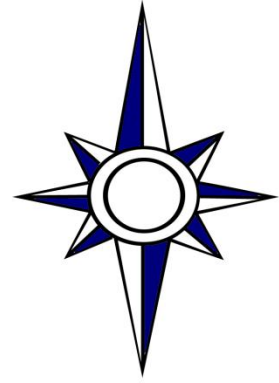


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



South Korea-North Korea Relations: A New Era?

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No reader of *Comparative Connections* needs telling that Kim Jong Il, North Korea's leader since 1994, died of a heart attack on Dec. 17. (The wider public is something else. The young woman who looks after this writer's baby had never heard of Korea, much less North Korea, or that anything had happened there. We specialists should never assume too much.)

Kim's death poses a dilemma. In one sense it changes everything. The DPRK is now sailing into uncharted waters, formally under a greenhorn skipper whose seamanship is untested and unknown – like almost everything else about him, except that during his Swiss schooldays he was a Chicago Bulls fan. To that extent, most of what transpired between the two Koreas during the past four months is already history; it may be no guide to what will unfold now in the era of Kim Jong Un. Yet this is a journal of record as well as analysis, so we shall begin by looking at the way things were, just recently, before focusing on where matters are now.

Seoul hints at flexibility

As we noted in the last issue, for once *Comparative Connections*' schedule fitted neatly with events on the Korean Peninsula. On Aug. 30 South Korea's President Lee Myung-bak at last replaced – as a swelling chorus had urged him to – his long-serving hardline unification minister, former academic Hyun In-taek. Typically, Hyun's successor was an old crony of Lee's. Yu Woo-ik, also a professor (of geography), had served as Lee's chief of staff in the Blue House and latterly ROK ambassador to China. While paying lip service to continuity, Yu was quick also to promise flexibility. And so it proved; in a small but tangible way, the South eased its stance slightly. But the North showed no sign of reciprocating. *Inter alia* it rejected proffered ROK flood aid before declaring, on Dec. 4, that Seoul's supposed new "flexibility" was just a verbal trick to conceal the same old attitudes of confrontation.

Keeping the faith, making music

For a start, Seoul partially relaxed the ban that it had imposed in May last year (in reprisal for the sinking of the corvette *Cheonan*) on its citizens visiting the North. Religious groups were the first to benefit. On Sept. 3 a 37-strong group of Southern Buddhists – from the Jogye order, the largest Buddhist group in the ROK – flew to Pyongyang via Beijing. Their five-day visit was to mark the thousandth anniversary of the *Tripitaka Koreana* – the world's most complete collection of Buddhist scriptures, carved on 80,000 woodblocks – together with their DPRK counterparts. The latter's authenticity might in fact be suspect; visitors to Northern temples have noticed suits under the robes of "monks," whose grasp of doctrine can appear shaky. But in cases

like this, it is the symbolism which counts. (A video of this visit can be seen, courtesy of Iranian television, at <http://www.presstv.ir/detail/197819.html>)

The Jogye team was followed later in the month by a more senior and ecumenical group. On Sept. 21 a 24-strong delegation from South Korea's seven main religions, several resplendent in traditional robes, left Seoul for Pyongyang via Shenyang. There they met Kim Yong Nam, the DPRK's titular head of state, but not Kim Jong Il as hoped. Before leaving Seoul they had a high-level send-off, dining with the new Unification Minister Yu Woo-ik on his second day in the job. The Ministry of Unification (MOU) said it allowed the trip as a "contribution to inter-Korean exchanges and aspiration for peace on the Korean Peninsula." This is a new note. By contrast, as recently as May the ROK authorities had forbidden the Jogye order to hold its usual con-celebration of Buddha's birthday with Northern Buddhists at Singye temple on Mt. Kumgang, as they had done each year since 2004. The Southern monks were allowed to cross the border to Mt. Kumgang and deliver 100,000 vermifuge tablets, a treatment against intestinal worms, but no more.

Music too has seen progress. Chung Myung-whun, South Korea's most famous conductor, made his first trip to Pyongyang in mid-September. He returned with talk of forming an inter-Korean orchestra, to perform in both Korean states. Chung is based in Paris (though he also conducts the Seoul Philharmonic), so it is not clear whether he needed ROK permission for this trip, but it appeared to have official blessing. One could be forgiven a slight sense of *déjà vu* here. Twenty-one years ago, back in 1990, another South Korean musical maestro – Hwang Byung-ki, master of the *kayagum* (a Korean zither) – had led a band of Southern musicians to Pyongyang for a reunification music festival, and there have been others since.

GNP chairman visits Kaesong Industrial Complex

Another advocate of flexibility was Hong Joon-pyo, a maverick backbencher who for a few months served as chairman of the beleaguered conservative ruling Grand National Party (GNP). In late August Hong claimed credit for insisting to President Lee that Hyun In-taek had to go as unification minister. Liable to let his mouth run away with him, on Sept. 1 he hinted at a breakthrough in North-South relations before the *Chuseok* (harvest festival) holiday on Sept. 12. In the event nothing happened. Hong has also been a major cheerleader for the idea of a gas pipeline from Siberia across both Koreas, on which more below.

On Sept. 30 Hong became the first GNP chairman ever to visit the Kaesong Industrial Complex (KIC), just north of the Demilitarized Zone (DMZ). With 123 Southern (mostly small) firms employing 48,000 Northern workers, this is the only inter-Korean joint venture still operating. The other main and indeed pioneer project, the Mt. Kumgang resort on the east coast, has seen no Southern tourists since one was shot dead in July 2008, and the North is in process of confiscating Southern assets there worth \$375 million – just one example of the kind of thorny problem which a revised *Nordpolitik* will need to address.

Hong's trip to the KIC contrasted with the situation just a month earlier. On Aug. 26 the MOU had nixed a request by a National Assembly special committee on inter-Korean affairs to visit the complex, even though Southern small and medium enterprises (SMEs) operating there had

requested such a visit to plead their case for financial leniency given the problems they face. Forty such firms wrote to MOU on Aug. 31 requesting deferral of debt repayments because chilly inter-Korean relations have adversely impacted their businesses.

Boosting Kaesong

Even before Hong's trip was announced, there were indications of a new approach in Seoul toward the KIC. That it has survived at all is a small miracle. In the past the North had from time to time harassed it with border and other restrictions. As for the South, some wanted to close it after last year's two Northern attacks, fearing Pyongyang might use the hundreds of South Koreans working there as hostages (this has not in fact happened). Lee Myung-bak has kept it open but restricted its expansion – the original plan was for it to grow much larger.

On Sept. 20, MOU said the ROK government will revive plans, on hold since last year, to spend \$6.3 million to build a fire station and emergency medical center in the KIC. To have delayed this of all things was crassly self-defeating. As the Seoul daily *JoongAng Ilbo* reported, so far the zone has only a makeshift fire-fighting room in a dormitory for Southern managers. Yet two-thirds of the ROK firms in the KIC work in sectors such as chemicals or textiles, which are vulnerable to fire. Fifty-nine of them bought North Korean insurance, but others did not since they doubted whether Pyongyang could or would pay out. In December, a fire caused damage totalling \$2 million at four companies in the KIC; none of them was insured. The new fire station and a medical center with 10 beds and as many doctors and nurses – generous staffing indeed – are both due for completion and opening in 2012.

Also, on Sept. 25 *Yonhap*, South Korea's semi-official news agency, reported that the South is considering repairing recent flood damage affecting roads leading to the KIC from the adjacent eponymous Kaesong city – once Korea's capital, before Seoul – along which the 48,000 Northern workers commute. On Nov. 3 *Yonhap* said the repairs would start the following week, but there seem to be no reports of them actually being carried out yet.

Pipeline or pipedream?

The idea of a gas pipeline from Siberia to South Korea via North Korea caused excitement when Kim Jong Il visited Russia in August. As the year ended, the mood was more sober. That is only realistic. North Korea, which is the key to this project, has yet to formally endorse it; the most it has done is have *KCNA* report talks in which Russia has mentioned the idea.

Lee Myung-bak has changed his tune too. On Sept. 8 he told a TV audience that in his view this “will proceed faster than expected ... It will be great if the project materializes.” By Oct. 13, visiting Washington, he sounded more cautious: “It will take some time ... it's not something that will see immediate progress.” As of January, this like everything else is now presumably on hold until the new Northern leadership's position becomes known.

Nuclear talks: the long and the short of it

Fortunately, North Korea does not always mean what it says. Its recently reiterated vow not to talk to the Lee Myung-bak “gang” has been broken before. For example, on Sept. 21 the two

Koreas' nuclear envoys met, their second encounter in as many months. They may not achieve much, but they enjoy some pleasant sojourns. In July the scene was Bali, on the sidelines of the ASEAN Regional Forum (ARF). This time the venue was Beijing's Chang An Club, a plush private body. Speaking of bodies, photographs showed the North's Ri Yong Ho towering over the South's rather diminutive Wi Sung-lac. (Usually it is the other way round, at least for ordinary citizens; surveys show the average South Korean is now measurably taller and heavier than his Northern brethren.) Both Ri and Wi described their three hours of talks as useful, but as of early 2012 neither these nor other bilateral meetings, including three between the US and DPRK, have yet led to any resumption of the Six-Party Talks, stalled now since 2008.

Taekwondo tournament

If the fall's renewed momentum in inter-Korean ties came mainly from Seoul, Pyongyang for its part also seemed to be in one of its periodic moods of outreach. On Sept. 8-12 the DPRK capital hosted the ITF Taekwondo World Championships, welcoming 800 athletes from over 80 countries including the US. The Korean martial art has two rival global federations. The WTF has Olympic recognition, but the ITF remains loyal to the discipline's modern founder, Choe Hong-hui, a former ROK general whose odyssey – embarrassingly for Seoul – included exile in Canada and eventual defection to North Korea, where he died in 2002. Participants duly visited his grave in the Patriotic Martyrs Cemetery. The foreign press, including the *Voice of America*, was allowed in to cover the tournament. Jang Ung, a DPRK International Olympic Committee (IOC) member who also heads the ITF, gave VOA something of a scoop: revealing that the ITF and WTF have secretly met 11 times since 2004 in Beijing to discuss merging, but without success. Jang added: “I think the merger can only happen after the unification.”

The ever-widening chasm

North Korea has issued no regular statistics for nearly half a century. (When it does, then we shall know that reform is truly under way.) Since 1991 the Bank of Korea (BOK), South Korea's central bank, has tried to fill some of the blanks by producing annual estimates of Northern output, trade, and suchlike data. How they do this is not entirely clear, although some use is apparently made of ROK intelligence sources. But like manna in the desert, any numbers on North Korea are seized by those thirsty for hard data about this most opaque of countries.

Usually BOK publishes its estimates during the summer, but this year its report – covering 2010 – only appeared on Nov. 3. The unusual delay went unexplained: maybe DPRK figures proved even more elusive than usual to track down. (Interested readers can find them at <http://eng.bok.or.kr/contents/total/eng/boardView.action?menuNaviId=634&boardBean.brdid=10034&boardBean.menuid=634&boardBean.rnum=1>)

What BOK reported was not good news. In 2010 North Korea's real gross domestic product (GDP) did not grow; it actually fell by 0.5 percent. In 2009 too it had fallen, by 0.9 percent. In fact, four of the past five years have seen shrinkage, with only 2008 recording positive growth (3.2 percent). Agriculture, which still accounts for a fifth of the DPRK economy, even though most of its terrain is hardly suitable for crops, fared worst with a 2.1 percent fall due mainly to bad weather (cold snaps and typhoons). Light industry, supposedly a priority area this year,

contracted by 1.4 percent, while heavy industry (up 0.1 percent) and mining (down 0.2 percent) more or less marked time.

Looking at BOK's full data run, which goes back to 1990, it shows that North Korea has yet to recover the ground it lost in the disastrous 1990s when the economy went into free fall after the then USSR abruptly cut off all aid. In 1990, GDP stood at 28.83 billion won, rebased at constant 2005 prices. By 1998 this had plunged by almost a third, to 20.5 billion won. By 2010, it had recovered, but only to 24.6 billion won. (All this is expressed in ROK rather than DPRK won. In the past, BOK also provided US dollar values, but this year it warns readers that comparisons with countries elsewhere are inappropriate, so it is not going to make this easy.)

BOK's avowed aim is to assist ROK policy formation so it gives North-South comparisons for most data. Time was when the Northern economy was larger and grew faster than the South's, but that was long ago. Structurally too they are far apart. Agriculture is now a tiny corner (2.6 percent) of the South Korean economy – yet it grows more food than the North's 20 percent.

In terms of output, the chasm between the two Koreas just gets wider and wider. In 2010 North Korea's nominal gross national income (GNI) was equivalent to just 2.6 percent of South Korea's: a ratio of 39:1, up from 37.4:1 in 2009. To be fair, the South has twice the North's population. But even so, the gap in per capita GNI is 19.3:1 – and is widening every year.

On trade, Seoul misleads as usual

As usual, BOK also gives figures for trade. Here we should be on surer ground. Unlike GDP, in principle, these are real numbers – not published in Pyongyang, of course, but laboriously collated from partner countries' statistics and some international agencies. This does leave scope for error. (Some Customs authorities, Mexico for one, have been known to muddle the two Koreas and record Southern trade as Northern – giving the latter a phantom boost.)

To err is human, to mislead is annoying. Despite negative growth, North Korea's trade last year bounced back compared to 2009, when it had fallen. According to BOK, exports rose 42.5 percent, from \$1.06 billion to \$1.51 billion. They still failed to cover imports, which grew by a more modest 13.2 percent from \$2.35 billion to \$2.66 billion. North Korea thus retained the structural deficit it has always had, but at least this has narrowed. In absolute terms, total trade value of \$4.17 billion remains tiny by global or regional standards, and – as BOK does not fail to point out – equated to an infinitesimal 214th of South Korea's vast \$891.6 billion. (In 2011 the ROK's total trade topped a trillion dollars; its GDP passed the same milestone last year.)

But these figures are wrong. The BOK, like all ROK government agencies – and despite its nominal independence – perversely refuses to include the North's trade with South Korea. This long-running practice is meant to make a political point about Korea being one – ROK sources sometimes use the phrase “intra-Korean,” just to ram the point home further – but it messes up the statistics and creates confusion; at least one UN statistical series takes the BOK figures at face value. Contrast China, which despite political niceties has no problem in treating Taiwan, Hong Kong, and Macau as separate entities for purposes of trade figures.

A farcical trade “ban”

BOK does give inter-Korean trade figures, but under a separate heading, and very interesting they are. In May 2010, the South nominally banned trade with the North, after accusing it of torpedoing the corvette *Cheonan* two months before. Thus it may seem surprising, at first sight, that in 2010 inter-Korean trade rose again, as it has almost every year: by 13.9 percent, to \$1.91 billion. Moreover, in each of the last three years the North ran a small surplus. In 2010, its exports to the South topped \$1 billion.

The paradox is explained by the KIC, specifically exempted from the South’s trade ban. This made nonsense of the “ban,” since the KIC already accounted for the greater part of inter-Korean trade – which itself has long been crucial to the North since the South is its second largest trading partner, after China. Hence, to repeat, it is highly misleading for BOK and others in Seoul to publish supposed North Korean overall trade figures which exclude this major item. Naturally, adding the inter-Korean numbers boosts North Korean trade on both sides of the ledger. The true export total for 2010 becomes \$2.554 billion, over \$1 billion and almost 70 percent more than the BOK number. For imports, the real figure is \$3.528 billion, a third higher than BOK has. Total DPRK trade in 2010 thus topped \$6 billion, its highest figure in many years.

Including South Korea affects the trade growth rates given by BOK as well. It cuts those soaring exports down to size; these in fact grew by a credible 28 percent rather than a sensational 42 percent. By contrast, the true growth rate in imports (14 percent) differs little from BOK’s 13.2 percent. With inter-Korean trade almost balanced, the DPRK’s overall deficit is not much different either at just under \$1bn (\$974 million) rather than the \$1.15 billion implied by BOK. Negative GDP growth, but with exports up 28 percent, is an odd combination. If North Korea’s exports (mainly to China) continue to rise rapidly, this should generate a much-needed boost to GDP in 2012.

One hand clapping

As fall turned to winter, the South’s still newish Unification Minister Yu Woo-ik remained enthusiastic and active. But this was just the sound of one hand clapping as the North did not respond. During November, Yu visited both the US (for a week) and China. In Beijing he pressed for greater lenience toward DPRK defectors, perhaps successfully in one case. Yu has made much of creating a special fund for unification, with some ambiguity as to whether this is to be governmental or not. Pyongyang tends not to like that sort of talk, but it has yet to criticize Yu by name as it lambasted his hardline predecessor, Hyun In-taek. But by December, it made clear that it was unimpressed by talk of flexibility. And then, events took a hand.

Ping-pong diplomacy: *déjà vu*

Tiny Qatar grows ever more influential. On Nov. 22, it briefly accomplished partial Korean unification, when a Korean pair – one DPRK, one ROK – won the men’s doubles in a table tennis contest held in Doha to promote global peace and amity. A similarly mixed female Korean pair took silver. Before getting too excited about ping-pong diplomacy, one should recall that as long ago as 1991 – fully 20 years ago – the two Koreas fielded a joint team in the world table

tennis championships in Japan – and Korea won the women’s doubles. “The first step is half the journey” (*sijaki banida*), says a Korean proverb. Not so, alas, in North-South relations, which seem unable to build on past progress in any sustained fashion.

One day in December

Dec. 19 was already shaping up to be an important day in Korean politics – in Seoul. With a presidential election exactly a year away, preceded by separate elections for the National Assembly on April 11, both major South Korean parties have been in turmoil. The unloved ruling GNP, which looks set to lose control of parliament in April, in desperation turned to its former leader Park Geun-hye – no friend of President Lee Myung-bak – to lead an emergency council to reform the party. The new leadership took charge on Dec. 19.

The same day, the center-left main opposition Democratic Party (DP) relaunched itself as the Democratic Unity Party (DUP), following a hasty and fractious merger with a small group of supporters of the late President Roh Moo-hyun (2003-08). Some of the DP old guard, based in Jeolla province in the southwest, opposed the merger and tried to block it physically. Unity among progressives remains elusive. A separate merger of three small far-left groups on Dec. 5 created the Unified Progressive Party (UPP), which may or may not team up with the DUP.

Kim dies: who knew?

All this was overshadowed by the news from Pyongyang, which caught South Korea on the hop. In a special broadcast at noon, a tearful announcer clad in black gave the sombre news that Kim Jong Il had died – of a heart attack, two days earlier, on his special train. Thirteen days of mourning was declared, and funeral arrangements posted (see the chronology for details).

The news of Kim’s death briefly curbed some negative political shenanigans in the South, as anxious politicians closed ranks. The DUP called off its month-long boycott of parliament in protest against the GNP’s railroading ratification of the Korea-US Free Trade Agreement (FTA) and cooperated with the GNP to belatedly see the 2012 budget through its committee stage. The budget passed the full National Assembly in the nick of time, late on Dec. 31. By then, the DUP was again in boycott mode, over a different issue. Politics in the two Koreas could hardly present a greater contrast – the fractious squabbling that goes with democracy vs. a veneer of leaden unity, grim militarism, and compulsory grieving.

Kim Jong Il’s death was a shock to the South, but politics as usual soon recovered. The press and lawmakers were scathing when it transpired that the government had no prior knowledge of this; the National Intelligence Service (NIS) and Ministry of National Defense (MND) admitted that like everyone else they first heard the news on TV. Their sheepish excuse was that nobody else – the US, Japan, China – knew either. In death as in life, Kim Jong Il confirmed Donald Gregg’s characterization of North Korea as the world’s longest-running intelligence failure.

Kim’s death put Seoul on the spot. The government had little time to decide how to react. In 1994, when Kim Il Sung died, then ROK President Kim Young-sam – who had been due to meet the Great Leader imminently in what would have been the first inter-Korean summit, brokered

by former US president Jimmy Carter – angered Pyongyang by putting troops on high alert and sending no condolences. Lee Myung-bak's starting-point, by contrast, was an already poor North-South relationship, which he had no wish to exacerbate further at such a sensitive and unpredictable time. While naturally putting ROK forces on alert, the Lee administration also wanted to send an olive branch. The result was a compromise.

Limited condolences

On the basis that Southern conservatives would not stomach direct condolences to the DPRK government, Seoul instead offered these to the Northern people. It did not send any official mourning party to Pyongyang, and in general forbade its citizens from going. But it made two exceptions. A pair of prominent widows was allowed to go to Pyongyang, in both cases on the ground that the North had sent condolence delegations when their husbands died. These were the redoubtable Lee Hee-ho, now 89, widow of the late Kim Dae-jung (president 1998-2003), and Hyun Jeong-eun, chair of the Hyundai group since her husband Chung Mong-hun took his own life in 2003 while under investigation for illicit payments to Pyongyang. Both had met Kim Jong Il, Hyun several times – most recently in August 2009. (This Hyundai group is a rump: the best and best-known bits, like shipbuilding and auto making, were spun off some years ago under different rival sons of the group's founder, the late Chung Ju-yung, whose costly enthusiasm for his northern homeland they emphatically do not share.)

Including the two widows' entourages, 18 South Koreans in total crossed the DMZ and drove to Pyongyang on Dec. 26. It was a brief visit; on Seoul's orders they returned the next day, before the full pomp of the North's funeral and memorial service on Dec. 28-29. They became the first South Koreans to meet Kim Jong Un, briefly – he thanked them for coming – and also met with the North's veteran titular head of state, Kim Yong Nam, who like many other top figures in Pyongyang is in his 80s – a decade older than Kim Jong Il was. On their return, the party dined with Unification Minister Yu Woo-ik, though it is not clear how much of substance they had to report. Hyun said that no business was discussed, meaning there was no chance to raise Hyundai Asan's plight, with its assets at Mt. Kumgang confiscated. This would not have been the right time for such matters.

The North affects anger

The extraordinary theater of Kim Jong Il's funeral, with Pyongyang citizens crying as one, extended to sparring with the South. North Korea invited no foreigners to the funeral – but South Koreans are compatriots, and they were all welcome to mourn the loss of the nation's leader. Unusually, the North said they could even come overland across the DMZ rather than fly the long and expensive way round via Beijing, as it usually insists. This was of course disingenuous. Pyongyang knew perfectly well that Seoul could and would not permit such a free-for-all, although imagine the fun if the South had had the nerve and imagination to call the North's bluff and declare that it would let anyone and everyone head for Pyongyang. So just as it would be naïve to take the mass wailing for Kim Jong Il at face value, it would be equally mistaken to take at all seriously the massive umbrage that the North affected to feel at the "traitor" Lee Myung-bak's refusal to allow more Southern mourners to head North.

Even the North's forceful and scornful insistence that it will have no more to do with Lee's "gang" is not necessarily Pyongyang's last word. It has said this before, in June, yet the two Koreas' nuclear negotiators have met bilaterally twice since then. Or again, the very hardline regular joint New Year editorial, and the even more unremitting "joint calls" put out by the Workers' Party of Korea/Central Committee/Central Military Committee on Dec. 30, are depressing reading but should not be taken as definitive. At such a delicate moment of transition, it is hardly surprising if the North breathes fire and snarls – warning the world (not least South Korea) to keep its distance and not try anything. (Memories of the Libyan debacle are very fresh in Pyongyang, which has yet to announce Gadhafi's fate to its own people.)

Too soon to tell

As of early January 2012 it is far too early to tell how anything will pan out in Pyongyang, let alone predict the future course of inter-Korean relations. South Korea's electoral cycle remains a key factor. Like his father only even more so, Kim Jong Un has no real reason to deal with a lame duck president in Seoul who has barely a year left to serve, when almost certainly the next occupant of the Blue House – be he or she liberal or conservative – will be more amenable and seek to resuscitate engagement in some form. But you never know.

For his part, Lee Myung-bak and indeed all South Koreans must now watch the North with a new circumspection, straining for clues and cues as to who is really in charge in Pyongyang and what they might do for good or ill. The next few months will be especially anxious. Not only is Kim Jong Un an unknown unknown, in Rumsfeld-speak, but the long-heralded centenary in April of his grandfather Kim Il Sung's birth might be seen as an occasion for the grandson to flex his muscles and show his mettle with a provocation of some kind, be it a nuclear or missile test, or even a third attack on the South on the lines of the two in 2010. That would be third time unlucky for the North, as this time in an election year Lee Myung-bak and the GNP cannot afford to look weak. They would hit back, despite the risk that this may provoke the North to retaliate and that the conflict might spiral out of control. Seoul hopes that this time Beijing will be a restraining influence, unlike in 2010 when it took Pyongyang's part in order to win its trust.

More benign scenarios are also possible. No more than his father will Kim Jong Un want to become China's puppet. One way to avoid that fate is to reach out to South Korea, sooner or later. Any government in Seoul has geopolitical reasons to seek to counter Beijing's growing influence in Pyongyang. And then there is the gas pipeline, which would bring Russia back into the game and frame as well. As of now the Korean future is wide open, and impossible to predict with any certainty. Matters might be clearer when we next report, early in May.

Chronology of North Korea-South Korea Relations September – December 2011

Sept. 1, 2011: North Korea's official *Korean Central News Agency (KCNA)* reports that a Chinese-led tourism delegation is visiting the Mt. Kumgang resort and has been briefed on investing there. Mt. Kumgang is the subject of an inter-Korean dispute, the North having seized Hyundai's and other Southern assets there worth some \$375 million.

Sept. 1, 2011: Hong Joon-pyo, chairman of the ROK's ruling conservative Grand National Party (GNP), hints at a breakthrough in North-South relations before the *Chuseok* (harvest festival) holiday on Sept. 12. Nothing happens.

Sept. 3, 2011: The North's Committee for the Peaceful Reunification of Korea (CPRK) says "it's fortunate that the [South's] unification minister was replaced, though belatedly," and urges Seoul to improve inter-Korean ties.

Sept. 5, 2011: Buddhists from both Koreas hold a joint ceremony at Bohyun Temple on Mt. Myohyang, north of Pyongyang to mark the 1,000th anniversary of the *Tripitaka Koreana* or *Palman Daejanggyeong*.

Sept. 5, 2011: *Rodong Sinmun*, daily paper of the DPRK's ruling Workers' Party of Korea (WPK), calls on Seoul to fully implement agreements reached at the inter-Korean summits in 2000 and 2007. ROK President Lee Myung-bak withheld joint venture projects agreed at the latter by his predecessor Roh Moo-hyun, calling on Pyongyang to denuclearize first.

Sept. 5, 2011: The ROK says it will send a first batch of emergency aid, worth 5 billion won (\$4.6 million) in total, to DPRK flood victims next week. It will be delivered across the Demilitarized Zone (DMZ) by both truck and train.

Sept. 5, 2011: Some 30 Southern firms invested at Mt. Kumgang vow not to join the North's new plans for the resort, and call on the two governments to resolve the dispute.

Sept. 6, 2011: Pak Chol-su, the Korean-Chinese head of Taepung, the company tasked with attracting new business to Mt. Kumgang, says he respects Hyundai's property rights and will not give third parties access to Hyundai assets at the resort without consulting Hyundai.

Sept. 6, 2011: The ROK defense ministry (MND) tells a National Assembly committee that the DPRK is developing new devices for jamming Global Positioning System (GPS) signals, with an extended range of up to 100 km.

Sept. 8, 2011: ROK President Lee says on television that he thinks plans for a gas pipeline involving Russia and both Koreas "will proceed faster than expected ... It will be great if the project materializes." He adds that he is ready for an inter-Korean summit "at any time if it helps open peace and prosperity between the two Koreas."

Sept. 8-12, 2011: The 17th World Taekwondo Championships are held in Pyongyang for the first time in 19 years. These are organised by the International Taekwondo Federation (ITF).

Sept. 9, 2011: The 63rd anniversary of the founding of the DPRK is marked by a military parade in Pyongyang. Unusually this features civil defense militias, not the regular KPA.

Sept. 12, 2011: ROK Vice Unification Minister Um Jong-sik calls on the North to expedite reunions of separated families. Seoul had hoped to hold a reunion around *Chuseok* time.

Sept. 12, 2011: *Kyodo* reports that nine North Korean boat people found adrift off Nanatsu Island on Japan's west coast say they want to defect to South Korea. They arrive in Seoul on Oct. 4 amid unusual secrecy, prompting speculation that some are from elite families.

Sept. 12, 2011: The ROK says it will ask other countries not to invest in Mt. Kumgang

Sept. 12, 2011: The South's Korea Customs Service (KCS) reports inter-Korean trade as worth \$958 million in the first seven months of 2011, down 16 percent from 2010. ROK exports fell 14 percent to \$447 million, while imports dropped 18 percent to \$511 million. Almost all of this involves the joint venture Kaesong Industrial Complex (KIC).

Sept. 12-15, 2011: Paris-based Chung Myung-whun, Korea's best-known conductor who also directs the Seoul Philharmonic Orchestra, visits Pyongyang to discuss musical cooperation.

Sept. 15, 2011: Russian energy giant Gazprom says it has agreed to set up a bilateral joint working group on the pipeline project with North Korea.

Sept. 15, 2011: *Yonhap* cites "a source" as claiming that the DPRK is forcing citizens to donate to the official campaign to build a "strong and prosperous nation" (*Kangsong taeguk*).

Sept. 16, 2011: The South's National Police Agency (NPA) claims that pro-North activity in cyberspace has surged in the past three years. 2010 saw 82 prosecutions for illegally posting pro-DPRK materials online – an offense under the ROK National Security Law (NSL) – up from five in 2007 and 32 in 2009. (Rather than any actual surge, a likelier explanation is that official prosecution of such postings has been stepped up since Lee Myung-bak took office.)

Sept. 16, 2011: Maestro Chung Myung-whun says in Seoul that he signed a letter of intent with the North's Korean Association for Art Exchange (KAAE) to form an inter-Korean symphony orchestra that will give regular performances, e.g. of Beethoven's 9th symphony.

Sept. 16, 2011: *Choson Sinbo*, daily paper of pro-North Koreans in Japan, quotes a DPRK tourism official as saying the North is ready to discuss Mt. Kumgang any time – "if South Korea adopts a positive attitude."

Sept. 18, 2011: The DPRK website *Uriminzokkiri* says the North remains ready to improve inter-Korean ties via exchanges and contacts, including reunions of separated families. It claims that the South's unification ministry (MOU) has made no attempt to contact the North.

Sept. 18, 2011: Refuting ROK media reports that Kim Jong Il's half-brother Kim Pyong Il is under house arrest in Pyongyang, the US-based *Radio Free Asia* (RFA) reports him as back at his post in Warsaw, where he has served as DPRK ambassador to Poland since 1998.

Sept. 19, 2011: Having been nominated to the post on Aug. 30, Yu Woo-ik, a close crony of President Lee, formally takes office as ROK unification minister.

Sept. 20, 2011: Yoon Seok-yong, a lawmaker of South Korea's ruling Grand National Party (GNP), claims that North Korean attempts to hack websites of the ROK Ministry of Health and Welfare have soared from 3,349 in 2009 to 17,091 in 2010, with 14,669 so far this year alone.

Sept. 20, 2011: MOU reports that interest on ROK government bonds issued to finance the Korean Peninsula Energy Development Organization (KEDO) – a consortium of the US, South Korea, and Japan, which was to build two light-water reactors (LWRs) in North Korea – has risen to over 900 billion won (\$798 million) since 1999.

Sept. 20, 2011: MOU says it is resuscitating plans, on hold since last year, to spend \$2.1 million to build a fire station and emergency medical center in the KIC.

Sept. 21, 2011: The two Koreas' respective nuclear envoys, Wi Sung-lac (ROK) and Ri Yong Ho (DPRK), meet for three hours at a private club in Beijing.

Sept. 21, 2011: Speaking at the UN General Assembly, Lee Myung-bak reiterates his plea to North Korea to forsake nuclear ambitions; in which case the South stands ready to give aid.

Sept. 21, 2011: Seven ROK religious leaders, representing Catholics, Protestants, Buddhists, and Chondogyo (an indigenous Korean faith), lead a 24-strong delegation to the DPRK.

Sept. 22, 2011: Citing customs data, GNP lawmaker Kwon Young-se says that since South Korea suspended most trade with the North in May last year, it has confiscated Northern imports worth 46.5 billion won (\$39.4 million) disguised as Chinese. Almost all of this (45 billion won) was anthracite coal, with potato starch (900 million won) a distant second.

Sept. 25, 2011: MOU says that South Korea's share of North Korea's trade fell from 38.0 percent in 2007 to 33.0 percent in 2009 and 31.4 percent in 2010. Meanwhile China's share grew from 41.6 percent in 2007 to 57.1 percent in 2010. Nonetheless inter-Korean trade rose from \$1.8 billion in 2007 to \$1.91 billion in 2010.

Sept. 26, 2011: MOU begins internet broadcasts on unification issues, including an hour-long daily radio program and a weekly television show. These can be accessed at <http://unitv.unikorea.go.kr> (television) and <http://uniradio.inlive.co.kr> (radio).

Sept. 26, 2011: MOU notes that in the year since his unveiling, Kim Jong Un accompanied his father Kim Jong Il on 100 of the latter's 152 on-the-spot guidance visits.

Sept. 27, 2011: DPRK media report that Kim Jong Il sent condolences on the death of Park Yong-gil, who died aged 93 on Sept. 25. Park and her late husband Rev. Moon Ik-hwan, who was jailed for visiting the North in 1989, were prominent unification and democracy activists. MOU nixes a bid by Park's family to visit Kaesong and meet Northern officials

Sept. 30, 2011: After visiting the KIC – the first GNP chairman ever to do so – Hong Joon-pyo calls for flexibility in South Korea's policy to the North. Separately, ROK civic groups deliver 250 tons of flour and medical supplies for North Korean children to Kaesong city.

Sept. 30, 2011: The UN World Food Program (WFP) says that one-third of DPRK children under five are malnourished. It warns that this number may grow. WFP's annual assessment survey, jointly with the UN Food and Agriculture Organisation (FAO), begins on Sept. 26.

Oct. 4, 2011: MOU says it has dropped plans to send flood aid to North Korea. The North did not respond when the South offered baby food, biscuits and instant noodles, rather than the food, cement and heavy construction equipment which Pyongyang had asked for.

Oct. 4, 2011: On the fourth anniversary of the second inter-Korean summit, *Rodong Sinmun* calls on South Korea to change its policy and implement the accords signed there.

Oct. 5, 2011: North Korea calls on the South to repatriate two men whose small boat crossed the eastern sea border the day before. It is unclear as yet whether they are seeking asylum.

Oct. 5, 2011: *KCNA* claims that since August the South has beamed propaganda broadcasts to the western DPRK on the same frequency as the North's own TV channel, and threatens "merciless punishment" unless this ceases. MOU says it has no immediate comment.

Oct. 5-6, 2011: Pyongyang University of Science and Technology (PUST), founded by a US-Korean Christian and partly funded from South Korea – where its website, pust.kr, is hosted – holds an international symposium with scientists from at least seven nations.

Oct. 6, 2011: An official in Seoul says North Korea is seeking \$5.7 billion compensation for the failure of KEDO's LWR project, adding: "The North's demand is nonsense."

Oct. 6, 2011: Apropos the food situation in North Korea, the South's unification minister Yu Woo-ik tells the ROK National Assembly (NA): "I don't think [it] is very serious."

Oct. 9, 2011: *KCNA* threatens "physical retaliation" against South Korea's "ceaseless provocative war moves". These include alleged maritime intrusions, and "anti-communist right-wing conservative organizations [scattering] a lot of leaflets and undesirable USBs and pamphlets into ... the north." A separate warning about the latter the same day says that the KPA is "ready to take direct fire to destroy the citadels of the psychological warfare," and may be "compelled to go into real action any moment."

Oct. 10, 2011: North Korea marks the 66th anniversary of its ruling WPK on a smaller scale than usual, with no military parade or national meeting.

Oct. 11, 2011: In an interview published as Lee Myung-bak arrives in the US for a state visit, South Korea's President tells the *Washington Post* that his firm stand on North Korea is making progress: "There are some real changes we are detecting." He does not elaborate.

Oct. 12, 2011: South Korea says it has stepped up vigilance against possible provocations after detecting unusual Northern military movements near the West Sea border, including the deployment of KPA fighter jets and ground-to-air missiles to forward positions.

Oct. 13, 2011: Presidents Obama and Lee reaffirm the “unbreakable” US-ROK alliance, and urge North Korea to denuclearize. On the proposed Siberia-Korea gas pipeline, Lee says: “It will take some time ... it’s not something that will see immediate progress.”

Oct. 13, 2011: Russia and North Korea hold a test run of their renovated 54 km cross-border railway linking Khasan to Rajin. They reaffirm Rajin’s intended role as a freight hub for Europe-bound shipments from the wider region. For Moscow this means South Korea.

Oct. 14, 2011: The DPRK Committee for Peaceful Unification of the Fatherland (CPUF) calls on the ROK to cease its online broadcasting on inter-Korean affairs, which began a fortnight earlier. CPUF calls this a grave provocation to tarnish the image of the North.

Oct. 17, 2011: Citing military intelligence, South Korean lawmakers claim that the North is accelerating Kim Jong Un’s grooming as successor. Jong-un reportedly practiced controlling the military during his father’s most recent overseas trip, to Russia in August.

Oct. 18, 2011: GNP lawmaker Hwang Jin-ha says the National Intelligence Service (NIS) told a closed NA session that KPA ground forces are using virtual reality technology to stage simulated invasions of South Korea, while beefing up cyber threats.

Oct. 20, 2011: *Yonhap* notes that since late August DPRK media have carried 48 separate reports on the upcoming by-election for mayor of Seoul. Most are critical of the GNP while praising the left-leaning independent opposition candidate Park Won-soon (the eventual winner).

Oct. 20, 2011: Ten businessmen, representing 120 Southern SMEs operating in the KIC, ask Unification Minister Yu to approve new investments and address issues of communications, the passage of people and customs clearance for the zone. Yu stresses Seoul’s commitment to developing the complex.

Oct. 20, 2011: *Chosun Ilbo* reports that KIC orders for Choco Pies are down sharply. The ROK snack has spread by barter all over North Korea. The North reportedly told Southern businesses to provide cash or instant noodles instead. A Seoul official says that Pyongyang seems to have “singled out Choco Pies as an agent that may be spreading anti-Socialist values from the South.”

Oct. 20, 2011: Visiting the US for a seminar at the University of Georgia, Ri Jong-hyok, a senior DPRK official involved in North-South ties, calls on the ROK to implement the two summit agreements and lift the sanctions it imposed in May 2010.

Oct. 21, 2011: Unification Minister Yu says the lesson of Libya is that leaders should feed their people well, protect them and allow them freedom. North Korea has yet to report the overthrow of Gadhafi, and is said to have banned its citizens there from returning home.

Oct. 22, 2011: North Korea’s Union of Agricultural Working People (UAWP) condemns the recent US-South Korea free trade agreement (FTA) as a betrayal of the nation, and pledges support to South Koreans who oppose it.

Oct. 25, 2011: The Korea NGO Council for Cooperation, which represents over 50 Southern civic groups, says the North has invited it to come for discussions. Seoul nixes the trip, citing a lack of monitoring of food aid already sent. But it permits another NGO coalition, the Korean Council for Reconciliation and Cooperation, to send a team to Sariwon, south of Pyongyang, to monitor flour aid donated to childcare centers.

Oct. 26, 2011: An MOU official belatedly reveals that a month earlier, meeting a Hyundai Asan delegation in Kaesong, the North's Ri Jong Hyok hinted that if the South proposed holding talks about the Mt. Kumgang dispute the North would respond.

Oct. 26, 2011: Park Joo-sun, a lawmaker of the ROK's main opposition Democratic Party (DP), who met Ri Jong Hyok in Atlanta, says Ri claimed that the two Koreas had agreed to a summit during a meeting between ROK Presidential Chief of Staff Yim Tae-hee and Kim Yang-gon, the North's point man on the South, but that Seoul later broke the deal.

Oct. 27, 2011: *KCNA* reports the GNP's loss of the by-election for Seoul mayor to a leftist independent as "the people's grave judgment call on conservative forces in South Korea."

Oct. 28, 2011: Archaeologists from both Koreas hold a working-level meeting in Kaesong. An official from the ROK National Research Institute of Cultural Heritage, who inspected the Manwoldae palace site, says safety measures are urgently needed due to flood damage.

Oct. 30, 2011: *Yonhap* reports that the DPRK government is squeezing its people harder than ever for funds to make a big splash for Kim Il Sung's centenary next April.

Oct. 31, 2011: A senior foreign ministry (MOFAT) official says Seoul is seeking a third round of bilateral nuclear talks, but that Pyongyang should be more serious and sincere.

Nov. 3, 2011: *Yonhap* reports that Kim Jong Un's activities have expanded and diversified, from 35 appearances in the first half of the year to 36 in the four months July-October alone.

Nov. 3, 2011: On a week-long visit to the US, ROK Unification Minister Yu Woo-ik says that Seoul's aim is to establish a "stable dialogue channel" with Pyongyang.

Nov. 7, 2011: Seoul reports that a 5-ton boat with 21 North Koreans on board was found drifting in the Yellow/West Sea on Oct. 30. Those aboard expressed a wish to defect. The same day, a single defector crossed the marine border on a raft.

Nov. 8, 2011: South Korea says it will resume medical aid to North Korea via the World Health Organization (WHO). Having donated \$13.12 million in 2009, last year Seoul withheld \$6.94 million after accusing Pyongyang of sinking the corvette *Cheonan*. It has now re-authorized that sum for distribution.

Nov. 10, 2011: Good Friends, a South Korean NGO, claims the price of rice in Pyongyang almost doubled from 2,500 Northern won (KRW) in September to KRW 3,800 in November.

Nov. 13, 2011: MOU says it has approved a 10-day visit (Nov. 14-23) by ROK historians and archaeologists to the Manwoldae palace site in Kaesong to conduct a flood damage survey.

Nov. 15, 2011: MOU says it has sent hepatitis B vaccines for over a million North Korean children, worth 1.06 billion won (\$942,300), via international relief agencies. These are the first vaccines Seoul has provided to Pyongyang in almost a year.

Nov. 16, 2011: Seoul reports that this month and last the KPA has flown *IL-28* bombers to test anti-ship missiles in the Yellow/West Sea. This potential threat to ROK vessels close to the Northern Limit Line (NLL) can be countered by the South's indigenous *Chunma* ground-to-air missile, now deployed on Yeonpyeong and Baengnyeong islands near the NLL.

Nov. 16, 2011: Seoul notes that this year's resolution on DPRK human rights abuses for the UN General Assembly's Third Committee for the first time mentions prison camps. South Korea is one of 49 co-sponsors. The resolution is passed by 112 in favor to 16 against, with 55 abstentions, on Nov. 21. North Korea's delegate rejects this as a dastardly political plot.

Nov. 23, 2011: ROK forces mark the first anniversary of the shelling of Yeonpyeong Island by staging exercises on nearby Baengnyeong Island. The KPA threatens next day to turn the Blue House into "a sea of fire" if a single shot enters its waters.

Nov. 27, 2011: ROK sources say the KPA has pulled back patrol boats in the West Sea from the NLL towards coastal waters of South Hwanghae province, to deter defections by boat.

Dec. 1, 2011: MOU says that after two years the effects of North Korea's botched currency reform still linger. Neither rice prices nor the currency have stabilized, and shortages persist.

Dec. 8, 2011: The North's Committee for the Peaceful Reunification of Korea (CPRK) denounces "traitor Lee Myung-bak" for "[sending] a 'letter of encouragement' to the human scum, who wrought a nonsensical novel viciously slandering the dignity of the DPRK supreme leadership." (A defector from the North wrote a book about Kim Jong Il.) This is the first time in six months that the DPRK has insulted the ROK president by name. On Dec. 13 the DPRK website *Uriminzokkiri* calls Lee a "corrupt traitor," citing the same offense.

Dec. 14, 2011: North Korean television warns South Korea not to illuminate three towers shaped like Christmas trees along the DMZ, warning of "grave consequences."

Dec. 13, 2011: A special ROK committee under the Prime Minister's office rules that 217 named South Koreans were abducted by the North during the 1950-53 Korean War.

Dec. 14, 2011: Six members of the Korean Council for Reconciliation and Cooperation, an ROK NGO, cross the DMZ to deliver 254 tons of food to Kaesong. It is destined for child care facilities in Anju, a mining area north of Pyongyang.

Dec. 15, 2011: The Korea NGO Council for Cooperation with North Korea, an association of 50 Southern civic groups, says it will send a 10-strong delegation to Kangnam county, south of Pyongyang, to monitor the fate of aid which it sent in September.

Dec. 15, 2011: MOU publishes data on separated families. Some 128,600 South Koreans had applied for family reunions since 2000, but 49,300 have now died. Of those remaining, 43.8 percent are over 80 and 37.3 percent over 70.

Dec. 17, 2011: Kim Jong Il dies of a heart attack. This is not made public for two days, nor apparently are South Korean or other intelligence services aware of the news.

Dec. 19, 2011: A special *KCBS* broadcast at noon tremulously announces Kim's death. North Korea begins 11 days of official mourning. Kim Jong Un's name is listed first on the funeral committee, and DPRK media at once start referring to him as "Great Successor."

Dec. 20, 2011: Flanked by top military and party officials, Kim Jong Un visits his father's bier at Kumsusan Memorial Palace (where his grandfather Kim Il Sung also rests in state).

Dec. 20, 2011: As a precaution, South Korea brings its 13 archaeologists home three days early from the Manwoldae excavation in Kaesong. Unification Minister Yu says they will return once the North is back to normal, since Pyongyang remains committed to the project.

Dec. 20, 2011: Seoul media and lawmakers criticize Defense Minister Kim Kwan-jin and NIS Director Won Sei-hoon, for admitting the first they heard of Kim Jong Il's death was from TV.

Dec. 20, 2011: The ROK holds a security ministers' meeting to discuss how to react to Kim Jong Il's death. It issues a statement offering sympathy to the Northern people rather than to the DPRK government. MND says that two Christian groups have accepted an official request not to illuminate three huge Christmas tree-shaped towers along the DMZ this year, for fear of exacerbating tensions at a delicate time.

Dec. 22, 2011: *Minju Joson*, daily paper of the DPRK Cabinet, editorializes: "Kim Jong Un is another great general who carried the bloodline of Mangyongdae, and a great sun."

Dec. 22, 2011: ROK President Lee says that South Korea is trying to show North Korea it bears no hostility. He stresses that stabilization in the North is in the South's interests.

Dec. 22, 2011: South Korean, Japanese, and US representatives walk out of UN General Assembly when a moment's silence is called in memory of Kim Jong Il. ROK diplomats the next day concede that such a tribute is routine when a head of state dies in office. The UN Security Council, by contrast, refuses to make a similar gesture of respect.

Dec. 24, 2011: North Korea says the future course of inter-Korean relations will depend on Seoul's attitude toward condolences for Kim Jong Il.

Dec. 25, 2011: The North's Committee for the Peaceful Reunification of Korea (CPRK) attacks the Southern government for trying to "quench the hot wind for consolatory visits.... Their obstructions will entail unpredictable catastrophic consequences."

Dec. 26, 2011: South Korea sets up an inter-agency task force – comprising the foreign and unification ministries, the police, the National Intelligence Service, et al. – on kidnap victims held in the North.

Dec. 26, 2011: *Rodong Sinmun* refers to Kim Jong Un as leading the WPK Central Military Commission (CMC). He was hitherto one of two CMC vice-chairmen.

Dec. 26, 2011: The Unification Church reveals that its founder's son – a US citizen, hence not subject to Seoul's permission – has gone to Pyongyang to mourn Kim Jong Il. So has at least one unauthorised Southern leftist: Hwang Hye-ro, an activist based in France.

Dec. 28, 2011: Kim Jong Il's funeral is held in Pyongyang, amid scenes of mass grieving. Unusually this is carried live on television, with broadcast hours much longer than normal.

Dec. 29, 2011: A memorial service with speeches for Kim Jong Il is held in Pyongyang.

Dec. 29, 2011: The National Defense Commission (NDC), the DPRK's highest executive body, says it "will have no dealings with the Lee Myung-bak group of traitors forever... We will surely force the group of traitors to pay for its hideous crimes committed at the time of the great national misfortune." An ROK spokesman call this "disappointing."

Dec. 30, 2011: A meeting of the Politburo of the Central Committee of North Korea's ruling Workers' Party of Korea (WPK) declares that "the dear respected Kim Jong Un assumed the supreme commandship of the Korean People's Army according to the behest of leader Kim Jong Il on October 8." This is Kim Jong Un's first new official post.

Dec. 30, 2011: North Korea issues postage stamps featuring Kim Jong Un with his father.

Dec. 30, 2011: The WPK Central Committee and Central Military Commission (CMC) issue lengthy and hardline "joint calls," including a threat to turn "Chongwadae [the ROK presidential office] and the stronghold of aggression into a sea of fire and accomplish the historic cause of national reunification without fail if the enemies dare mount an attack."

Dec. 30, 2011: South Korea's Ministry of Culture, Sports and Tourism (MCST) says joint excavations of Manwoldae palace will resume next March. Seoul also hopes to work with Pyongyang to have the folk song *Arirang* listed as a UNESCO intangible cultural asset.

Dec. 31, 2011: The North's CPRK criticizes Lee Myung-bak for preventing ordinary South Koreans from making condolence trips to the North to mourn the death of Kim Jong Il.