

## North Korea-South Korea Relations: *Never Mind The Nukes?*

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Almost a year after charges that North Korea has a second, covert nuclear program plunged the Peninsula into intermittent crisis, inter-Korean ties appear surprisingly unaffected. The past quarter saw sustained and brisk exchanges on many fronts, seemingly regardless of this looming shadow. Although Pyongyang steadfastly refuses to discuss the nuclear issue with Seoul bilaterally, the fact that six-party talks on this topic were held in Beijing in late August – albeit with no tangible progress, nor even any assurance that such dialogue will continue – is perhaps taken (rightly or wrongly) as meaning the issue is now under control. At all events, between North and South Korea it is back to business as usual – or even full steam ahead.

While (at least in this writer's view) closer inter-Korean relations are in themselves a good thing, one can easily imagine scenarios in which this process may come into conflict with U.S. policy. Should the six-party process fail or break down, or if Pyongyang were to test a bomb or declare itself a nuclear power, then there would be strong pressure from Washington for sanctions in some form. Indeed, alongside the six-way process, the U.S. is already pursuing an interdiction policy with its Proliferation Security Initiative (PSI), which Japan has joined but South Korea, pointedly, has not. Relinking of cross-border roads and railways, or the planned industrial park at Kaesong (with power and water from the South), are examples of initiatives which might founder, were the political weather around the Peninsula to turn seriously chilly.

### **Summer of Sunshine**

For now, however, it has been a summer of Sunshine, continuing into a warm fall. For the first time in three years of writing these quarterly reports, the density of inter-Korean interaction is such that one is conscious of omitting much. On any given day, on average, up to a thousand South Koreans are visiting the North: tourists, separated families, business people, nongovernmental organizations (NGOs) and aid workers, civic organizations, educators or other professionals, journalists, cultural figures, government officials, rail inspectors and technicians, nuclear engineers, and more. What was once newsworthy, because exceptional – such as direct flights between Seoul and Pyongyang, or land travel across the Demilitarized Zone (DMZ) – is becoming regular, even mundane. As a result, slowly but surely on the ground a normalization of North-South

ties is gathering pace – even though the broader political and security context remains anything but normal.

### **Six, But No Party**

The six-party talks require comment; even if by definition they are not bilateral, and South Korea is hardly a core player like the original troika of North Korea, the U.S., and China. The best that can be said is that at least, and at last, they met. Though seemingly assembled ad hoc – the U.S. insisted on its Japanese and ROK allies, with Russia a late addition – this sextet is in fact the most logical multilateral combo, comprising both Koreas plus the four powers bound to the Peninsula by geography and/or history. In the past both Tokyo and Moscow – agreeing, for once – had proposed this format but were ignored; as for instance when they wanted in on four-way talks held (without result) between the Koreas, the U.S., and China in the late 1990s.

Despite a perhaps illusory sense of process (one can hardly speak of progress), it is unclear if or when the specially built hexagonal table will be rolled out again. With 48 interpreters this is a cumbersome format, so initial underachievement is pardonable. If one U.S. aim was for North Korea to be seen to put everyone's backs up, it succeeded. In what is becoming a habit, the DPRK delegation at one point hinted in an aside at having or testing nuclear weapons. It also accused Japan and even Russia of peddling U.S. lies. China as host was not amused, nor when after the event North Korea's foreign ministry condemned the talks, in which Beijing had invested much time and prestige, as "a stage show to force us to disarm ... not only useless but harmful in every aspect." Despite this Pyongyang later affirmed a commitment to further dialogue – but not with Japan, which in October it denounced as an unfit partner for bringing up extraneous issues such as abductions.

Most comment by the other five interpreted this as typical DPRK bluster: staking an extreme position ahead of talks, so as to win concessions by later trimming. Unification Minister Jeong Se-hyun concluded in mid-September that Pyongyang's fiery rhetoric was "a pressure tactic aimed at giving it an edge in future nuclear crisis talks" and that the DPRK would eventually return to the negotiating table. Yet despite predictions of a new round of six-way talks in November, there is no sign of these yet. No date was fixed at the first round, which could not manage even an anodyne agreed closing statement. All in all, it is far from clear whether the implicit sense of relief that at last a peace process is under way is warranted. On the contrary, even if its boasts of reprocessing are partly bluff, North Korea must be assumed to be pressing ahead untrammelled with its two separate nuclear programs. Even if talks do resume, progress will be very slow. Also unclear is whether next time the U.S. will be ready to offer the incentives it has consistently disavowed (as rewarding misbehavior), but which realistically are essential if any step by step progress is to be made.

The ROK continues to try to split the distance between the U.S. and the DPRK. During his keynote speech during the six-party talks, ROK chief delegate and Deputy Foreign Minister Lee Soo-hyeok said his country would make a sincere effort to persuade the

North to join international financial organizations and that large-scale economic cooperation projects are on the horizon after the nuclear issue is resolved. During the meeting, North and South held a 30 minute bilateral meeting so that Seoul could explain parts of the U.S. presentation that the North Korean delegates reportedly had difficulty understanding.

While sticking to the agreed formula that the North must abandon its nuclear weapons programs in complete, verifiable and irreversible manner, Seoul has also encouraged Washington to do more to meet Pyongyang's concerns. Minister Jeong explained that "North Korea is not a counterpart which has no possibility of changing its attitude through dialogue," but suggested that moderation would serve Washington well. "The U.S. will be able to lead (negotiations) at its own pace if it opens its mind slightly." Seoul will do its best to encourage North Korea to see the light during inter-ministerial talks to be held in Pyongyang Oct. 14-17. Seoul will try, said Jeong, to "persuade North Korea to make a more diligent and progressive attitude so that the DPRK nuclear issue can be resolved soon."

### **Switching Off**

The formal framework for inter-Korean relations is set by Cabinet-level talks, held quarterly. The 11<sup>th</sup> such ministerial meeting since the 2000 North-South summit took place in Seoul July 9-12. It was agreed to hold an eighth round of family reunions around Chusok (the Korean harvest festival), and to expedite economic projects. A new proposal was to consider setting up a committee for social and cultural cooperation, whose agenda would include the cessation of mutual slanderous broadcasts. As socio-cultural cooperation is already booming, one suspects the broadcasts were the main point. On Aug. 1, Pyongyang pulled the plug on the Voice of National Salvation (VNS), thus admitting that what it had always claimed was an underground South Korean station in fact emanated from the DPRK. VNS had few listeners in the South, so this is doubtless a ploy to press Seoul to reciprocate – which is unlikely.

How far North Korea will push this is unclear. The ROK's Korea Broadcasting System (KBS) has forged good ties with the DPRK, including several co-productions. The latest of these was staged in August, when a long-running Southern amateur song contest TV show was held in Pyongyang, and broadcast simultaneously in both Koreas on Aug. 15 (Liberation Day). The Sunshine Policy means that ROK broadcasts to the North are no longer overtly propagandist, unlike the U.S.-financed Radio Free Asia. But were Pyongyang to press the issue, there are religious and other private broadcasters in the South who fear they might be leaned on.

### **Taegu: Playing Games**

The dilemmas of Sunshine were seen in August, when North Korea joined 174 other states to participate in the Universiade (world student games) held in Taegu, South Korea's third city. Despite Taegu's conservative image – past military dictators had their political base there, and the southeastern Kyongsang region remains the heartland of the

main opposition Grand National Party (GNP), which controls the national assembly – the Northern visitors generally received a warm welcome. As at the Asian Games in Pusan a year ago [see “Nuclear Shadow Over Sunshine,” *Comparative Connections*, January 2003, Vol. 4, No. 4.], local public attention and media focused less on North Korea’s athletes – who, cheered on by the home crowds, performed creditably, finishing ninth in the medals ranking with 3 golds, 7 silvers, and 3 bronzes; South Korea came third – than on their support squad of comely cheerleaders and an all-female brass band. Once again the sports tabloids drooled.

Second time around, though, this circus lacked novelty. There were several hiccups, starting with the DPRK squad’s non-arrival. Having first claimed technical problems, Pyongyang then said it was pulling out because the South was unsafe: citing the burning of its flag and images of Kim Jong-il at a rightist rally in Seoul (in fact a regular occurrence). It took an expression of regret over this by President Roh Moo-hyun himself – predictably attacked by the opposition GNP for groveling – to appease the North: they flew in at the last minute. At the opening ceremony the two Koreas marched together behind a unity flag, but thereafter competed separately. At one point the cheerleaders did not appear for three days, in protest at hostile graffiti and other alleged provocations. In a rare unscripted glimpse into DPRK mentality, some of this squad tried to seize pictures, being waved by well-wishers, of the Dear Leader at the 2000 North-South summit, they complained tearfully of an insult: the sacred visage was being rained on.

### **Beaten Up by Both Koreas**

In a more serious incident on Aug. 24, North Korean “journalists” (remarkably skilled in taekwondo for that profession) assaulted human rights protestors peacefully waving banners in Taegu. The police were slow to intervene, and the well-known campaigner Dr. Norbert Vollertsen was injured – for the second time. Days earlier, ROK police beat up the German doctor as he and other activists attempted to launch balloons carrying small radios across the DMZ: something South Korea itself did for decades, but now *verboden* on Sunshine grounds.

Much of the Seoul press dismissed the protestors as “extreme rightists,” intent on spoiling the nation’s party. While Dr. Vollertsen’s combativity is controversial, on this occasion he was the injured party – literally, and at both ROK and DPRK hands (or fists). As consolation, he was invited to testify at the National Assembly. One would hope for a more considered debate in Seoul about the pros and cons of the widespread official and public silence on DPRK human rights abuses, and the risk of Sunshine degenerating into wishful thinking or fellow-traveling.

### **Getting Down to Business**

Seoul’s stance is that they have to prioritize, and there is no point riling the North now that, at long last, it really seems to be starting to open. Economic and business ties made both formal and substantive progress during the quarter. A working-level meeting held in Kaesong from July 29-31, to which the ROK delegates commuted daily from Seoul

across the DMZ, finally agreed to implement four agreements – on investment protection, dual taxation, settlement of payments, and dispute resolution – first drawn up as long ago as December 2000. In the event, after further delay due to the death of Chung Mong-hun (see below), documents were finally exchanged at Panmunjom on Aug. 20. The Kaesong meeting further agreed to certificate of origin procedures for inter-Korean trade, to prevent Chinese goods being passed off as North Korean to evade duties; it also designated specific banks on each side to clear inter-Korean accounts. But it failed to agree on procedures for using two new trans-DMZ land corridors.

A month later, the higher-level Economic Cooperation Promotion Committee (ECPC) held its sixth meeting in Seoul Aug. 26-28. The final 9-point joint statement is worth quoting in detail, to show how encouragingly concrete this cooperation has now become. (Being from the ROK Unification Ministry website, this uses the much-criticized new ROK romanization. Come reunification, one must hope that the DPRK's far more sensible spelling will prevail.)

1. The South and the North will actively pursue railway/road construction projects so as to first complete the Moonsan-Gaeseong route on the Seoul-Sinuiju Line, as well as track construction and road-bed work on the Jeojin-Onjeongri route of the Donghae Line, before the end of this year. To meet the goal, the South will endeavor to provide the North with construction materials and equipment at an early date.
2. The South and the North will inaugurate the construction work of infrastructure facilities as soon as the drawing up of comprehensive blueprints is completed for first-stage development zones at the Gaeseong Industrial Complex. The two parties will also swiftly move to draft and put into effect detailed regulations, and further cooperate so that the industrial complex will be developed in a way that is internationally competitive.
3. The South and the North will take necessary steps to reinvigorate the Mt. Kumgang tourism project, and cooperate so that agreements between the businesses on sea/overland tourism as well as tourist zone developments will be carried out smoothly.
4. The South and the North will take follow-up steps to the “four agreements,” which institutionally guarantee inter-Korean economic cooperation, and employ measures needed to put into effect the South-North maritime agreement and negotiate its appending agreement.

To further discuss the subject, the two Koreas will hold the 3rd meeting of the Inter-Korean Working-level Consultations on Economic Cooperation System, concurrently with the 3rd Working-level Contact for the South-North Maritime Cooperation, in early October.

5. The South and the North will also endeavor to reach an agreement on flood prevention measures along the Imjin River.
6. The South and the North will further expand the inter-Korean goods and processing-on-commission trades by way of direct transactions, and promptly take working-level steps to accommodate the effort, including the setting up of consultation channels.
7. The South and the North will endeavor to provide necessary assistance so that the visit of the South Korean delegation to the North for economic observation, as well as that of the North Korean delegation to the South, can take place at appropriate dates.
8. The South and the North will cooperate so that the South's food aid to the North, pursuant to the fifth meeting of the South-North Economic Cooperation Promotion Committee, along with inspection visits to food distribution sites, will be carried out smoothly. For the 100,000 tons of food aid already provided, there will be inspection visits in September to three distribution sites in the east and west coast regions of the North. The inspectors will number 5-7 for each visit.
9. The 7th meeting of the South-North Economic Cooperation Promotion Committee will take place in Pyongyang in late October.

### **Breaching the Border**

Except for clause 5 on flood prevention – much talk, but no action to date – all of these refer no longer merely to pious hopes, but to projects actively under way. Space forbids a detailed account, but in particular road and rail reconnection are proceeding apace. Throughout the summer officials and technicians regularly crossed the border, both for meetings and for the practical tasks of construction and inspection. On Sept. 17, a military working meeting at Panmunjom agreed to start using the nearly finished newly built roads in both the Kyongui and Donghae corridors (west and east, respectively), instead of the temporary unpaved tracks used hitherto. Both roads may be completed this year, with the two railway lines similarly to be rejoined some time in 2004. Symbolically and practically, this will be momentous.

Each of these corridors is vital to a particular cross-border business project, both of Hyundai origin. The Kyongui route, which will connect Seoul to Pyongyang, is key for the Kaesong Industrial Zone, just north of the DMZ, whose groundbreaking ceremony was held June 30. After much DPRK hesitation, Kaesong is finally moving from vision to reality. Detailed regulations are being drawn up and applications invited, although the first ROK firms would not move in until 2006 at the earliest. In principle this could be Korea's Shenzhen. In practice it remains to be seen how far nuclear and other concerns will deter investors – or whether Washington will press Seoul to go slow on this, if the DPRK remains in nuclear defiance.

## **Hyundai: Death of a Dream**

Meanwhile the east coast Donghae corridor is at last in use for Hyundai's Mt. Kumgang tours, cutting both travel time and costs compared to the old route by sea. After further delays owing to the North's draconian anti-SARS (severe acute respiratory syndrome) quarantine, this concession may come too late to save this project, which without subsidy is not viable owing to the vast fees (almost \$1 billion over six year) levied by Pyongyang. On top of this, covert payments by Hyundai of at least a further \$500 million for vague business rights – in reality to grease the path for the June 2000 summit – added up to more red ink than even the ROK's one-time largest conglomerate could handle.

This burden, plus a pending court case over illicit payments to Pyongyang, were too much for Hyundai chairman Chung Mong-hun. On Aug. 4, he jumped to his death from his 12<sup>th</sup> floor office at Hyundai's Seoul headquarters. This shock prompted much Southern soul-searching as to Sunshine's value, and its price. For its part the North accused the GNP, which pushed for a special prosecutor to probe what became known as the "cash for peace" scandal, of virtual murder. In September, Chung's six co-defendants, including an ex-minister, were convicted, but received only suspended sentences. The judge acknowledged that their payments to the DPRK, though illegal, were an act of state – and one from which the ROK had benefited.

## **Tourism: Fly Me by the Moon**

Despite Pyongyang's posturing over Chung's death, just weeks later it began a venture which, while a further milestone in North-South ties, was a kick in the teeth for a now leaderless and beleaguered Hyundai. On Sept. 15, 114 Southern tourists flew directly from Seoul to Pyongyang on a DPRK Air Koryo plane for a five-day visit, in the first ever regular tourist trip between the two capitals. The organizers – an affiliate of the Pyonghwa Group, part of the Unification Church – plan several similar tours this year. This was a bitter blow to Hyundai, which reckons that the vast sums it has paid (above and below the table) to Pyongyang over the years had bought it legal and moral rights to a monopoly of Northern tourism. It is hardly surprising if most major *chaebol* – including the now separate Hyundai Motor, and Samsung, currently the leader of the pack – thus far disavow any intention of investing in the DPRK.

Faced with this new competition, Mt. Kumgang looks set to lose its luster. Why visit a scenic but largely artificial enclave, which some disgruntled visitors have likened to a zoo, if you can have the real thing in Pyongyang? And not only Pyongyang: it is reported that other Northern sites will be opened to Southern tourists – including Mt. Paekdu on the Chinese border, sacred to all Koreans, already visited by thousands of ROK tourists from the Chinese side. Perhaps in tacit recognition that Kumgang is fading, the (South) Korean National Tourist Organization (KNTTO) has launched a new campaign to market Hyundai's Kumgang tours – to foreigners.

## **Seeming not to Sell**

Despite his strongly anticommunist background and image, in fact the Rev. Moon Sun-myung, himself Northern-born, has cultivated North Korea for more than a decade; he met the late Kim Il-sung. The most tangible result is Pyonghwa Motors in Nampo, which builds Fiat autos imported as kits from Vietnam. In September, Pyonghwa was reported to have gotten permission to erect Pyongyang's first commercial billboards – after prolonged negotiations, where the main objection was that it looked as though they were trying to sell something.

Despite such coyness about capitalism in the “capital of revolution,” inter-Korean business has been brisk – if as yet but a fraction of its true potential. In the first eight months of 2003, North-South trade reached \$406 million, up 45 percent over last year's total. While the greater part of the \$245 million flows from Seoul were in effect aid rather than trade, the \$161 million of Northern exports were genuinely commercial: they included garments made to order, seafood, minerals, and more. Figures released in July show that in 2002 South Korea overtook China as North Korea's top export market, importing goods worth \$272 million. If this has been little noticed, it is because Seoul – perversely and misleadingly – excludes inter-Korean commerce (as ostensibly “internal”) from its figures for DPRK trade. That is Hamlet without the prince.

## **New Cabinet: Looking South?**

What pass for elections in North Korea bear scant resemblance to the cut and thrust of politics in the South, or indeed in most other countries. Yet the ROK government was encouraged by the most recent of these five-yearly rituals. The DPRK's 12<sup>th</sup> Supreme People's Assembly (SPA), “elected” on Aug. 3 in the usual manner – a single list of candidates, 99 percent turnout, 100 percent yes vote – is younger than before. Almost 50 percent of members are new, including several figures prominent in North-South dialogue: Kim Ryong-song, Pyongyang's chief delegate to North-South ministerial talks; Song Ho-kyong, who as vice chair of the Asia-Pacific Peace Committee is in charge of projects with Hyundai; Pak Chang-ryon, head of the DPRK side in the Economic Cooperation Promotion Committee; Jung Un-up, chief of another North-South cooperation body; and Choi Seung-chol, who is in charge of inter-Korean Red Cross contacts.

Meeting on Sept. 3, the SPA reshuffled seven economic portfolios. Three of the newly promoted ministers had participated in an intensive two-week tour of South Korean industrial facilities, the first of its kind, last November. They include the new premier, Pak Pong-ju, at that time chemicals industry minister, whom his hosts recall as well-briefed and an assiduous note-taker; he lamented that he did not have several extra pairs of eyes to drink it all in. His companions included Pak Nam-gi, who moves from running the State Planning Commission (SPC) to chairing the SPA budget committee; and Kim Kwang-rin, promoted from SPC vice chairman to replace Pak. Hopes of pragmatic technocrats trouncing militant ideologues spring eternal, dating back to the premierships of Kang Song-san in the 1980s and Yon Hyong-muk, who as prime minister visited Seoul

four times during 1990-91. The subsequent dismissals of both men – though Yon remains a force in Pyongyang – suggests that caution is in order. Still, at least for now the leading figures in North-South ties appear to be flavor of the month in Pyongyang; which is arguably a hopeful pointer to the DPRK's policy direction more widely.

### **Family Reunions: More Brief Encounters**

As agreed in July, the autumnal beauty of Mt. Kungang again witnessed poignant reunions of families separated for half a century and more. The eighth such event, held on Sept. 20-25, saw 556 elderly South Koreans briefly reunited with 346 of their Northern kin. The ROK visitors traveled overland rather than by sea, reducing the trip from four hours to one. In the past three years 8,051 people have met thus, briefly and once only: they cannot write, phone, or email thereafter. At this rate, most of the 122,000 aged South Koreans who have applied for reunions will die before their turn (chosen by lot) comes; 20,000 have already passed away.

Such pointless cruelty – for what, in truth, has Pyongyang to fear from enlarging this program and allowing continuing contact? – fuels suspicions that Sunshine is not the teleology that its advocates claim. Contrary to a much cited proverb *Sijaki banida* (the first step is half the journey), critics fear that for the DPRK the first step will also be the last step, with any opening strictly limited. In business, by contrast, there is more of a sense of real process, and of progress.

### **Song Remains the Same?**

Even as North-South intercourse grows, come reminders of a fiercer past. In September, 34 ageing radicals, who had fled South Korea decades ago from the then military dictatorship, had an emotional homecoming. Most had cleared this with the government in advance; but for one, the charge (often a calumny) of working for the North may well be true. The best-known (or most notorious) returnee, Song Du-yul – a philosophy professor at Muenster University, a protégé of Habermas, and a German citizen after 36 years there – is accused (not least by the senior defector Hwang Jang-yop, who ought to know, as a former secretary of the DPRK's ruling Korean Workers' Party) of being a KWP Politburo alternate member under the alias Kim Chol-su. After questioning Song, the National Intelligence Service claimed to have confirmed this. As of early October debate raged in Seoul on what action to take. In the bad old days people were hanged for less, but deportation looks the likeliest outcome; although conservatives fume that a traitor is getting off lightly. Not a word has been heard so far from Pyongyang, maybe because Song has apparently now burned his bridges with the North.

### **The Road Less Open?**

The quarter ended, not for the first time, on a note of ambiguity and warning. On Oct. 6 a thousand-strong Southern delegation is due to cross the DMZ by bus and head to Pyongyang for the opening of the Chung Ju-yung Gymnasium, yet another piece of Hyundai largesse to Kim Jong-il. This unprecedented caravanserai was to have included

members of the national assembly's cultural and tourist committee, which had voted to make a "policy inspection" of Pyongyang and Kaesong during Oct. 6-9. The DPRK's annoyance at such presumption was understandable, even if its language was typically overblown: "It is preposterous and impudent for the sycophantic traitorous political charlatans to dare... inspect the independent and dignified DPRK as they are bereft of any philosophy, dignity, and sovereignty."

Ominously, Pyongyang's statement warned that the newly reopened land routes "are available only for those persons and organizations that truly love the country and the nation." In a Sept. 27 telephone message to ROK Unification Minister Jeong Se-hyon, the head of the Northern delegation to the ministerial talks, Kim Ryong-song, further protested against this "intolerable mockery of the dignity of the DPRK" and demanded a formal apology; failing which there would be "irrevocably serious consequences to the inter-Korean relations." This may be bluff, but for the GNP-dominated Parliament to say sorry is unlikely; in which case North Korea might ban the bus convoy, or even suspend inter-Korean dialogue temporarily. That could mean canceling or postponing the 12<sup>th</sup> round of ministerial talks, due to be held in Pyongyang Oct. 14-17. Nonetheless, over time this slow, low-key, halting, but historic process of growing mutual reacquaintance looks set to continue – nukes notwithstanding.

### **Chronology of North Korea-South Korea\*** **July-September 2003**

**July 1, 2003:** South Korea's National Assembly adopts a resolution urging North Korea to improve its human rights situation. This is reportedly the first such motion ever passed.

**July 2, 2003:** North Korea agrees to take part in the Universiade (world student games) to be held in August in Daegu, ROK is the second time the DPRK has participated in an international sports meeting in South Korea, the first being last year's Asian Games in Pusan.

**July 2-4, 2003:** Third round of working meetings on linking crossborder railways and roads is held at Munsan, ROK. DPRK participants commute daily across the Demilitarized Zone (DMZ). A 5-point agreement and 6-point supplement set detailed tasks, including Southern inspections of progress North of the DMZ on July 15-17 (west coast) and July 22-24 (east).

**July 3, 2003:** A South Korean ship heads North with 3,000 tons of rice: a first consignment of 400,000 tons pledged by Seoul, and the first official aid under Roh Moo-hyun's presidency.

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\* The author is deeply grateful to earlier compilers, whose chronologies he has liberally plundered to construct this one; in particular the ROK Ministry of Unification's "Chronicles" ([www.unikorea.go.kr](http://www.unikorea.go.kr)) and Tom Tobback's indispensable [www.pyongyangsquare.com](http://www.pyongyangsquare.com)

**July 4, 2003:** Kim Jin-ho, president of the ROK parastatal Koland, puts the price of leasing land in the Kaesong industrial zone at between 100,000 won (\$84.6) and 200,000 won per *pyeong* (3.3 square meters), plus development costs of around 390,000 won per *pyeong*.

**July 4, 2003:** South Korea's Ministry of National Defense (MND) reverts to defining the DPRK as the ROK's "main enemy." This designation was banned under the Kim Dae-jung administration (1998-2003), leading to suspension of the MND's annual defense white paper.

**July 9-12, 2003:** The 11<sup>th</sup> inter-Korean ministerial meeting held in Seoul, led by Unification Minister Jeong Se-hyun (ROK) and senior Cabinet councillor Kim Ryong-song (DPRK). It ends with a 6-point agreement, mostly reiterating earlier pledges and plans.

**July 15, 2003:** South Korea's National Assembly passes bill for a special prosecutor to further probe clandestine remittances to North Korean before the 2000 summit.

**July 17, 2003:** Korean People's Army (KPA) soldiers fire on an ROK guard post at the DMZ, which returns the fire. The incident does not escalate. No explanation or apology is offered.

**July 28, 2003:** Some 103 officials and supporters of Good Neighbors, a South Korean charity, fly directly from Seoul to Pyongyang to visit sites and projects aided by their organization.

**July 29, 2003:** About 120 members of a radical ROK teachers' union fly to Pyongyang for five days of meetings with DPRK educationalists, the first ever such event. On the same plane are civic activists, going to plan joint celebrations for Liberation Day (from Japan in 1945) on Aug 15.

**July 29, 2003:** Four days of working-level inter-Korean economic talks begin in Kaesong. The southern team commutes daily across the DMZ from Seoul, via the Kyongui corridor.

**July 30, 2003:** The DPRK says that the "Voice of National Salvation" radio, hitherto claimed to be an underground station within South Korea, will cease broadcasting on Aug. 1. It urges the ROK to discontinue Southern broadcasts targeted at the North.

**July 30, 2003:** A bipartisan group of 22 ROK lawmakers submits a resolution urging the signing of a Korean peace treaty, and opposing any new war on the Peninsula.

**July 31, 2003:** The two Koreas agree to implement four bilateral economic agreements (first drawn up in Dec. 2000) by exchanging ratified documents on Aug. 6. These cover investment protection, double taxation, dispute settlement, and payment clearance. Other

agreements are made to confirm the origin of products, and to designate settlement banks for bilateral trade.

**Aug. 4, 2003:** Chung Mong-hun, chairman of the Hyundai group, commits suicide. He faced charges regarding illicit payments to North Korea, where Hyundai's projects have lost money.

**Aug. 5, 2003:** North Korea suspends plans to resume Hyundai's Mt. Kumgang tours, as a gesture of mourning following the death of Chung Mong-hun.

**Aug. 5, 2003:** Chung Mong-hun's elder brother Chung Mong-koo, head of Hyundai Motor, disavows any plans to pursue economic projects in the DPRK as not commercially viable. He calls on the ROK government, rather than private firms, to spearhead business in the North.

**Aug. 5, 2003:** The ROK Presidential Committee on the Northeast Asian Business Hub says it will inspect DPRK railways next year, to ensure they are suitable for inter-Korean traffic.

**Aug. 6, 2003:** South Korea accepts a Northern proposal to postpone ratification of the four economic agreements due to be exchanged today, in the light of Chung Mong-hun's death.

**Aug. 11, 2003:** Family members, Hyundai executives, and DPRK officials attend a memorial service for Chung Mong-hun at Mt. Kumgang. The ROK delegation crosses the DMZ by bus. Kim Jong-il sends a message of condolence.

**Aug. 11, 2003:** A popular long-running amateur song contest program of the ROK's KBS TV is held in Pyongyang for the first time, as a co-production with the North's Korean Central TV, with 30 DPRK entrants. It is broadcast simultaneously in North and South on Aug. 15.

**Aug. 11, 2003:** Hyundai Asan president Kim Yoon-kyu says that Samsung, South Korea's largest *chaebol* (conglomerate), plans to establish an electronics complex in the Kaesong industrial zone. Samsung immediately denies any plans to invest in the DPRK.

**Aug. 13, 2003:** Hyundai's cruise tours to Mt. Kumgang resume, after a lengthy suspension due to North Korea's draconian anti-SARS quarantine.

**Aug. 14, 2003:** A South Korean chartered plane flies 330 ROK civic leaders directly to Pyongyang for joint celebrations to mark Liberation Day (from Japanese rule in 1945).

**Aug. 14, 2003:** South Korea announces that the DPRK flag, technically illegal in the ROK, will be allowed to be flown during the Taegu Universiade.

**Aug. 18, 2003:** After initially saying their flight (due Aug. 17) was delayed for technical reasons, DPRK TV reports that its 500-member party will not attend the Taegu Universiade, claiming that South Korea has become dangerous because of anti-North demonstrations.

**Aug. 18, 2003:** The ROK Navy fires warning shots at a DPRK ship that briefly crossed the Northern Limit Line (NLL), the long-established West Sea boundary disputed by the North.

**Aug. 18, 2003:** The planned exchange of four ratified inter-Korean economic agreements at Panmunjom is canceled, as the Northern delegation fails to appear.

**Aug. 19, 2003:** ROK president Roh Moo-hyun expresses regret over a recent protest in Seoul, where the DPRK flag and a portrait of leader Kim Jong-il were burned. The opposition Grand National Party (GNP) criticizes this apology, but after the North agrees to reverse its boycott of the Taegu Universiade.

**Aug. 20, 2003:** Four DPRK airplanes fly into the ROK's Kimhae airport carrying 221 athletes and officials led by Chang Ung, a member of the International Olympic Committee; plus 302 supporters, mainly consisting of young female cheerleaders and an all-women brass band.

**Aug. 20, 2003:** The four countersigned economic agreements, originally drawn up in 2000, are finally exchanged at Panmunjom. They cover protection of investment, elimination of double taxation, settlement of commercial disputes, and clearance of payments.

**Aug. 20, 2003:** North and South Korea reportedly agree in principle to field a unified team at the 2004 Olympic Games in Athens. If true, this will be the first time ever. Despite marching together at the 2000 Sydney Olympics, they competed separately; and likewise in Taegu.

**Aug. 20, 2003:** Scholars from both Koreas meet in Pyongyang to discuss a weighty matter: why the English spelling was changed from 'Corea' to 'Korea', allegedly during the Japanese colonial era (1910-1945). A dastardly plot is suspected to give Japan alphabetical precedence.

**Aug. 21, 2003:** The third meeting of a task force on constructing a permanent reunion center for separated families at Mt. Kumgang is held at the Northern resort.

**Aug. 21-23, 2003:** A sixth inter-Korean working-level contact on connection of trans-border railways and roads is held at Kaesong. Southern delegates commute daily across the DMZ. A 6-point agreement covers signals, telecoms and power systems. The South will design these systems, and is to send plans, materials and engineers to the North in the coming months.

**Aug. 24, 2003:** DPRK “reporters” assault peaceful anti-North protesters outside the Taegu Universiade media center. The German activist Dr. Norbert Vollertsen is injured. Pyongyang threatens to pull out of the games if Seoul does not take action to stop such demonstrations.

**Aug. 25, 2003:** A 256-member Southern delegation from Cheju, led by its governor, arrives in Pyongyang. The island province has donated tangerines and carrots to the DPRK in recent years. The group is allowed a rare trip to Mt. Paekdu, a sacred mountain on the DPRK-China border. Separately, a delegation from Pusan, South Korea’s second city, also visits the North.

**Aug. 26, 2003:** Upon his return from Pyongyang, a South Korean lawmaker says the DPRK has been constructing a massive tourism complex at Mount Paekdu on its border with China.

**Aug. 26-28, 2003:** The sixth meeting of the South-North Economic Cooperation Promotion Committee is held in Seoul. A 9-point agreement addresses, inter alia: the institutional framework for cooperation, relinking cross-border railways and roads, building the Kaesong industrial zone, and exchanging economic study group visits.

**Aug. 27, 2003:** The Korea People’s Army fires a shot at a South Korean border post in the DMZ. 80 minutes after the incident the South receives a phone message saying it was an accident.

**Aug. 27-29, 2003:** Six-party talks between the two Koreas, China, Japan, Russia, and the U.S. on the North Korean nuclear issue are held in Beijing. They end without a joint statement, or even an agreement to meet again.

**Aug. 28, 2003:** The DPRK cheering squad reappears at the Taegu Universiade, after three days of absence following the clash between human rights activists and DPRK reporters.

**Aug. 29, 2003:** ROK government asks the National Assembly for a \$17 million subsidy to support Hyundai’s Mt. Kumgang tours.

**Aug. 31, 2003:** The Taegu Universiade closes. Northern and Southern athletes jointly wave the Peninsula’s peace flag in the closing ceremony.

**Sept. 1, 2003:** Hyundai Asan resumes overland tours to Mt. Kumgang, suspended soon after they began in February. 15 buses bring 328 Southern tourists to the Northern resort, while 106 go by boat.

**Sept. 2, 2003:** Ex-KWP secretary Hwang Jang-yop, the highest-ranking DPRK official ever to defect to South Korea, is finally allowed to travel to the U.S., where he has longstanding invitations from conservative groups. The previous Kim Dae-jung

government would not let him go, for fear of damaging North-South ties. As of Oct. 2 he had yet to make the trip.

**Sept. 3, 2003:** The South says it expects to open two immigration offices near the DMZ for the new east and west corridors, to handle cross-border personnel and economic exchanges.

**Sept. 5, 2003:** A scheduled meeting at Mt. Kumgang to discuss the construction of a planned permanent center for family reunions is canceled.

**Sept. 7, 2003:** The DPRK Red Cross requests 100,000 tons of fertilizer from its counterpart in the South. The ROK government says it will consult the National Assembly before deciding.

**Sept. 14, 2003:** Pyonghwa Motors, an affiliate of the Unification Church, which assembles Fiat cars in Nampo, is reported to have got permission to erect Pyongyang's first commercial billboards to advertise their wares – provided they do not appear to be selling anything.

**Sept. 15, 2003:** 114 Southern tourists fly directly from Seoul to Pyongyang on a DPRK Air Koryo plane for a five-day visit, in the first ever regular tourist trip between the two capitals. The organizers, another Pyonghwa group company, plan several further tours this year.

**Sept. 17, 2003:** Eighth North-South military working talks, held at Panmunjom, agree to start using the almost finished new roads in the Kyongui and Donghae trans-DMZ corridors, rather than the temporary tracks used hitherto; and to set up a hotline at Donghae (on the east coast).

**Sept. 18, 2003:** South Korea reports that inter-Korean trade during January-August rose 45 percent over the same period last year, to \$406 million. Southern exports (mainly aid goods) totaled \$245 million, while Northern exports (mostly commercial) reached \$161 million.

**Sept. 18, 2003:** South's unification minister says three 5-person teams of ROK inspectors will visit three Northern ports – Nampo, Heungnam, and Chongjin – later in September, as agreed at an earlier meeting, to check on the distribution of 400,000 tons of rice aid.

**Sept. 20-25, 2003:** An eighth round of family reunions is held at Mt. Kumgang. 556 elderly South Koreans are briefly reunited, after half a century, with 346 of their Northern kin.

**Sept. 25, 2003:** ROK unification minister announces that 1,000-member Southern delegation will travel overland by bus to Pyongyang on Oct. 6, using the Kyongui corridor across the DMZ, for the opening of the Chung Ju-yung Gymnasium built by Hyundai.

**Sept. 26, 2003:** A Seoul court convicts six former senior officials – including ex-unification minister Lim Dong-won, architect of the Sunshine Policy – of illicit payments to North Korea before the 2000 North-South summit, but suspends jail sentences as this was “an act of state.”

**Sept. 29, 2003:** Seoul announces, and starts implementing, procedures for verifying the origin of goods imported from North Korea, as agreed at an earlier meeting.

**Sept. 29, 2003:** Unification Minister Jeong Se-hyun leaves for the U.S., to speak on the South’s North Korea policy to business, academic, and ethnic Korean audiences. Though his itinerary includes Washington, he is not scheduled to meet any member of the Bush administration.

**Sept. 30, 2003:** 300 members of ROK civic organizations fly directly to Pyongyang for a five-day celebration of National Foundation Day, commemorating the mythical founding of Korea in 2333 BCE by Tangun – whose grave North Korea claims to have found, and has rebuilt.