syngman Rhee, in 1960, *Rodong Sinmun* claims the South “is going back to the dark era of fascist dictatorship” and calls on South Koreans to “wage unflinching struggle.”

April 20, 2009: ROK Defense Minister Lee Sang-hee warns of possible DPRK provocations, adding that “our military is ready to immediately retaliate under the combined readiness with the United States.”

April 21, 2009: The two Koreas hold their first official civilian meeting in over a year at the KIC. This lasts just 22 minutes, after procedural disputes delay the start for over 12 hours.

April 21, 2009: MOFAT says the ROK embassy in Vienna is seeking clarification whether comments the previous day by IAEA Director General Mohamed ElBaradei, that the DPRK is a nuclear weapon state as “a matter of fact,” represent the UN agency’s official position.

April 22, 2009: KCNA accuses the ROK military of arbitrarily moving a marker (number 0768) in the eastern sector of the MDL, calling this a “serious military provocation” in violation of the 1953 Armistice. The South denies having moved the marker.

April 25, 2009: Pyongyang says it has resumed extracting plutonium from spent fuel rods at its reopened Yongbyon nuclear site.

April 29, 2009: Pyongyang’s Foreign Ministry says that unless the UNSC apologizes for its criticisms of the DPRK, it will conduct further nuclear and missile tests, start building a light-water reactor, and produce nuclear fuel. South Korea comments that this “directly challenges a unified and concerted decision by the international community.”

April 29, 2009: At a consolation event for separated families held at Paju north of Seoul near the border, Unification Minister Hyun urges the North to resume family reunions.”

May 1, 2009: North Korea’s Central Special Zone Development Guidance General Bureau says it is deepening its probe of the Kaesong worker, Yu Song-jin.

May 2, 2009: *KCNA* reports that on Buddha’s birthday temples across the DPRK hold services to pray for unification. Speakers warn that inter-Korean relations are at “the brink of a war owing to the persistent sycophancy toward the U.S. and the moves for confrontation ... [by] the present conservative ruling forces of south Korea.” They call on all Buddhists “to unite in Dharma-minded concord and foil the Lee Myung-bak group’s moves for a war.”

May. 4, 2009: *Rodong Sinmun* says that “traitor Lee Myung-bak’s talk about full participation in the PSI brought to light once again his true colors as a war maniac bereft of reason as he does not rule out even a war against the DPRK, standing in confrontation with it to the last.”

May 4, 2009: The ROK reports that the destroyer *Munmu the Great*, operating in the Gulf of Aden, escorted a DPRK vessel to safety after it was attacked by Somali pirates. The vessel thanked its rescuers while Pyongyang was silent.

May 4, 2009: MOU announces a restructuring that will close its Humanitarian Cooperation Bureau, established in 1996. Its three functions – sending aid, arranging family reunions, and resettling defectors – will be absorbed into other departments, while a new bureau will be created to analyze politics in Pyongyang. The Cabinet approves the changes on May 12.

May 5, 2009: Intelligence sources in Seoul say the KPA has a 100-strong cyber-warfare unit that seeks to disrupt ROK and U.S. military networks.

May 10, 2009: ROK military sources say two major DPRK covert agencies have recently been transferred from party to military control. Room 35 collects intelligence, while the Operations Unit trains and dispatches secret agents as well as exporting arms and engaging in drug trafficking and counterfeiting.

May 14, 2009: *Yonhap* says North Korea is stepping up military training at its western sea border. It quotes an ROK Marines source as saying the KPA has held 19 live-fire exercises, twice as many as last year. Aircraft sorties are up six-fold from the same period in 2008.

May 15, 2009: North Korea unilaterally “declare[s] null and void the rules and contracts on land rent, wages and all sorts of taxes” at the KIC.

May 17, 2009: *Minju Joson*, daily paper of the DPRK Cabinet, says North Korea will never again attend the Six-Party Talks unless the U.S. and South Korea give up their “hostile policy.”

May 18, 2009: ROK Unification Minister Hyun says that despite the “crisis” over the KIC, Seoul is not contemplating closing it.

May 18, 2009: CPRF denounces the ROK MOFAT as “frantic about its anti-DPRK confrontational scheme” and “one of the most anti-national groups among the south Korean government ministries and agencies.”

May 18, 2009: Sources in Seoul claim that Choe Sung-chol, who as vice chairman of the North's Asia-Pacific Peace Committee (APPC) had pushed for reconciliation with the South, was executed last year.

May 20, 2009: Yoo Chang-geun, a representative of ROK firms operating in the KIC, warns that they risk bankruptcy as orders plunge while tension rises.

May 23, 2009: Former ROK President Roh Moo-hyun jumps to his death from a cliff near his rural home. He had been questioned by prosecutors on allegations of corruption.

May 25, 2009: Kim Jong-il expresses his condolences to the late Roh Moo-hyun's family. MOU comments that at least this will not impact negatively on North-South relations.

May 25, 2009: North Korea conducts an underground nuclear test near Kilju in the northeast. ROK President Lee calls this “truly disappointing.” South Korea bans its citizens from visiting the North, other than to the Kaesong and Mount Kumgang zones.

May 26, 2009: *Choson Sinbo*, the daily paper of pro-North Koreans in Japan, insists that the DPRK remains committed to the KIC project despite growing political tensions.

May 26, 2009: ROK formally communicates its decision to become a full member of the PSI.

May 27, 2009: Reacting to Seoul's decision to fully join the PSI, the Panmunjom office of the KPA declares the 1953 Armistice “nullified” by this “declaration of war against us.” It threatens a military strike if South Korea tries to interdict any of its ships, and warns it can no longer guarantee the safety of U.S. and ROK military or private vessels in waters west of the Peninsula.

May 27, 2009: MOU says traffic across the DMZ is normal despite the North's nuclear test. Some 400 South Koreans cross into the Kaesong IC in the morning; a similar number return in the evening. Five DPRK merchant ships pass through ROK waters, while “dozens” of South Korean vessels are in Northern waters despite Pyongyang's threat.

May 28, 2009: North Korea's *Minju Joson* claims that “any minor accidental clash [on the Peninsula] may spread into a nuclear war.” *Rodong Sinmun* declares: “It is the fixed will of the army and the people of the DPRK to wipe out the warmongers with a barrage of fire of the Songun (military-first) army.”

May 30, 2009: DPRK website Uriminzokkiri brushes off criticism that its nuclear test was ill-timed in the wake of Roh Moo-hyun's suicide. It accuses those who say this of “picking a fight with wicked intentions” instead of expressing gratitude for the North's condolences.

June 1, 2009: Sources in Seoul claim that on May 25, just after North Korea's nuclear test, key DPRK institutions – WPK, KPA, the Presidium of the SPA and the Cabinet – were formally notified that Kim Jong-il has designated his third son, Kim Jong-un, as his successor.

June 1, 2009: Intelligence sources in Seoul say the DPRK has banned shipping from more northerly parts of its West (Yellow) Sea waters for two months, until the end of July.

June 2, 2009: An ROK official says the detained Hyundai Asan worker Yu Song-jin appears to have been moved from Kaesong to Pyongyang.

June 2, 2009: At the first ASEAN-ROK summit, President Lee and the heads of all 10 ASEAN member states condemn North Korea's recent nuclear test and missile launches. They also call for resumption of the Six-Party Talks.

June 4, 2009: ROK Unification Minister Hyun cites Kim Jong-il's “worsening health condition” as the reason why Kim “may have felt the necessity of accelerating the process of father-to-son

succession of power.” Hyun reiterates MOU’s view that there is no solid evidence to confirm that Kim Jong-un is the chosen heir.

June 5, 2009: North Korea unexpectedly proposes talks on the Kaesong Industrial Complex (KIC). The South accepts, and they agree to meet on June 11 in the KIC.

June 5, 2009: *Rodong Sinmun* says “the South Korean public unanimously contends that the unexpected and tragic death of the former ‘president’ [Roh Moo-hyun] is murder by Lee Myung-bak’s political retaliation.”

June 5, 2009: ROK Foreign Minister Yu Myung-hwan says the U.S. has agreed to guarantee in writing its nuclear umbrella for South Korea against any Northern attack, when President Lee meets U.S. President Barack Obama in Washington on June 16.

June 6, 2009: Kang Hui-nam, an activist priest and honorary chairman of the ROK branch of the pro-North Pan-Korean Alliance for Reunification (Pomminryon), takes his life at age 89. His suicide note denounces Seoul’s current policies towards Pyongyang. On June 10 the DPRK offers its condolences, but blames “Lee Myung-bak ... who drove him to death.”

June 8, 2009: *Rodong Sinmun* says that “a written pledge by the U.S. to include South Korea under its nuclear umbrella [means] ... the danger of nuclear war will increase.”

June 9, 2009: The North’s Committee for the Peaceful Reunification of Korea (CPRK) calls Roh’s death “a politically motivated, premeditated and deliberate terror and murder orchestrated by the United States and the pro-American conservative forces of south Korea.”

June 9, 2009: *Minju Joson* describes the DPRK’s nuclear deterrent, hitherto claimed to be defensive, as “a vehicle for merciless attacks on those who even slightly infringe upon our sovereignty.” Similarly blurring offense and defense, *Rodong Sinmun* declares that “our self-protective measure is to relentlessly crush invaders by striking them preemptively.”

June 9, 2009: Skinnet, a leather apparel maker, becomes the first ROK firm to quit the KIC.

June 9, 2009: The ROK Ministry of Strategy and Finance (MSF) names three DPRK firms as subject to UNSC-mandated sanctions. It bans South Korean companies from dealings with Korea Mining Development Trading Corp., Tanchon Commercial Bank or Ryongbong General Corp., all suspected of involvement in Pyongyang’s missile or nuclear programs.

June 9, 2009: The (South) Korea Customs Service (KCS) reports that inter-Korean trade in the first four months fell by 24.8 percent (year-on-year), from \$566.92 million \$426.35 million.

June 9, 2009: The (South) Korea Institute of Nuclear Safety (KINS) admits it has yet to find radioactive traces of xenon or krypton gases in air particles blowing from the North, which would confirm scientifically that North Korea did indeed conduct a nuclear test.

June 9, 2009: In one of its clearest hints yet from Pyongyang that a successor to Kim Jong-il has been chosen, *Rodong Sinmun* says that “One of the important issues concerning the fate of the nation’s revolution was shiningly resolved, which makes this year more meaningful than ever ... A true war of will is one that succeeds generation after generation.”

June 11, 2009: At talks in Kaesong on the future of the KIC, the North demands a fourfold wage hike for its workers and a 30-fold increase in rent. They agree to meet again on June 19. MOU denies that the North is in effect telling the South to get out.

June 11, 2009: *KCNA* says that at the latest inter-Korean meeting on the KIC, the North demanded early construction of a dormitory and childcare facilities as well as a new road for North Koreans working at the joint industrial complex.

June 11, 2009: Hyundai Economic Research Institute predicts that North Korea will lose \$1.5-3.7 billion if the U.N. enforces the sanctions.

June 12, 2009: ROK firms in the KIC say they “cannot accept North Korea's unilateral demands” to quadruple its workers’ wages. Complaining of “unbearable losses for a long time” due to heightened inter-Korean tensions, they call on Seoul to compensate them.

June 12, 2009: The UNSC unanimously passes Resolution 1874, condemning the DPRK’s nuclear test and imposing a range of sanctions, including a ban on all arms exports.

June 12, 2009: A spokesman for North Korea’s CPRF tells *KCNA* that South Korean news reports, claiming that fake U.S. dollars circulating in the South were proved to be from the North, are an anti-DPRK trick.

June 14, 2009: ROK Unification Minister Hyun tells a parliamentary hearing that he believes North Korea has been pursuing uranium enrichment, which it had long denied until very recently, “for at least seven to eight years.”

June 15, 2009: North Korea marks the ninth anniversary of the first inter-Korean summit by calling on South Koreans to rise against their current regime. South Korea holds no official ceremony, and the government does not participate in events organized by liberal NGOs.

June 15, 2009: *Rodong Sinmun* denounces the ROK for “begging” the U.S. for nuclear protection, calling this “an unforgivable criminal act to make South Korea a nuclear powder keg that can explode at any moment.”

June 15, 2009: 120 of the 611 ROK firms doing business with the DPRK outside Kaesong meet in Seoul to demand that the current crisis be resolved. Since the nuclear test the South has forbidden them to visit the North.

June 17, 2009: In Washington, President Lee vows to break with the old pattern of compensating the North following provocations by it. Barack Obama concurs.

June 19, 2009: Working-level meeting is held in Kaesong to discuss revised contracts at the KIC but again make no progress. The North unexpectedly offers to lift cross-border restrictions.

June 21, 2009: In reaction to the Lee-Obama summit, the weekly *Tongil Sinbo* accuses President Lee of trying “to stifle the people of the DPRK through an alliance” with the U.S. and launch a nuclear war. *KCNA* reports that anti-government organizations in South Korea have issued statements denouncing Lee for his “servile” tour of the U.S.

June 21, 2009: The (South) Korea Customs Service says that May’s inter-Korean trade total was \$106.5 million, down 38 percent from \$171.9 million in the same month last year.

June 23, 2009: ROK President Lee tells a congress of ethnic Koreans from 65 countries that South Korea is interested in helping North Korea: “We keep telling North Korea to become a (responsible) member of the international community ... Living by threatening when it is not getting any assistance is not truly living ... North Korea can catch up with China [very fast] if we put in the necessary infrastructure, build factories there and train their workers ... I believe North Korea will change once it learns South Korea’s sincere intentions.”

June 24, 2009: MOU reports that Southern aid (state and private) to the North during Jan.-May totaled \$15.18 million, down 60 percent from \$26.33 million in Jan.-May 2008.

June 24, 2009: *Rodong Sinmun* accuses Seoul of trying to incite a third inter-Korean naval clash in the Yellow Sea. It criticizes the ROK’s naming a new guided missile patrol boat after an officer killed in battle in 2002, Yun Yeong-ha, as anti-Pyongyang propaganda.

June 25, 2009: A poll by Hyundai Economic Research Institute (HERI) finds that 22.2 percent of South Koreans think North Korea is trustworthy: the lowest figure in a decade. The peak figure was 52.3 percent in 2000, after the first inter-Korean summit: it has fallen ever since. However, three-quarters (75.3 percent) say the KIC should continue.

June 25, 2009: *Rodong Sinmun* calls June 16’s U.S.-ROK summit “a disgusting kiss between the master and his servant.” Claiming that U.S. nuclear protection for South Korea justifies the North’s nuclear program, it warns that any aggression “will only incur a ruthless situation in which the fiery showers of our nuclear protection will fall upon South Korea.”

June 25, 2009: Both Koreas mark the anniversary of the outbreak of the Korean War in 1950. The North holds rallies and exhibitions to condemn U.S. aggression and vow revenge, while accusing Seoul of instigating anti-Pyongyang sentiment. The South thanks those who came to assist, as President Lee puts it, “a small, poor nation that they did not even know.”

June 26, 2009: Amnesty International (AI) urges its members worldwide to send appeals to Kim Jong-il to release the South Korean worker detained incommunicado in Kaesong.

June 27, 2009: Kim Hak-kwon, chief of plastics maker Jaeyoung Solutec and chairman of the Kaesong Industrial Council of ROK firms operating in the Kaesong zone, receives a letter from

the Northern authorities which, unusually, mentions the detained engineer Yu Song-jin. It says his crimes are “grave” – but as ever gives no detail.

June 28, 2009: Meeting in Tokyo, President Lee and Japan’s Prime Minister Aso Taro call for strict implementation of UN sanctions against the DPRK, saying it must realize that its possession of nuclear weapons will never be tolerated.

June 28, 2009: *Tongil Sinbo* claims that Lee Myung-bak’s saying that his government will pursue reunification on the basis of a market economy is aimed at “breaking down the North’s ideology and system to achieve ‘reunification through absorption,’ and it is appalling.”

June 29, 2009: *Rodong Sinmun* blasts South Korea’s readiness to carry out UN sanctions as – in *KCNA*’s words – “the worst grave anti-North provocation that has never (sic) existed in the history of inter-Korean relations.” It adds: “We’re ready for both sanctions and a war.”

July 2, 2009: The DPRK test-fires four short-range *KN-01* surface-to-ship missiles, with a range of 120-160 km, from a base at Sinsang-ri north of the port of Wonsan.

July 4, 2009: North Korea fires seven ballistic missiles into the East Sea from its Kitdaeryong base near Wonsan. Putting its military on high alert, the ROK calls this a “provocative act” that violates UN Security Council resolutions banning all DPRK ballistic missile activity. The ROK joint chiefs of staff declare that “Our military is fully prepared to deal with any threats and provocations by the North, based on a strong joint defence alliance with the US.”

July 6, 2009: Lee Chan-ho, chief analyst of cross-border ties at MOU, says that as of June 22 DPRK media have denigrated President Lee 1,705 times so far this year: an average of 9.9 times each day, up from 7.6 last year. Other ROK ministers are being similarly insulted.

July 7-9, 2009: Several major public and private ROK websites, including the Blue House, defense ministry and national assembly, are swamped by cyber-attacks; as are a number of official sites in the U.S. The NIS blames North Korea; others are not so sure.