

North Korea – South Korea Relations: **States Stalled: Business as Usual?**

by Aidan Foster-Carter
Leeds University, UK

The weather forecast for the Korean Peninsula is, as ever, changeable. In recent years the Koreas, especially the North, have swung between extremes of flood and (as this year) severe drought. Politics oscillates similarly. For half a year after the June 2000 first ever North-South summit, inter-Korean contacts developed so fast that this journal created a slot for a burgeoning new bilateral relationship. Yet a year after that breakthrough meeting – an anniversary that neither side celebrated officially on any scale – the peace process appears sadly stalled.

The past quarter saw almost no formal contacts between the ROK and DPRK. None of the several channels that had been opened – ministerial talks, family reunions, rail and road reconnection, economic negotiations, and more – convened as such between April and June. Neither was there progress on agenda items thus far unfulfilled, above all a return visit to Seoul by Kim Jong-il. Indeed, in June two new twists – Northern incursions into Southern waters, and a refugee family's bid for asylum – highlighted obstacles to better ties. North Korean media also reverted to attacking Seoul, albeit with less vituperation than directed at the U.S.

Pyongyang's pullback was its reaction to what it perceived as a hostile stance by the incoming Bush administration. U.S.-DPRK ties as such are not my bailiwick here. As Ralph Cossa and Scott Snyder have pointed out, there was no necessary logical reason for North Korea to react as it did. Arguably a more subtle ploy could have taken the opposite line. To intensify outreach to Seoul, cold-shouldering the U.S. would have intensified the palpitations some in Washington could not suppress a year ago at the sight of the two Koreas seeming to get along so well. But subtlety is not the DPRK's strong suit; at best, Robert Manning's stark characterization of Kim Jong-il – tactical genius, strategic fool – applies. So it was wholly predictable that those in Pyongyang who hesitate, or have much to lose from an outbreak of peace – Korean People's Army (KPA) hawks, as Selig Harrison has suggested – would seize with gusto the excuse to take their bat home (or at least call time out) and revert to old snarl mode: mainly toward the U.S., but also the ROK.

In that sense I share the view, widespread in Seoul, that Bush's policy review on North Korea did South Korea no favors: taking the wind, which was already dropping, out of the sails of Kim Dae-jung's Sunshine Policy. One can only hope momentum will be

restored now the U.S. has decided to resume dialogue with the DPRK – assuming the latter responds. Yet that is not the end of the matter, happily. It is both factually and politically wrong – indeed, it plays into Pyongyang’s hands – to see the U.S. as the key to everything. The last quarter was not in fact devoid of inter-Korean contact. Semi-officially (a gray area that both Koreas long since got down to a fine art), this period saw both a large Southern gift of fertilizer and a worthwhile if low-key party at Kumgangsan to mark the summit anniversary. Moreover local governments continued to cooperate, especially in Kangwon, even if central authorities did not.

Above all, in a key difference from past false dawns (1972, 1985, 1991), business and civilian links, which used to march in step with the state, continue despite the freeze in official ties. If most other bilateral relations reviewed in this journal are mainly between governments, inter-Korean ties – a special case in many ways: e.g., neither government technically treats them as *foreign* – must be viewed on a wider canvas. A glance at China-Taiwan ties, which have a 10-year head start, shows how business and other privately forged links can become a crucial counterpoint to and influence on the strictly inter-governmental dimension. Information technology (IT) is just one area where incipient North-South ties may have radical implications. In its own way, the spotlight on refugee issues as the quarter ended also highlights the role of individuals as against states. Inter-Korean relations operate on both dimensions, which interact in often complex ways.

Fertilizing Peace: Let Salmon Spawn

At the government level it was a quiet, or at least one-sided, quarter. The main action was a new Southern donation of 200,000 tons of fertilizer, announced on April 26 and shipped in batches soon after. As well as its practical value and timeliness (May being the latest it can be of use), fertilizer is symbolic: it was the first topic of earlier “unofficial” talks, which led in time to the summit. Facing a dire drought and another poor harvest, Pyongyang could hardly refuse. But it did not reciprocate on any front, rebuffing Seoul’s calls to resume dialogue as well as Kim Dae-jung’s ever more plaintive requests to Kim Jong-il to set a date for visiting Seoul.

The North’s stance also ruled out any official con-celebration of the anniversary of last year’s summit. Instead each side held its own meetings and seminars. Semi-officially, however, a gathering of non-governmental organizations (NGOs) and others at Mt. Kumgang brought together several hundred people from each side. By all accounts this was a festive and informal occasion, with individuals from North and South able to pair off for private conversations and ignore the official speeches. An older anniversary days later, that of the outbreak of the Korean War on June 25, 1950, was marked with the usual anti-U.S. stridency in Pyongyang, while in Seoul an ever more vitriolic right-wing press took Kim Dae-jung to task for not mentioning that North Korea started it.

However, provincial governments are cooperating even if central ones are not. The vanguard here is Kangwon, which contains Mt. Kumgang and is bisected by the demilitarized zone (DMZ). The ROK’s Kangwon is helping its Northern counterpart on several fronts: releasing salmon spawn into Northern rivers, sending insecticide and

sprayers to fight a plague of pine needle-eating gall flies, and offering farm aid. Small beer, yet it all helps break down barriers and cements Kumgang's role as a meeting point. (Hyundai's boats ferried all of the above back and to.)

Hyundai: Another Door Opens?

But this role for North Korea's famed mountain resort is jeopardized by problems at the company that pioneered it. Hyundai's financial woes and the death of its Northern-born founder Chung Ju-yung have put in question these politically crucial yet uneconomic activities. Hyundai Asan's cruise tours have taken over 400,000 Southerners to Mt. Kumgang – but have lost \$300 million, mainly due to a huge \$12 million monthly fee payable to Pyongyang for six years.

Now help is at hand from both sides. In June Seoul finally agreed to bail out Hyundai Asan. It is to form a consortium with the state-run Korea National Tourist Organization (KNTO), which has been lent 90 billion won from inter-Korean cooperation funds. Similarly, months ago state-owned Korea Land Corp (Koland) quietly took a major stake in Hyundai's planned export industrial zone at Kaesong near the DMZ. While politically understandable, this aid will renew criticisms of official favoritism toward Hyundai. It also shows, arguably, how the Sunshine Policy can conflict with Kim Dae-jung's other main project, economic reform.

Earlier, Hyundai reported concessions by Pyongyang too. The North will be more flexible on payments – or maybe not, now that KNTO and Southern taxpayers are footing the bill. (The \$22 million that was overdue was paid in early July.) More significantly still, North Korea has apparently agreed to open a land route to the Kumgang zone from late next year. If true, this has a three-fold importance. Economically, Hyundai will save a fortune if it can bus tourists rather than ship them. Strategically, any breach of the DMZ has obvious security implications. Skeptics fear creating a new invasion route, but optimists see any move to make the front line more of a front door as a plus for peace. But all this needs to be discussed; so this plan is also politically positive, as it means Pyongyang must soon resume official contacts with Seoul.

For now, caution remains appropriate. The DPRK has floated many a balloon that later sank without a trace. Many in South Korea are cynical: all the more so in that North Korea has yet to finally ratify the earlier agreed road and rail link north of Seoul, on which it has also stopped work for most of the quarter (although as of June troops and equipment were said to be back on site). So, as ever, it remains to be seen if the DPRK will deliver. None of this may suffice to save the cruise tours, which were due to be suspended from June 30.

Tantalizing Business: Is IT It?

If Hyundai's push north was motivated more by sentiment than profit, other Southern firms remain cautious. The Seoul daily *JoongAng Ilbo* noted on June 24 that “not a single direct investment has been made between the two [Koreas] since the summit”, despite agreements signed last December (but as yet unratified) to facilitate business.

One hundred fifty-two Southern firms make goods – ranging from handbags and lightbulbs to computers and TVs – on a contract basis in the North, but few are ready to commit more fully. As South Korean firm LG put it, “We are not expanding . . . because inter-Korean relations are unstable and North Korea’s intentions are unclear.”

Yet the Taiwan-China precedent shows that political volatility need not preclude business cooperation. For the Koreans too the only way is up, even if the pace is slow. Two hopeful signs are a range of IT initiatives and the first joint venture in mining: a tantalum mine at Apdong, just north of the DMZ, with an annual output of a million tons but idle for the past three years. The partners are the North’s Samcholli and the South’s Sungnam. A contract is due in July and Sungnam plans to send equipment “across the border” (sic) in August.

This tantalizing prospect, for a condenser material used in mobile phones, points to one area where business cooperation is taking off: information technology. Samsung uses Northern programmers at a research center in Beijing and revealed on June 27 that it has applied to open an office in Pyongyang. On other fronts, the DPRK Education Ministry and a Christian group in Seoul are to build an IT college in Pyongyang. Its graduates may be hired by Koryo Business Town, an IT center involving Ntrack, a Southern venture startup. A competitor, hanabiz.com, plans a rival IT complex linking China and North Korea across the Yalu River. But the most serious contender may be BIT Computer, whose president Cho Hyun-jung has visited Pyongyang twice this year. Having lectured to local IT experts in February, he was back in June to plan a long overdue Internet link for the DPRK, initially to be via satellite, which he said could be operational as early as August.

Dotcom and DPRK history alike warn against counting any such chickens until they hatch. If they do, like all inter-Korean endeavors they offer opportunity and risk alike. Kim Jong-il hesitates to extend his own Web access to his subjects, while some in Seoul fear to arm the enemy with equipment or skills that could be turned against them. (A more rational U.S. paranoia would worry more about a North Korean hacker attack on Pentagon computers, than a rough rocket being lobbed Alaska-ward.) In theory, the ROK still bans the sale of Pentium-class computers to the North – even while one Southern firm, IMRI, has monitors made there. As long as Kim Dae-jung remains in power, cooperation will be encouraged whatever the risks. But if the opposition Grand National Party’s (GNP) Lee Hoi-chang succeeds him in 2003, as looks likely, Seoul may well revert to a more cautious stance – especially if Pyongyang has still not made significant concessions.

Civility Grows

Yet it may prove harder to curb what by then will be a significant new dimension: the ever growing substratum of grassroots North-South links formed by individuals and groups, who under the Sunshine Policy for the first time pretty much have *carte blanche* to act. Unification Ministry data show that in May, besides \$43.6 million in official aid (168,000 tons of fertilizer and 35,000 tons of corn), civic groups including the Federation of Korean Industries gave aid worth \$7.7 million, mainly medical or agricultural. Three

hundred twenty-eight South Korean civilians went north in May, boosting the five-month total to 499, three times as many as in the same period in 2000. As well as academic and other delegations, these include families quietly meeting kin: at vast expense, yet more fulfilling than the all too brief public spectacle of official family reunions. Though still small scale, in the Korean context all this is revolutionary and hopeful.

As is “Dr. Corn,” Kim Soon-kwon, a professor of plant genetics (and a devout Christian) who first came to fame for breeding new corn varieties for African conditions, and went north on June 25 for at least his 13th visit. This time he was due to inspect seeds sown in May and to discuss developing more drought-resistant strains of maize. An earlier seed that he developed by cross-breeding Northern and Southern varieties (a nice metaphor) is already grown in over 5,000 North Korean villages and has been credited with raising yields by a quarter. Funding problems had held up his activities for some months, but evidently he is back in business.

Testing the Waters

Sadly, generous souls like Kim Soon-kwon are not the whole story. One can never be sure of plain sailing between the Koreas, and in early June this was no metaphor. Without warning, DPRK merchant ships began taking short cuts through Southern waters (e.g., between Cheju and the South Korean mainland) and crossing the Northern Limit Line (NLL), the marine extension of the DMZ that Pyongyang has never officially accepted. Those attuned to anniversaries recall that two years ago, just one year before the summit, incursions by crab fishing boats in the West (Yellow) Sea led to the first inter-Korean naval battle since 1953. ROK ships ramming the intruders were fired on and returned fire, sinking one DPRK patrol craft and crippling others.

Not this time. To the disgust of Seoul’s conservative press and the opposition Grand National Party, the Northern freighters were allowed passage. The leak of transcripts of radio contacts to a GNP member of Parliament, querying the government’s version of events, suggests that the ROK Navy too was vexed at the lack of a more forceful response. That the North for its part did not scruple to shoot at a Southern fishing boat straying over the NLL added to the cries of appeasement. Eventually, on June 24 the ROK Navy did fire warning shots at an intruder. (Despite these antics, in July, the ROK is opening waters hitherto off-limits near the NLL for fishing with prior notification.)

This odd episode, which may or may not be ended, prompts two thoughts. The first and main one concerns Pyongyang’s motives. Now, as in 1999 – but all the more so since the summit – if North Korea wanted to discuss fishing or transit, why could it not just ask? To act as it did can only be construed as provocation. It certainly provoked a fine old row in Seoul, exposing a potentially ominous if unsurprising faultline between the Southern soldiery and their current political masters. But one need not be a hawk to query the latter’s supine reaction, especially in contrast to their firm response two years ago. That brief firefight did not derail the push for “sunshine”; even at the time, fertilizer deliveries in the same waters continued as normal. Yet since the summit the South has bent over backward to avoid upsetting the North whatever it does. That has to be a double mistake: inviting charges of appeasement at home, while Pyongyang could be

forgiven for assuming it can play Seoul for a sucker *ad infinitum*. Why “fair but firm” reciprocity should apparently be anathema to the Blue House remains a mystery.

Refugees and Human Rights

No sooner had this episode died down, than another incident exposed a parallel weakness in Seoul’s strategic armor. On June 26, a family of seven North Koreans took sanctuary in the United Nations High Commission for Refugees (UNHCR) offices in Beijing, demanding to be recognized as refugees and allowed to go to Seoul. Apparently arranged by the Japanese NGO RENK (Rescue the North Korean People), this cleverly spotlighted an issue all governments would rather ignore. Tens of thousands of North Korean refugees (estimates run as high as 300,000) live precariously in northeastern China – in constant fear of deportation to jail or torture, yet rarely helped by an ROK anxious not to offend Beijing. China insists there are no refugees and restricts UNHCR from working along the border, a stance that arguably breaches its obligations in international law.

In this case, with a vote imminent on Beijing’s bid to host the 2008 Olympic Games, after three days the family were allowed to leave “on humanitarian grounds” (but not as refugees) for a third country, and then flew on from the Philippines to Seoul – like the elite northern defector Hwang Jang-yop in 1997. But the wider issue remains and after this publicity will be harder to sweep under the carpet. Indeed their success can only encourage others, though China will doubtless tighten security. Despite all obstacles, the numbers of Northern defectors who make it to Seoul are rising fast: to 312 in 2000 and 226 so far this year. Few as they are – compared to Germany pre-1990, or refugee flows elsewhere, or the potential exodus – they are already straining the South’s paltry resettlement facilities. Much as it hopes for a soft landing, Seoul should surely have contingency plans for a deluge. Hopefully it has.

While there are responsible as well as self-serving reasons not to want to open the floodgates, to suppress this humanitarian issue is as unacceptable politically as it is morally. It must be tackled at its root, which is the DPRK’s dual dereliction: starving its people in the first place, then criminalizing them merely for seeking to eat – a response as stupid as it is vicious, since it turns the victims into that hitherto rarest species, enemies of the regime. Yet one doubts if the present ROK government will do much (the next one may be a different matter). With the U.S. in turn preoccupied with security issues, among the DPRK’s interlocutors it is European nations who are keenest to press on human rights concerns. Unyielding as ever, in this case North Korea criticized UNHCR and warned that inter-Korean relations may suffer even more.

The Weather Forecast: An End to Drought?

In June, rain finally ended months of drought in the Korean Peninsula. Will the Peninsula’s parched politics be similarly refreshed? ROK officials profess optimism; but then they would, and it may just be whistling in the dark. Straws to clutch at include the apparent concessions to Hyundai and on a second trans-DMZ route, but one would rather see the original one revived first. Also, with less than 20 months until Kim Dae-jung is

replaced by someone unlikely to be as bold or as kind, hopefully Kim Jong-il grasps that the window is closing. (If he realized this vis-à-vis Clinton, he failed to move far or fast enough.) A visit to Seoul next year, despite the delay, might boost the otherwise forlorn electoral hopes of the ruling Millennium Democratic Party.

But the dear leader also has domestic preoccupations. His 60th birthday next February might be marked by a long overdue party congress, with a possible turn to economic reform. Or he may prefer to engage with the U.S. and keep the inter-Korean process on hold or low-key. In that event, the onus will be on business and citizens to maintain the momentum and continue laying the groundwork for cooperation, against the day – hopefully not so distant – when their governments return in earnest to the tasks they launched amid such high hopes just a year ago.

Chronology of North Korea - South Korea Relations April – June 2001

Apr. 5, 2001: Seoul papers report an upsurge in Pyongyang media attacks on South Korea – such as calling its defense minister a “warmonger” – not heard since last year’s summit.

Apr. 12, 2001: North Korea’s Red Cross rebuffs a request by its Southern counterpart to resume talks on letter exchanges. This is the first official North-South contact since March 13.

Apr. 16, 2001: The Federation of Korean Industries announces a donation of a million sets of winter underwear to North Korea, which has just had its coldest winter in decades.

Apr. 26, 2001: South Korea decides to donate 200,000 tons of fertilizer to North Korea, worth \$52 million.

May 1, 2001: Northern and Southern trade unions celebrate May Day jointly at Mt. Kumgang.

May 10, 2001: South Korean officials say that North Korea has withdrawn its workforce and construction equipment, raising doubts that rail links can be reconnected by September.

May 24, 2001: The ROK government says it has abandoned plans for a joint celebration with the DPRK of the first anniversary of the inter-Korea summit meeting.

May 24, 2001: Not for the first or last time, Kim Dae-jung publicly asks Kim Jong-il to set a date for his return visit to Seoul.

June 2, 2001: Three DPRK cargo ships separately sail into or through South Korean waters, prompting controversy in Seoul over an alleged lack of military reaction.

June 6, 2001: The UN Command reports that North Korea has not responded to its proposal for a meeting of chief secretaries of the Armistice Commission to discuss maritime issues.

June 7, 2001: Kim Dong-shin, South Korea's defense minister, threatens force against any DPRK vessel that violates Southern waters, hours after one crossed the NLL.

June 10, 2001: Kim Yoon-kyu, president of Hyundai Asan, reports North Korea has agreed to open an overland route across the DMZ to Mt. Kumgang from next year.

June 14-16, 2001: Several hundred Koreans from Northern and Southern NGOs hold a semi-official celebration of the first anniversary of the North-South summit at Mt. Kumgang.

June 15, 2001: After a warning from the ROK Navy, the DPRK freighter Taedonggang moves outside the Northern Limit Line, the first Northern boat to respond to such warning.

June 24, 2001: Two ROK gunboats fire nine warning shots at a DPRK fishing vessel that violates Southern territorial waters in the most serious skirmish for two years.

June 25, 2001: North Korea marks the anniversary of the start of the Korean War as "Anti-U.S. Day." Kim Dae-jung calls for a North-South peace treaty, but pledges to defend the NLL.

June 26, 2001: Seven North Koreans of the same family, named Jang, take refuge in the UNHCR office in Beijing. They demand refugee status and safe passage to South Korea.

June 27, 2001: Samsung says it is seeking permission to open an office in Pyongyang.

June 29, 2001: The Jang family are allowed to leave China: on humanitarian grounds, but not as refugees. They reach Seoul on June 30, via Singapore and the Philippines.