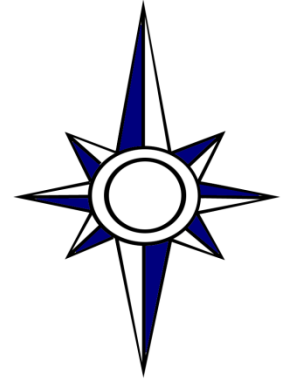


Comparative Connections

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South Korea-North Korea Relations: Torpedoed?

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2010 is a year of anniversaries on the Korean Peninsula, many of them miserable. It is the centenary of Japan's occupation of Korea in 1910, an event unlikely to be much marked on either side of the Sea of No Agreed Name, given how bitter Korean memories remain. This June marks 60 years since a by-then partitioned peninsula erupted into a civil war which technically is not over, since the 1953 Armistice Agreement was never followed by a peace treaty. For South Koreans, April 1960 celebrates the ouster of their authoritarian first leader, Syngman Rhee, in an all too brief democratic interlude before soldiers seized power in Seoul. Twenty years later, May 1980 marks the bloody suppression of a rising against military dictatorship in Gwangju in the southwestern Jeolla region, still the heartland of political opposition in South Korea. Seven years later the generals were forced back to barracks for good – a rare achievement in Asia – and a sometimes fractious democracy has since grown strong roots.

Unhappy anniversary

A new century brought a new breakthrough. This June will see the 10th anniversary of the first-ever inter-Korean summit, when the South's then President Kim Dae-jung – a veteran democrat, and the first man of Jeolla to enter the Blue House – flew to Pyongyang to meet North Korea's "Dear Leader" Kim Jong-il. Paving the way for that, the road north was opened by a very different character – Chung Ju-yung, the tough elderly northern-born founder of the Hyundai conglomerate (*chaebol*). It was Chung's drive and cash – over and under the table – that persuaded Kim Jong-il in 1998 to take the revolutionary step of opening the southeast of his realm, the famed Diamond Mountains (Kumgangsan), to Southern tourism.

That ushered in a decade of "sunshine" between the Koreas, which remains controversial. For critics this was one-sided at best. The South gave; the North took. No progress was made on demilitarization, indeed the contrary; North Korea declared itself a nuclear weapons state.

Reacting to this and for other reasons, in December 2007 South Korean voters swung right. The leader they chose, Lee Myung-bak, ditched plans for wider cooperation agreed weeks before by his predecessor Roh Moo-hyun at the second Pyongyang summit even though these appeared substantial and mutually beneficial, at least to this writer. More generally, Lee made future relations conditional on North Korea's taking real steps toward nuclear disarmament. As *Comparative Connections* has duly chronicled since then, inter-Korean relations predictably worsened, although since last August they have improved a little.

Against this backcloth, June's 10-year anniversary looks unlikely to see much inter-Korean celebration. The first quarter of the new year and decade not only brought no progress, but ended with the North threatening brazenly to confiscate Southern assets at Mount Kumgang, itself mothballed since the fatal shooting of a Southern tourist in July 2008. Meanwhile, on March 26, a mystery explosion sank an ROK Navy corvette in disputed waters off the West coast, with the loss of 46 lives. If the DPRK turns out to have been responsible, as seems increasingly probable, inter-Korean relations can only get worse – perhaps ominously so.

Reconciliation and cooperation?

2010 began well, if only on paper. As we reported last quarter, North Korea's regular New Year editorial, carried in its three main daily papers (those of the Party, armed forces, and youth league), sounded a less bellicose note than usual. Noting the upcoming anniversary of the June 15 North-South Joint Declaration – Pyongyang always lauds this document, rather than the summit as such – which it hailed as bringing “great, unprecedented successes,” the editorial urged that “national reconciliation and cooperation should be promoted actively,” including “travel and contacts between people from all walks of life.”

As we commented at the time, “Fine words, but do they mean it?” These editorials are often described as setting policy for a new year, but in this case it seems more of a smokescreen. Nothing Pyongyang has done, as opposed to said, in the first quarter of 2010 suggests it is turning over a new leaf; one could say the same of Seoul. Rather, it is the mixture as before.

Juche jihad

Indeed, a fortnight later Pyongyang had reverted to its more customary mode of threatening fire and brimstone. True, it was not unprovoked. The North could hardly stay silent while the Seoul “reptile press” was openly discussing joint contingency plans with the US for various scenarios, including collapse of the DPRK. Under the left-leaning Roh Moo-hyun, the ROK had hitherto refused to go beyond an outline concept plan for any such situation, known as ConPlan 5029. Lee Myung-bak had no such inhibitions and acceded to Washington's wish for a detailed fully operational plan: OPlan 5029. (This was promptly hacked in December, presumably by the North which has both an obvious motive and known cyberwar capacity.)

On Jan. 15, the official *Korean Central News Agency (KCNA)* issued a rare statement by the National Defense Commission (NDC) – the DPRK's top executive body, ranking above the merely civilian Cabinet. The statement did not pull its punches against what it called “a scenario for toppling the system in the DPRK jointly drafted by the American master and his stooge.” The full text can be read at <http://www.kcna.co.jp/item/2010/201001/news15/20100115-11ee.html>. It threatened “a sacred nationwide retaliatory battle to blow up the stronghold of the south Korean authorities including Chongwadae” – i.e., the Blue House, South Korea's version of the White House. Earlier unofficial translations used the phrase “holy war,” which made a few headlines. For good measure the NDC also demanded the immediate disbandment and severe punishment of those “tricksters” and “plot-breeding mechanisms” the Unification Ministry (MOU) and National Intelligence Service (NIS). And it drew a wider lesson: “The army and people of the DPRK regarded from the outset the improved north-south relations and the resumption of

dialogue touted by riff-raffs of south Korea including its chief executive as sheer hypocrisy and have followed their rhetoric with vigilance without even a moment's slackness."

Yet other Northern actions suggested that "hypocrisy" is not all on one side. This fiery talk came the very day that Seoul confirmed Pyongyang's belated acceptance of its stingy offer, made last October, of 10,000 tons of maize. The first food aid for two years, this is a far cry from the 500,000 tons of rice and 300,000 tons of fertilizer that the South used to send North (ostensibly on loan terms) during the previous decade of the "sunshine" policy.

Kaesong: mixed messages

A day earlier, the North also proposed talks with the South on their two cross-border joint ventures, each located just north of the Demilitarized Zone (DMZ) on opposite sides of the peninsula. The Mt. Kumgang tourist resort on the east coast has seen all tours suspended by Seoul since July 2008, when the Korean People's Army (KPA) shot dead a female ROK tourist who strayed off-limits and then refused to allow the South to investigate her death.

By contrast, the Kaesong Industrial Zone (KIZ; the South calls this the Gaeseong Industrial Complex, or GIC), an hour's drive north of Seoul, is a going concern where over 100 small South Korean firms (SMEs) employ about 42,000 Northern workers to produce a range of goods. Three days of talks on and in the KIZ were held on Jan. 19-21, but left the South puzzled and dismayed. After months of harassment in the first half of 2009 (see past issues), latterly the North had seemed to grasp that this is self-defeating. In December, both Koreas sent a joint team to look at industrial parks in China and Vietnam. Pyongyang appeared to have got the message: the competition is tough, so the two Koreas had better pull together.

Apparently not. The talks ended without agreement, though they agreed to meet again on Feb. 1. To Southern surprise, the North resurrected the demand it first made last May, but had dropped since, for a 300 percent wage rise from the present basic monthly \$58 (most in fact earn a bit more, with overtime). No one could deny this is a low wage, although for working conditions these must be the best factory jobs in North Korea. But wage competitiveness is the KIZ's main advantage. The North's demand would render the zone wholly uneconomic and sound its death-knell. That may well be what some in Pyongyang want.

As always, it is worth reading North Korea's own words. *KCNA* reported the KIZ meeting at <http://www.kcna.co.jp/item/2010/201001/news21/20100121-07ee.html>. The contradictions are glaring. First, the North says that "laws and regulations on the KIZ, contract on lease of land, wages and taxation ... should be settled in conformity with international standards," though it immediately adds "and the peculiarities and actual conditions of the zone." Yet two paragraphs later they claim that "the south side has viciously pursued the confrontation policy to seriously get on the [North]'s nerves and is opposing even negotiations on the increase of wages for the workers in the KIZ, which are very paltry at present, while refusing to pay more under unreasonable pretexts of "financial resources" and the like."

If this makes sense at all, it seems that for Pyongyang local peculiarities trump international standards. But realistically they cannot do so, in a global market – not to mention a lingering economic crisis, and the debt-laden balance sheets of most small ROK firms.

No Six-Party Talks till sanctions are lifted

Back in militant mode, on Jan. 17 DPRK media showed Kim Jong-il inspecting a large-scale joint drill of the army, navy and air force. The “dear leader” often visits military bases, but this is the first time he has been shown watching the KPA in action. Some photographs of this drill showed road signs with South Korean place names, lest anyone fail to get the message.

Militancy also continued over the nuclear issue. On Jan. 18, Pyongyang said that it will not return to the Six-Party Talks unless United Nations sanctions are lifted. Or in *KCNA*’s rather convoluted words, “If the six-party talks are to take place again, it is necessary to seek whatever way of removing the factor of torpedoing [sic] them.” Otherwise this would be like “talks between defendant and judge.” The DPRK Foreign Ministry also reiterated that the way forward is first to conclude a peace treaty to replace the 1953 Armistice Agreement – a longstanding Pyongyang demand. Seen from Seoul, Washington, and Tokyo, this is back to front on both counts. North Korea must first recommit to denuclearization, this time with substantive steps to show it is serious. Only then can sanctions be lifted, and only then would a peace treaty have any meaning. It is hard to see how this impasse can be overcome.

(Looking back as of early April, the word “torpedoing” is an arresting choice of metaphor. *KCNA* used it again on March 23, three days before the *Cheonan* sank, with the headline: “US to Blame for Torpedoing Process for Solution to N. [nuclear] Issue.”)

Sea shells

Further raising tensions, from late January the KPA started firing artillery, albeit into the sea, in its own waters, and with due notice. On four occasions between Jan. 25 and Feb. 19, the DPRK declared a series of no-sail zones for varied time periods in western waters. Some of these adjoin two ROK-held islands near the Northern coast, Baengnyeong and Daechong. For three days (Jan. 27-29) volleys of artillery shells were fired near the Northern Limit Line (NLL) – the *de facto* western sea border since the 1953 Armistice, unilaterally drawn by the UN to reflect the actual status quo after the belligerents could not agree. Having made little fuss for decades, in recent years Pyongyang has waxed irate about the NLL and proposed an alternative boundary line further to the south. But this would place Baengnyeong and other Southern-held islands inside Northern waters, hence it is obviously not a serious proposition.

Though no shells actually crossed the NLL, on the first day the South called this provocative and fired back – but again only within its own waters south of the line. By late February, a Southern defense spokesman called the latest shelling “a routine situation that is part of the North’s winter military exercise,” adding that it may go on till the end of March. Routine or not, a report submitted to the ROK National Assembly’s Defense Committee on Feb. 19 said Pyongyang has reinforced its military along the west coast of the peninsula and strengthened military drills. This again looks more significant in hindsight than it appeared at the time.

Where to meet?

The shelling did not stop the Koreans talking about their two joint venture zones just north of the DMZ. But they got nowhere, being far apart on the agenda, format, and venue for talks. On Kaesong, the North suggested that the South's issues like smoother cross-border passage were best left to military-level talks, which in the past have handled issues relating to the border and security. The South agreed, proposing to meet on Feb. 23 at the border village of Panmunjom, the venue for all military meetings hitherto. The North then counter-proposed March 2, at Kaesong, but the South said it will insist on Panmunjom, rather than set the precedent of holding a military meeting inside North Korea. With both venue and agenda still in dispute, the chances of progress on substantive issues looked remote.

Separately, South Korea with some misgivings accepted the North's request for talks on resuming tours to Mount Kumgang. At talks in Kaesong on Feb. 8, North Korea asked for tours to restart from April 1, breezily declaring that the South's three conditions – a probe into the shooting, efforts to ensure no repetition, and a cast-iron safety guarantee – had been met. But as the North well knows, the South's key demand is to send in its own investigating team – which the North resolutely refuses. The Northern side proposed continuing the talks on Feb. 12, but the South declined unless the North accepts their three conditions first.

You will present yourselves for our inspection

Rather than compromise, much less yield, North Korea then typically upped the ante. On March 4, its Asia-Pacific Peace Committee (APPC), which handles cross-border exchanges, warned that “if the south Korean government continues to block the travel route while making false accusations, we will be left with no choice but to take extreme measures.”

A fortnight later on March 18, the APPC notified MOU and tour operator Hyundai Asan that it would “conduct a survey of south Korean property in the Mt. Kumgang area from March 25 ... All assets of those who fail to cooperate with the measure will be confiscated and they will be unable to visit Mount Kumgang again.” Under such duress, representatives of Hyundai and other investors had no choice but to comply. The ROK government did not attend as such, although the state-run Korean Tourism Organization (KTO) sent a team, presumably to keep an eye on things. KTO also has some property of its own at Kumgang.

The assets involved are substantial. Hyundai Asan has a lease on the Mt. Kumgang site until 2052, and has already paid \$487 million for the privilege since 1998. That is just fees as Hyundai et al have also had to bear all the costs of construction and equipment. Altogether some 37 ROK firms have invested a total of \$316 million in facilities at Kumgang: hotels, a hot spring spa, a golf course, restaurants and more. Obviously all are suffering as their cash flow has dried up after 21 months of closure and some are close to bankruptcy.

Who will invest ever again?

Yet Pyongyang is mistaken if it thinks Lee Myung-bak will yield to such blackmail, or that the companies have any power to pressure him. (Since Chung Ju-yung's death, Hyundai has split

into separate units and the rump that owns Asan has no political clout these days.) As one Southern investor noted, “The North is threatening to seize our firms’ real estate while talking about attracting large amounts of foreign investment. What South Korean or foreign business will make new investments in the North under these circumstances?”

The actual inspections, which began March 25 and ended March 31, were conducted by a group of 20 DPRK officials, including KPA officers. Unlike the brusqueness seen in equivalent theatricals at the KIZ in 2008, the atmosphere was businesslike with no menacing language. Whereas firms in the KIZ were asked how long it would take them to pack up and leave, the question at Kumgang was how soon they could begin operations if tours resumed.

Even so, menace is implicit. The North also had no mandate to “inspect” a 13-story state of the art family reunion center, conceived in happier times but barely used as yet, built by the ROK government for \$53 million. What next? If as rumors suggest the North lets Chinese tour firms operate at Kumgang, it would create an interesting three-way spat. Chinese investors are buying DPRK mines and infrastructure, but stolen property is something else.

A strange sinking

Even as inspections began at Kumgang-san, they were overshadowed by a shock from the other side of the peninsula. At about 9.30 pm on Friday March 26, the ROK Navy (ROKN) Pohang class corvette *Cheonan* – one of 24 similar domestically built craft in the fleet; 1,200 tons and 88 meters long, carrying torpedoes and missiles and a crew of 104 – suffered a mysterious explosion that tore a hole below the waterline in the rear hull, shutting off the engine and power. The ship sank within two hours. Those who were able jumped into the chilly waters. Fifty-eight were rescued, but 46 are missing and presumed dead. (A week later none had been found, but the toll had risen by 10: one navy diver died, and a fishing boat roped in to assist the search sank with the likely loss of its nine-man crew, apparently after a collision.)

All this happened in inshore waters a mile off Baengnyeong – the ROK’s northwesternmost island, far out on a limb close to the DPRK coast and nearer to Pyongyang than to Seoul. As noted above, North Korea disputes these seas, which have seen three fatal firefights in the past decade – the most recent only in November. In all but one the KPA came off the worse.

Unsurprisingly, many at first feared the worst. Hours before, in rhetoric extravagant even by Pyongyang’s usual standards, the KPA General Staff had threatened “unprecedented nuclear strikes of [our] invincible army” against “the US imperialists and the South Korean puppet warmongers” if they sought to bring down the DPRK. Amid initial confusion, South Korea’s President Lee Myung-bak hastily convened a security Cabinet meeting, while on Wall Street jitters caused both the ROK *won* and the general stock index to fall slightly and briefly. Yet, despite natural suspicions Seoul kept its cool, with no hasty rush to judgment or action.

The next day brought more calm, if not clarity. Navy divers were swiftly on the scene, but two days later they were still being hampered by bad weather and strong currents. It will take up to a month to investigate (and if possible salvage) the *Cheonan* and determine what really happened. It lies in waters only about 20 meters deep, so one hypothesis was that it struck a reef or rocks –

or perhaps an old mine left over from the Korean War. Another theory is that munitions on board exploded. Still another, according to anguished relatives who claimed to be quoting survivors, is that the vessel – built in 1989 – was old and leaky. ROK Defense Minister Kim Tae-young commented after visiting the scene that the boat “appeared to have been split in half.” Indeed it was, with the two halves ending up almost 200 meters apart. To any expert, including military who briefed off the record, that suggested a torpedo strike.

Not the North, says Seoul

Yet for several crucial days at first, this was not the line that South Korea wanted to put out. The morning after, an unnamed senior official in Seoul said that “given the investigations ... so far, it is the government’s judgment that the incident was not caused by North Korea, although the reason for the accident has not been determined yet.” Without being unduly conspiratorial, such a comment was in any event prudent – not to say essential. Had this been indubitably a Northern attack, it would have put the South in a very awkward spot. Not to respond would be read in both halves of Korea as weakness; yet a hasty or excessive riposte would run a real risk of rapid escalation into the apocalypse of a second Korean War. As it was, the *Cheonan*’s sister ship *Sokcho*, rather than rushing to the rescue, fired for five minutes at an unidentified object seen on radar heading north. This was later said to have been probably a flock of birds, but some wonder if it was a KPA semi-submersible craft.

By reacting as it did, the South bought time, calmed the all-important markets, and took a potentially very dangerous immediate security situation off the boil – whatever the truth. This came at a political price, however. As grieving relatives demanded answers and had guns pointed at them for their pains, the Seoul press and public opinion roundly criticized the authorities for poor communications, ineffectual response, and secrecy. A week later, the survivors were still being kept from the media. On April 2, Defense Minister Kim finally said what many were by now thinking – that a torpedo was the likeliest cause. He also admitted that two KPA submarines were in the area during March 24-27, but still downplayed the idea of any DPRK involvement. If he is serious this suggests friendly fire, which is hard to credit.

At this writing the mystery remains. It may well suit Seoul for the ambiguity to continue, as is possible if even eventual salvage proves inconclusive. But silencing the survivors arouses suspicion, and in a democracy – many will be conscripts – cannot be maintained indefinitely.

Some claim it would be irrational for North Korea to do this, yet the North does much that is hard to fathom. Plausibility is not proof, but this could be a carefully targeted escalation from the three naval skirmishes of the past decade. If those were scratches, this is a gouge. It smacks of desperation, and may even relate in some obscure way to the succession process. Kim Jong-eun is reputedly a hothead who has already been slapped down by his father for meddling in military matters, so this could be his bright idea of how to make waves.

Presumably the message to Lee Myung-bak is that the North is not to be trifled with, and a warning that if it chooses it could rain hard on his parade: such as the G20 summit, which Seoul will host in mid-November. More broadly, Lee’s general shunning of the North must have left it feeling cornered; this amid a delicate succession and a botched currency reform.

Give the North a card to play

On March 25, the day before the *Cheonan* tragedy, South Korea's leading daily, the center-right *JoongAng Ilbo*, published a "Viewpoint" article under the headline: "Give the North a card to play." Author Yi Jung-jae, an economics editor at the paper, fretted that,

The Lee Myung-bak administration's so-called diplomacy of practicality has no tolerance for North Korea. Inter-Korean exchanges have been deadlocked since the shooting of a South Korean tourist at Mount Kumgang in July 2008. The number of people traveling between the countries plunged by 35 per cent last year from 2008. Humanitarian aid came in at 63.7 billion *won*, half the amount in 2008. Discussions on developing North Korean resources have not even come up.

Resources are Yi's particular worry, with Chinese firms investing and Kim Jong-il expected to visit Beijing soon. He quotes an unnamed former vice minister: "If we just sit around, we probably will see all North Korean resources end up in Chinese hands." Of the Kumgang standoff, he says, "This has produced no progress at all. But a game of cat and mouse is no good for either country." His recommendation: "The government should make concessions and call for joint development of natural resources." And he ends with a warning: "If we don't do something soon, Kim will not be the only one to pay for the consequences."

What next?

Yi may have been more prescient than he knew. If the *Cheonan* was sunk by the North, it raises the question: What card will the South now play? With local elections scheduled for June 2, Lee Myung-bak's hardline image and the fortunes of his ruling conservative Grand National Party (GNP) render inaction hardly a viable option. Aid to the North has shriveled on his watch, so there is scant aid left to cut. He could close the Kaesong zone, as he has all but done at Kumgang. Yet, if anything, that would please Pyongyang's hardliners.

Already one can predict that the moment the rear hull of the *Cheonan* is raised, probably packed with the corpses of trapped young sailors – desperately trying to flee, or caught in their bunks – will see a huge outpouring of national emotion (never in short supply in Korea) and potential volatility. A president whose whole shtick is hands-on and can-do will be in the firing line. There may even be pressure for an Israeli-style targeted reprisal strike, say on one of Kim Jong-il's many villas. Let us hope, against hope, that North Korea really did not do it.

Chronology of North Korea-South Korea Relations January - March 2010

Jan.1, 2010: Sounding a more pacific note than usual, the customary joint New Year editorial of the three main DPRK dailies calls for "national reconciliation and cooperation" with the ROK, including "travel and contacts between the people from all walks of life."

Jan. 3, 2010: South Korea's Unification Ministry (MOU) reacts positively to the DPRK's New Year editorial, noting its emphases on denuclearization through dialogue and on improving its people's livelihood.

Jan. 3, 2010: The Korea Institute for Defense Analyses (KIDA), a think-tank under the Defense Ministry (MND), says the ROK should seek "various contacts" with the DPRK, including a third inter-Korean summit, to move President Lee Myung-bak's "grand bargain" plans forward.

Jan. 4, 2010: In his New Year address, President Lee proposes that the North and South open liaison offices in each other's capitals for "standing dialogue."

Jan. 4, 2010: President Lee proposes a joint project with the DPRK to repatriate the remains of tens of thousands of soldiers killed during the 1950-53 Korean War.

Jan. 5, 2010: Seoul says it will repatriate two Northern fishermen rescued after their boat drifted into Southern waters in the East Sea on Jan. 3, since that is their wish. They are duly returned overland via Panmunjom on Jan. 6. This is the third such case in as many months.

Jan. 5, 2010: The ROK's Defense Acquisition Program Administration (DAPA) says it will control arms sales more strictly and admits that a few years ago some ROK-made military truck tires found their way to the DPRK.

Jan. 5, 2010: Blue House spokesperson Kim Eun-hye reiterates that "the basic principle on [an inter-Korean] summit is that we won't hold a meeting just for meeting's sake ... the principle of denuclearization remains firm."

Jan. 5, 2010: Chinese news agency *Xinhua* reports that MOUs budget this year is \$154 million, up 27 percent on 2009. This includes extra funds for resettling DPRK defectors.

Jan. 6, 2010: ROK Foreign Minister Yu Myung-hwan says the DPRK began its covert second nuclear program, via uranium enrichment (UEP), "very early on": no later than 1996.

Jan. 7, 2010: The Seoul press reports that the Kaesong IZ will get its first hotel when the 101-room, 5-story Hannuri Hotel opens in March. The hotel was completed last June but its opening has been delayed by poor inter-Korean relations.

Jan. 7, 2010: Japan's *Asahi Shimbun* reports that Pyongyang University of Science and Technology (PUST) will finally open in April, seven years late, with some 200 undergraduate and 100 graduate students. Most classes will be taught in English by 13 professors from the ROK, US, and Europe.

Jan. 7, 2010: The (South) *Korea Times* reports that DPRK television showed 59 stills of a drill by the Korean People's Army (KPA)'s 105th Armored Division, watched by Kim Jong-il. Four of the photos showed signs bearing names of ROK cities and highways, suggesting the exercise was based on an attack on South Korea.

Jan. 8, 2010: A source in the ROK Ministry of Strategy and Finance (MOSF) tells *Yonhap* that in October-November a research institute of state-run Seoul National University (SNU) ran a training program in Dalian, China, for 40 DPRK officials. The syllabus included stock markets, supply of consumer goods, international trade, and intellectual property rights.

Jan. 9, 2010: *Rodong Sinmun* says, “We harbor worries that the South Korean authorities will race to the path of confrontation this year because they don’t want better inter-Korean relations.” On the same day *Minju Joson*, daily paper of the DPRK Cabinet, says it is North Korea’s firm stance that inter-Korean relations should be improved on the basis of the two joint declarations of June 15 (2000) and October 4 (2007).

Jan. 10, 2010: North Korea’s Foreign Ministry (FM) proposes discussions on a peace treaty, either within the Six-Party Talks framework or at an independent meeting of signatories of the 1953 Armistice (i.e. China, the US and DPRK – but not the ROK). Washington and Seoul call for Pyongyang to first return to the 6PT and make progress there.

Jan. 12, 2010: *Rodong Sinmun* says ROK “warmongers” have staged large-scale war maneuvers against the North since the outset of the year, raising cries of “infiltration” and “provocation.”

Jan. 13, 2010: *KCNA* warns that “our military will not tolerate even a bit” balloons carrying leaflets critical of the North’s leadership launched by activists across the DMZ, and calls on Seoul to punish those responsible. It says “hundreds of thousands” of leaflets were launched on Jan. 1. This is the first such warning by Pyongyang for 14 months.

Jan. 14, 2010: Report by the ROK National Assembly’s Foreign Affairs Committee says China has invested over \$200 million in 20 North Korean mines, as against only three such investments by South Korea.

Jan. 15, 2010: The National Defense Commission (NDC), the DPRK’s top executive body, threatens “a sacred nationwide retaliatory battle to blow up the stronghold of the south Korean authorities including Chongwadae” (the presidential office). MOU regrets that Pyongyang should react thus “based on some unconfirmed media reports.”

Jan. 15, 2010: North Korea belatedly faxes its acceptance of 10,000 tons of corn aid offered by the South in October.

Jan. 17, 2010: Kim Jong-il inspects a joint training exercise “to defend our socialist state from invaders.” As *KCNA* put it, “flying corps, warships and ground artillery pieces of various kinds showered merciless barrage at the ‘enemy group’ in close coordination, thus shattering the ‘enemy camp’ to pieces and turning it into a sea of flame.” This is the first report of Kim observing combined KPA maneuvers since becoming supreme commander in 1992.

Jan. 17, 2010: *Yonhap* quotes an unnamed source as saying China’s border city of Tumen will lend Pyongyang \$10 million to help upgrade the 170 km rail link to the DPRK port of Chongjin.

Jan. 18, 2010: An ROK intelligence source says the KPA joint exercise observed by Kim Jong-il involved some 10 jet fighters, warships, and 240 mm multiple-launch missile systems. It was held in a western coastal area near Pyongyang.

Jan. 18, 2010: Reaffirming that it will not return to the Six-Party Talks unless UN sanctions are lifted, North Korea's Foreign Ministry avers: "If the six-party talks are to take place again, it is necessary to seek whatever way of removing the factor of torpedoing them (sic)."

Jan. 19, 2010: ROK Foreign Minister Yu Myung-hwan says "North Korea has taken a stance that is hard to understand" on inter-Korean relations, making "unreasonable demands."

Jan. 19-20, 2010: A meeting in the Kaesong Industrial Zone (KIZ) to discuss its future fails to reach accord. North Korea persists in demanding large wage increases, while the South is more concerned about easing cross-border access. They agree to meet again on Feb. 1.

Jan. 20, 2010: In its first ever survey of North Korea, the South's National Human Rights Commission says the DPRK has six prison camps nationwide with some 200,000 inmates, where severe violations such as public executions, sexual assault, and torture are routine.

Jan. 20, 2010: ROK Defense Minister Kim Tae-young tells a forum in Seoul that the South "would have to strike right away" if the North showed clear signs it was about to use nuclear weapons. On Jan. 24 the KPA General Staff says it considers this an "open declaration of war" and warns that it may take "stern military actions."

Jan. 21, 2010: The Korea Institute for National Unification (KINU), Seoul's leading official think-tank on North Korea, issues a report predicting that as Kim Jong-il may well leave the stage after 2012 due to death or incapacity, "the North will likely undergo upheavals, which may include regime change, a military coup, riot, massacre or mass defections."

Jan. 22, 2010: Share Together Society, an ROK NGO, says it will ship enough milk for 40,000 children north each month. The first shipment from Incheon reaches Nampo that day.

Jan. 25, 2010: ROK Unification Minister Hyun In-taek sends a message to Kim Yang-gon, in his capacity as director of the Unification Front Department of the WPK, proposing talks on resuming tourism in Kaesong on Feb. 8.

Jan. 25, 2010: North Korea declares seas near the South's northwesternmost islands of Baeknyeong and Daechong in the West/Yellow Sea as no-sail zones until Jan. 29. The zones overlap the disputed Northern Limit Line (NLL), the *de facto* sea border.

Jan. 27, 2010: The KPA fires about 30 artillery rounds near, but on its side of, the NLL. The ROK Navy ripostes with about 100 warning shots. The US condemns the DPRK for raising tensions. Pyongyang says this is an annual drill, which will continue. It does, firing a total of about 350 rounds through Jan. 29.

Jan. 29, 2010: At the World Economic Forum at Davos, President Lee Myung-bak tells the *BBC* that he is willing to meet Kim Jong-il at any time without preconditions.

Jan. 31, 2010: The DPRK declares five further no-sail zones, this time including east coast waters, effective Feb. 5-9. Seoul fears the North may test missiles as well as artillery.

Feb. 1, 2010: In a meeting on and in the Kaesong IZ, both sides agree that cross-border access issues raised by Seoul should be discussed in future military-to-military talks. The North continues to prioritize wage hikes, without specifying how much.

Feb. 4, 2010: North Korea-watchers in Seoul say last December's currency reform seems to have failed, and the official who led it may have been fired. Pak Nam-gi, head of the WPK planning and finance department, was last seen on Jan. 9. Later reports allege that Pak was publicly executed as a traitor and saboteur.

Feb. 8, 2010: Inter-Korean talks in Kaesong fail to agree on restarting cross-border tourism. The North continues to refuse Southern demands for a joint probe into the fatal shooting of a female tourist at Mt. Kungang in July 2008, which prompted Seoul to suspend tourism.

Feb. 8, 2010: In an unprecedented joint statement, the DPRK Ministry of People's Security and Ministry of State Security claim North Korea has "a world-level ultra-modern striking force and means for protecting security which have neither yet been mentioned nor opened to the public in total." They threaten "all-out strong measures to foil the treacherous, anti-reunification and anti-peace moves of the riff-raff to bring down the dignified socialist system."

Feb. 10, 2010: MOU says the DPRK produced 4.1 million tons of grain in 2009, which is 200,000 tons less than in 2008. It predicts a worsening food crisis this year.

Feb. 11, 2010: The ROK National Assembly's Foreign Affairs Committee approves a bill by the ruling Grand National Party (GNP) that would create a government body dedicated to North Korean human rights support for NGOs working in this area. The main opposition Democratic Party (DP) boycotts the vote, claiming this is an "anti-North Korean" bill that will backfire by "prolonging the chilled ties between the two Koreas while strengthening clampdowns in the North to consolidate the regime's security."

Feb. 12, 2010: Park In-kook, ROK ambassador to the UN, says the Security Council is not ready to discuss a possible removal of sanctions on North Korea, and would only consider this after significant progress toward denuclearization.

Feb. 15, 2010: In a meeting to mark Kim Jong-il's birthday, titular head of state Kim Yong-nam says: "Steadfast is the stand of the DPRK to improve inter-Korean relations and pave the way for national reunification on the basis of the June 15 and October 4 declarations."

Feb. 16, 2010: Kim Jong-il's birthday – officially his 68th, but maybe really his 69th – is celebrated as usual throughout the DPRK. *Rodong Sinmun* says: "We must follow and trust our General to the end of this world with the belief that we will triumph no matter what happens."

Feb. 16, 2010: The ROK's National Human Rights Commission of Korea (NHRCK) says that while its overall budget has been cut by 5 percent to \$4 million for fiscal 2010, the tiny portion it devotes to North Korea is unchanged from 2009 at \$294,000 – even though it had asked for less than half that. NHRCK concludes that the government is keen on this area.

Feb. 19, 2010: The ROK's National Oceanographic Research Institute warns on its website that the DPRK has again unilaterally designated six “naval firing zones” for three days from Feb. 20. Four are on the west coast and two in the east. On two previous occasions in February similar warnings were given but no actual exercises were conducted.

Feb. 19, 2010: *Yonhap* cites an unspecified ROK defense report as saying the KPA has deployed dozens of multiple rocket launchers – seen as a special threat to Seoul – along the west coast border. The South is “prepared for 33 possible North Korean attack scenarios.”

Feb. 19, 2010: *KCNA* avers that “only fools will entertain the delusion that we will trade our nuclear deterrent for petty economic aid ... We have tightened our belts, braved various difficulties and spent countless money to obtain a nuclear deterrent as a self-defense measure against U.S. nuclear threats ... We never meant to seek ‘economic benefits’ from someone or threaten others.”

Feb. 22, 2010: Seoul says it will accept the North's offer of military talks about cross-border transit issues on March 2, but insist that they be held at Panmunjom rather than in Kaesong.

Feb. 23, 2010: South Korea sends 20 trucks carrying 200,000 liters of hand sanitizer worth \$863,000 to Kaesong. The North thanks it for this, and for Tamiflu sent earlier on Dec. 12.

Feb. 25, 2010: Citing “some conciliatory moves since the latter half of last year,” ROK Vice Unification Minister Hong Yang-ho says in a radio interview that Seoul's tough approach toward the North has proven effective in pressing Pyongyang to open up for dialogue.

Feb. 25, 2010: The (South) Korea Customs Service (KCS) reports that inter-Korean trade fell 9 percent last year, from \$1.82 billion in 2008 to \$1.66 billion. The South's trade deficit nearly quadrupled to \$201 million, with DPRK exports of \$933 million against ROK sales of \$732 million. Much of this trade is inputs to and outputs from the Kaesong zone (KIZ).

Feb 25, 2010: The KPA General Staff attacks “the US imperialists and warmongers of the south Korean puppet army” for their (in fact routine) annual *Key Resolve and Foal Eagle* joint exercises, due on March 8-18.

Feb. 26, 2010: *KCNA* reports that “a relevant institution of the DPRK recently detained four south Koreans who illegally entered it. They are now under investigation by the institution.”

March 2, 2010: *Rodong Sinmun* criticizes South Korea for raising the “nonexistent” human rights issue in the DPRK.

March 2, 2010: North-South military working-level talks are held at Kaesong, but make no progress. The South wants extended border crossing hours and permission to use mobile phones, the Internet, and electronic tags on goods. The North reiterates its demand for higher wages and equipment to help it ease border restrictions.

March 4, 2010: Pyongyang warns that “if the South Korean government continues to block the travel routes [i.e. tourism to Mt. Kumgang] while making false accusations, we will be left with no choice but to take extreme measures.”

March 4, 2010: *Rodong Sinmun* criticizes pressure from Seoul to discuss the North’s nuclear issue as “a ploy to whip up a wanton campaign against the DPRK ... As we have made clear repeatedly, the nuclear issue has nothing to do with inter-Korean relations.”

March 8, 2010: Korea Rural Economic Institute (KREI), a state think-tank in Seoul, says that absent foreign aid North Korea will be 1.2 million tons short of its food needs this year.

March 8, 2010: The launch of regular annual US-ROK military exercise *Key Resolve and Foal Eagle* brings the usual volley of threats from Pyongyang.

March 9, 2010: North Korea’s Foreign Ministry says “The DPRK is fully ready for dialogue and war. It will continue bolstering up its nuclear deterrent as long as the US military threats and provocations go on.”

March 9, 2010: ROK officials say they are watching closely DPRK moves to grant leases at Rajin to both Russia and China. They see this as a move toward opening, while remaining wary of any possible breach of UN sanctions.

March 11, 2010: North Korea’s APPC again threatens “extreme measures” if Seoul does not allow tours to Mt. Kumgang to resume.

March 13, 2010: MOU says it has allowed no new inter-Korean economic ventures since last April’s DPRK long-range missile test. The last approval was on March 12, 2009.

March 14, 2010: DPRK website *Uriminzokkiri* quotes the weekly *Tongil Sinbo* as saying Pyongyang’s March 4 warning on tourism “... is tantamount to an ultimatum.

March 14, 2010: Officials in Seoul report that on Jan. 27 Pyongyang revised regulations at its Rason (Rajin-Sonbong) economic and trade zone, in the far northeast, to allow “compatriots living outside the DPRK” to invest there. This includes South Koreans among others.

March 15, 2010: *Rodong Sinmun* says the servicepersons and people of the DPRK will clearly teach what “miserable end the US and south Korean bellicose forces will meet” if they dare provoke a second Korean War.

March 16, 2010: Southern sources say North Korea has put a top trade specialist, Ri Kwang-gun, in charge of inter-Korean economic cooperation.

March 17, 2010: ROK Defense Minister Kim Tae-young says the DPRK is believed to have about 1,000 short and longer-range missiles – up from an estimated 800 as of 2008 – and is continuing to bulk up its military power without giving up its nuclear ambitions

March 18, 2010: North Korea's APPC notifies MOU and tour operator Hyundai Asan that it will “conduct a survey of South Korean property in the Mt. Kumgang area from March 25 ... All assets of those who fail to cooperate with the measure will be confiscated and they will be unable to visit Mount Kumgang again.”

March 19, 2010: The North's General Scenic Spots Development Guidance Bureau condemns South Korea for suspending tours, blaming the deceased tourist for her “carelessness,” it says that Southern authorities “failed to properly take care [of] and control the tourists.”

March 22, 2010: Korea Electric Power Corp. (Kepco) says it has failed to sell two nuclear light-water reactors originally meant for North Korea under the 1994 Agreed Framework.

March 24, 2010: Seoul issues travel permits for companies to visit Mt. Kumgang for the North's inspections. While the ROK government is not directly represented, three officials of the state-run Korean Tourism Organization (KTO) make their own survey ahead of the North's.

March 25, 2010: ROK Foreign Minister Yu Myung-hwan says that an expected visit to China by Kim Jong-il could lead to a resumption of the Six-Party Talks.

March 26, 2010: In talks with Wang Jiarui, head of the international liaison department of the Chinese Communist Party (CCP), Chung Mong-joon, chairman of the ROK's ruling Grand National Party (GNP), calls on China to play a greater role in promoting dialogue between the divided Koreas, including acting as a mediator if the North misunderstands the South.

March 26, 2010: Inspections continue at Mt Kumgang. 20 DPRK officials, including KPA officers, visit a hot spring facility, a duty free shop, and a cultural center.

March 26, 2010: Reacting to reports of allied contingency planning for various scenarios on the peninsula, the KPA General Staff threatens “unprecedented nuclear strikes of [our] invincible army” against “the US imperialists and the South Korean puppet warmongers” if they seek to bring down the North's regime.

March 26, 2010: The 1,200 ton ROK Navy corvette *Cheonan* sinks off Baengnyeong – South Korea's northwesternmost island, close to the Northern coast and near the NLL, which the DPRK disputes, soon after an unexplained explosion tore through its hull.

March 27, 2010: Strong currents hamper divers looking for the *Cheonan*'s two broken halves. Theories as to what happened proliferate as relatives of those missing demand answers.

March 29, 2010: The KPA's Panmunjom Mission says "south Korean military warmongers have been busy staging an anti-DPRK psychological warfare in the Demilitarized Zone." It warns that this must stop.

March 29, 2010: The ROK Joint Chiefs of Staff say the KPA has put its coastal military units on heightened alert and increased surveillance near the NLL, while Southern warships and helicopters search waters near Baengnyeong-do for dozens of missing sailors.

March 29, 2010: ROK Navy divers who hammered on the *Cheonan's* hull report no signs of life. President Lee Myung-bak visits the site. Defense Minister Kim Tae-young rules out an ROK mine as the cause, saying all were removed from the area by 2008.

March 31, 2010: Bad weather forces the ROK Navy to suspend searches at the *Cheonan* wreck. Press reports quote DPRK officials in China as denying any knowledge or involvement. The Seoul press claims that a KPA submarine had been in the vicinity, but the ROK Joint Chiefs of Staff decline to comment on military operational matters.

March 31, 2010: Press agencies report that the ROK has ordered all government officials to stay on emergency alert and not take leave until the *Cheonan* crisis is resolved.

March 31, 2010: The DPRK concludes its week-long inspections of ROK investment projects at Mt. Kumgang. The same day MOU calls on the North to resolve any problems through dialogue, and warns that, "if the property rights of our companies are not protected, not a single inter-Korean cooperation project can proceed normally."

March 31, 2010: In his first public speech in office, new Vice Unification Minister Um Jong-sik urges the North to act "rationally" in "resolving current issues that are compounding problems in inter-Korean relations."

Apr. 1, 2010: MOU says Southern businessmen have told it that the North plans to "freeze" the ROK-built but so far little-used family reunion center at Mt. Kumgang.

Apr. 2, 2010: Under the headline "Suspicion of N. Korean Hand in Sinking Mounts," *Chosun Ilbo* quotes military sources as citing a "60-70 per cent chance" that the *Cheonan* was hit by a torpedo from a DPRK semi-submersible, rather than an old mine.