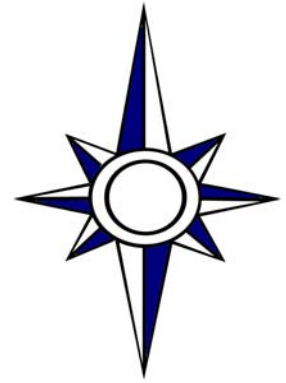


Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



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North Korea-South Korea Relations: Mixed Signals

During the last quarter of 2009 relations between the two Koreas maintained the slight improvement seen since late August, when two senior Northern figures visited Seoul and met the hitherto excoriated President Lee Myung-bak. This easing is a relief compared to the first year and a half of Lee's presidency, during which North-South ties went from bad to worse. Yet it is premature to suggest any substantial improvement – much less a return to the engagement of the “Sunshine” decade (1998-2007), which must now be consigned to history. Rather, what we see is mixed signals from Pyongyang, and to some extent also from Seoul. Having got past initial hostilities, the two governments are now testing and sounding each other out. This is not happening in a vacuum, but in the context of two wider imponderables: whether Kim Jong-il will return to nuclear dialogue in any shape or form, plus the opaque and delicate process of installing his third son Kim Jong-eun as his anointed successor. A surprise currency redenomination in early December, rendering most North Koreans' savings worthless and reportedly provoking protests, is a reminder that the North's internal stability cannot be taken for granted – and a blow to those who still aver that the DPRK is at some level trying to change for the better.

No further family reunions planned

The main sign of a new thaw had been a fresh round of family reunions in late September, the first in two years, held as usual at Hyundai's otherwise idle Mount Kumgang resort – tours have been suspended since July 2008 – in the southeast DPRK. As we reported last time, these went well enough in their limited fashion. Yet this was only a one-off event, not a resumption of the regular program. Subsequent Red Cross talks on Oct. 16 ended without agreement and they have not met since. There are three issues here. The South had sought reunions in November in Seoul and Pyongyang, and in February at Mount Kumgang. Although earlier reunions were held in the two capitals, the North prefers to isolate them in the Kumgang enclave. Second, the South also raised the issue of ROK abductees and unreturned prisoners of war, but the North continues to stonewall and deny that any such persons exist.

Third, the North reportedly asked for unspecified humanitarian aid; the South demurred. President Lee Myung-bak is sticking to a hard line on aid. Having ended the annual supply of 500,000 tons of rice and 300,000 tons of fertilizer that was provided in the “Sunshine” era – nominally as a loan, but few ever expected repayment – he now insists on three principles. First, the DPRK must officially ask for help. Second, all assistance must be strictly monitored. Third, there will be no major expansion of cooperation unless and until the North commits irrevocably to denuclearization – but if it does, everything is possible.

That is the theory. In practice, on Oct. 26 the ROK Red Cross offered to send 10,000 tons of corn, 20 tons of milk powder and medicines; minuscule compared to what was given in the past, or in terms of the DPRK's needs. Confidence in Seoul that this would be accepted had not been borne out as of early January 2010. Pyongyang has yet to make any official response, but on Nov. 10 a Northern website condemned the offer as "pitiful and narrow-minded."

Swine flu prompts swift aid

Then came swine flu, and Seoul's response was very different. Like most countries, South Korea has been hit by influenza A (H1N1), with 170 deaths as of Dec. 15. But North Korea long and resolutely maintained it was swine flu-free, despite rumors to the contrary. When a South Korean working at the joint venture Kaesong Industrial Complex (KIC), just above the Demilitarized Zone (DMZ), tested positive, he was swiftly sent home.

On Dec. 9, a day after Lee Myung-bak told his government to help the North deal with any outbreak, Pyongyang finally admitted it had a total of nine cases in the capital and Sinuiju city on the Chinese border. At once Seoul swung into action. Talks were swiftly held and on Dec. 18 refrigerated trucks crossed the DMZ with enough Tamiflu for 400,000 people and Relenza, another antiviral drug, for 100,000. The South paid the \$15 million tab and waived its usual monitoring clause, although *Yonhap*, the semi-official ROK news agency, reported that Southern "doctors will accompany the trucks to oversee the delivery and give advice to North Koreans on how to apply the medication." Pyongyang promptly thanked the South.

There may be self-interest here. If, as some Southern NGOs claim, swine flu is widespread in the North, the South obviously wants to stop it from spreading across the border and worsening its own epidemic. As so often with North Korea, the facts are unclear. WHO apparently accepts Pyongyang's account of a limited outbreak, for which Seoul's aid is more than enough. At all events, the South's quick generosity and both sides' effective cooperation show what can be done. By contrast, it was reported on Oct. 5 that total Southern medical aid to the North in the first half of 2009 plummeted from \$57.89 million in 2008 to just \$7.09 million. Another report two days later said that so far the Unification Ministry (MOU) has spent less than 5 percent of its W1.16 trillion (\$991 million) budget for inter-Korean cooperation this year. So there is scope, need, and precedent for Seoul to help much more, on an ongoing basis.

Proper channels

Given the one-sidedness of the former "Sunshine" policy, it is understandable if Seoul insists on laying down some ground rules. To the North's chagrin, the South has yet to respond to proposals to resume and expand tourism put to Hyundai's chairwoman, Hyun Jeong-eun, when she visited Pyongyang in August (discussed in our last issue). Although Hyun duly briefed MOU on her return, the ROK view is that if the DPRK has something to say then it must do so officially through the proper channels, rather than via a private citizen.

Reports that the South is considering non-cash forms of payment if tourism resumes – citing a need for transparency in the context of UN sanctions – caused fury in the North. On Dec. 1 *Minju Joson*, daily paper of the DPRK Cabinet, called this the "hysteria of lunatics hell-bent on

confrontation with compatriots ... The world knows no country where tours are paid in kind ... it clearly indicates they are nothing but dregs of history who should have lived in the era of feudalism when barter trade prevailed." Pyongyang earned \$487 million in fees from tourism to Mount Kumgang from 1998-2008. It must be missing this revenue stream.

A third summit?

As a new year opens, argument continues in Seoul between those who insist that Pyongyang must be made to adhere to rules and reciprocity vs. the view that some bolder and more imaginative gesture is needed to break the deadlock. The former camp includes Unification Minister Hyun In-taek, a known hardliner, who said on Nov. 23 that "clamoring for better relations while holding on to nuclear weapons is like searching for a fish on a tree. To catch a fish, one has to come down from the tree." DPRK media attacked him by name, for the first time since such insults stopped in August, as a malicious traitor who is "ramping around recklessly against the trend of the time, which is now leaning toward peace and unification."

And yet this came after a month of rumors that the two Koreas have been secretly discussing a possible summit meeting. Official denials of this have been lukewarm and unconvincing. Kim Jong-il may have made the suggestion through his emissaries in August, or indirectly to Wen Jiabao when the Chinese premier visited Pyongyang in October. A Pentagon briefing claimed as much, only to be slapped down by the Blue House as a "misunderstanding."

One reason why Kim Jong-il may have offered this is to put Lee Myung-bak on the spot. It would be hard for Lee to accept, unless Kim comes to Seoul – unlikely, on past form and security grounds – or makes major nuclear concessions, which is even less probable. North Korea continues to insist that nuclear matters are none of Seoul's business. On Dec. 19, the party daily *Rodong Sinmun* stated flatly that "the nuclear issue has nothing to do with North-South relations, so it cannot become an obstacle to improving inter-Korean ties."

Even so, knowing how things get done in Pyongyang (and to a degree in Seoul as well), Lee must surely be tempted to go straight to the top and meet his opposite number in a bid to cut through the knots and put Seoul back in the game. His offer of a "grand bargain," discussed in our last issue, could gain traction (and much-needed flesh on its bones) if he put it to Kim personally. Then again, Lee has chairing the G20 to keep him busy this year. On balance, we do not expect a third inter-Korean summit in 2010 – but nothing is impossible.

Mixed signals

A more plausible prospect is that the two Koreas will continue to circle each other warily, with a mixture of point-scoring, negativism, and the occasional advance. That more or less sums up the past quarter, when North Korea, while mostly and thankfully more peaceable – with one major exception – also appeared inconsistent, hence hard to interpret overall. This may reflect policy debates in Pyongyang, or just be a smokescreen to confuse outsiders.

Thus, November saw the first inter-Korean naval skirmish in seven years. On Nov. 10 a single DPRK patrol boat entered Southern waters south of the Northern Limit Line (NLL), the de facto

post-1953 West (Yellow) Sea border, which Pyongyang does not recognize. An ROK ship fired a warning shot; the Northern boat responded with 50 rounds of live fire. That was unwise as the Southern navy replied with at least 200 rounds, setting the intruder ablaze and forcing it to retreat. Seoul press reports claim one Northerner dead and three wounded.

Naturally there was much huffing and puffing from Pyongyang, with threats of “merciless measures” in retaliation. Yet, just a week later on Nov. 17, on the eve of President Obama’s visit to Seoul, *Rodong Sinmun* vowed that “we will continue to make active efforts for the improvement of North-South relations.” A day earlier, President Lee told South Koreans not to worry; despite a degree of media hysteria, the North had made no unusual military moves. As with the two previous and more serious such clashes, in 1999 and 2002 – both in the era of “Sunshine,” be it noted – mystery persists as to why the North chose to pick a fight in the first place, even if it had the sense each time not to let matters escalate out of hand.

Sand of peace

Moreover, this did not prevent more peaceable maritime intercourse in the same waters. Just four days after the two navies clashed, the DPRK freighter *Kumpit* (Light of Gold) docked in Incheon to unload 2,100 tons of silica sand. Much used by the construction industry, sand is South Korea’s top import from the North, worth \$73.35 million in 2008. Recently Seoul has sought to control this trade, as Northern suppliers are thought to have military links. Having banned Southern buyers from going to the North since the DPRK’s May nuclear test, on Oct. 27 South Korea tightened rules on this and two other leading Northern export items, anthracite and pine mushrooms, announcing imports will henceforth require prior approval by MOU.

More generally, and encouragingly, North-South trade has begun to grow again after more than a year of decline. On Oct. 19, the ROK Customs Service reported that September’s total of \$173.17 million was up 2.6 percent year-on-year; the first increase in 13 months. DPRK exports of \$98.70 million exceeded the ROK’s \$74.47 million. This continued in October when Northern exports hit a record \$100.7 million, while the South sent goods worth \$71.9 million for a total of \$172.6 million, up 5.9 percent from October 2008. The recovery came too late to prevent a fall for 2009 overall – as of end-November mutual trade totalled \$1.46 billion, down 14 percent from \$1.69 billion in 2009 – but the trend augurs well for 2010.

South Korea remains the North’s main export market and at this rate could displace China as Pyongyang’s main trade partner overall. One can see why Kim Jong-il may not welcome that and a reported new economic agreement with China may be designed to prevent it. Conversely, Lee Myung-bak might relish the potential leverage. At all events, Lee shows no sign of checking this growth in trade or of wanting to add nuclear-related conditionalities.

The Kaesong zone: back to normal

Much inter-Korean trade involves the joint venture KIC, just north of the DMZ. After months of harassment by the North earlier in 2009, lately the KIC has returned to normal – to the great relief of the 116 mostly small ROK firms operating there, who, amidst the global economic

slowdown, really did not need this gratuitous extra pressure. Its monthly output is now worth over \$20 million, mostly sold in South Korea but with some also exported overseas.

A positive sign here is that in December a joint North-South team spent a fortnight visiting similar industrial parks in China and Vietnam. This was Seoul's idea with the aim being to show Pyongyang what the competition looks like in hopes that henceforth there will be no more self-defeating border restrictions or demands for ludicrously inflated wage and land rent hikes. Afterwards, the South sounded optimistic that the penny had dropped, although on another front, the same month's currency redenomination by the North hardly suggests a regime sincerely committed to a market economy.

Kim and son fall out; Lee reads the riot act

Prospects for a North-South summit may not be helped by comments published on Oct. 23 by one of South Korea's leading experts on the North. Nam Sung-wook, a key adviser to President Lee and head of the Institute for National Security Strategy in Seoul, claims that Kim Jong-il has had a row with his son and putative heir Kim Jong-eun over military promotions. Jong-eun was getting above himself, so the succession is on hold for the time being. As Nam put it, "Kim Jong-il knows so well that two suns should not exist in the sky."

Nam also reported that Lee used "stern tones" to the two top-level Northern emissaries who visited Seoul in August. "We are living in the 21st century," said the ROK president. This is not the old days, so don't try to solve everything via military provocations. The DPRK must not think it can misbehave and then expect rewards for correcting its behavior. The future of North-South economic cooperation depends on the North's "attitude." At this, one of the North Korean visitors vowed to "do his best" – and even bowed to the South's president. Whichever Kim that was may now have some explaining to do the top Kim of them all.

Gas and trees: North not consulted

As South Korea strives to find a workable new approach to the North, it continues to offer – and hopefully learn – lessons in what not to do. On Oct. 1 the ROK's KoGas, the world's largest gas importer, admitted that its contract to import liquefied natural gas (LNG) from Russia will be realized by ship rather than pipe, unless North Korea asks for a pipeline to be built on its soil. As we remarked at the time, the spectacle of South Korean and Russian leaders gaily talking pipelines without consulting Pyongyang was tactless in the extreme.

The same goes for another bee in Lee Myung-bak's bonnet. In his election campaign he had pledged to plant 100 million trees in North Korea. The North could certainly use these. Its forests have never recovered from USAF napalm half a century ago, unlike the South, which under Park Chung-hee, had an early afforestation campaign. In recent years the DPRK has seen further loss of tree cover as its impoverished citizens seek firewood. So Lee's is by no means a bad idea, if in part also self-serving as planting all those trees would help Seoul reach its ambitious green targets for carbon balance. But as with the gas pipeline idea, practicality and tact alike mean the North should be fully involved. Instead, Lee has ordered the ROK government to make an outline plan based on satellite photographs. Who could blame Pyongyang for feeling miffed?

Assorted threats

Even amid a broadly eased atmosphere, South Korea continues to keep tabs on the North's varied threats. The National Assembly's inspection of the Defense Ministry (MND) produced reminders of several of these. On Oct. 5, Defense Minister Kim Tae-young said that the South has identified some 100 sites linked to the North's nuclear program and has the capacity to strike them if need be. MND also said that the North is thought to have up to 5,000 tons of chemical weapons as well as 13 types of viruses and germs usable in biological weapons – including cholera, yellow fever, smallpox, eruptive typhus, typhoid and dysentery. Again citing MND, a ruling party lawmaker said that one-third of the North's Korean People's Army's 180,000-strong Special Forces – the world's largest – operate under the direct command of the general staff or as snipers and could be rapidly mobilized.

A week later, when the North test-fired five short-range missiles in the East Sea (Sea of Japan), despite noting that this violates UNSC Resolutions 1695, 1718, and 1874, there was no formal condemnation by Seoul. The Foreign Ministry commented that “we have no desire to react every time North Korea does something.” MND added that “they gave notice in advance, and we do not usually react to short-range missile tests.” However, Chief of Naval Operations Adm. Jung Ok-keu, noted that these *KN-02* missiles had a range of 130-160 km, greater than the 120 km previously reckoned.

A threat of a different magnitude, if not to South Korea, is a new missile base at Dongchang-ri, 200 km northwest of Pyongyang. On Oct. 26 officials in Seoul said this site is all but finished. Three times the size of Musudan-ri, where April's long-range rocket was launched, the new site (close to China) is thought capable of launching ICBMs with a range of 5,000 km.

Four days later, Won Sei-hoon, head of the National Intelligence Service (NIS), told ROK lawmakers at a closed-door meeting of the National Assembly Intelligence Committee that Pyongyang was behind a wave of cyber-attacks in early July. He claimed these were traced to a Chinese IP address used by the DPRK Ministry of Post and Telecommunications. Though some remain skeptical, taking no chances from Jan. 10 Seoul has beefed up its cyber-defenses.

The threat is not all one way. Behind North Korea's bluster lies a fear of the combined might and intentions of US and ROK forces. On Nov. 1 a source in Seoul announced completion of Operations Plan (OPLAN) 5029, which specifies their joint responses to possible DPRK contingencies – including regime collapse. The ROK military would have the lead role, but nuclear weapons and facilities would be handled by the US. For the KPA to read this can hardly be pleasant. *Rodong Sinmun's* riposte on Nov. 9 was fairly mild: “Their concoction of such farcical events which can never happen in the DPRK is an unpardonable provocation.” Even so, in December someone hacked into OPLAN 5029; Seoul knows whom it suspects.

Defectors, drifters, cables

The past quarter had its quota of defectors, not all one-way. Northern boat people are as yet rare, but on Oct. 1 two families in a tiny 3-ton craft reached the South all the way from North

Hamgyong in the northeastern DPRK, having circled far out to sea to elude KPA radar. They had planned this for over a year, fleeing poverty rather than persecution. The DPRK, as usual, asked for their return, but soon gave up. By contrast, in two cases where Northern boats with engine trouble drifted into Southern waters by mistake, the South was swift and scrupulous in repatriating the crew, having ascertained that this was their will.

Very rarely someone goes the other way. The latest, reported with some glee by *KCNA* on Oct. 27, is one Kang Dong-lim, who crossed the DMZ (mines and all) in the eastern sector on Oct. 26. ROK authorities next day confirmed finding the border fence cut, and revealed that Kang was on the run after hitting his employer, a pig farmer, with a hammer. President Lee, embarrassed that no one had noticed Kang's flight, ordered tighter border security.

This did not impede a more authorized crossing just days later. On Oct. 28-29, thirty Southern trucks delivered fiber-optic cables and equipment worth \$714,000 to North Korea via both the western and eastern border gates to improve inter-Korean communications. Southern officials said the North's worn-out equipment had caused 30 cases of miscommunication last month alone, delaying cross-border traffic. This technological upgrade had been planned for two years, but was delayed by inter-Korean bad blood during the first 18 months of Lee Myung-bak's presidency. The new cables came into service two months later, on Dec. 30.

The North sounds a mellower note

As the quarter ended – indeed, as a new quarter, year and decade began – some saw signs of a possible thaw in inter-Korean relations. The North's regular new year editorial, carried in its three main daily papers (those of the Party, armed forces, and youth league), sounded a less bellicose note than usual, calling for a nuclear-free peninsula – even while praising last May's nuclear test as a “landmark event” – and “an end to the hostile relationship between the DPRK and the USA.” On North-South relations, the editorial noted the upcoming 10th anniversary of the June 15 North-South Joint Declaration (i.e., the first inter-Korean summit held in Pyongyang in 2000, between Kim Jong-il and the South's then president, the late Kim Dae-jung.) It hailed this for promoting “great, unprecedented successes”, and urged

“National reconciliation and cooperation should be promoted actively. Reconciliation should be promoted with the common national interests given precedence, and cooperation should be encouraged through travel and contacts between the people from all walks of life. All sorts of legal and institutional mechanisms that hinder the projects for common interests and prosperity of the nation should be abolished and free discussion and activities of the broad sections of the people for reunification should be fully ensured.”

Fine words, but do they mean it? As to “travel and contacts,” even during the decade of the “Sunshine” policy (1998-2007) these were strictly one-way as almost no North Koreans except high officials visited the South. The North also curbed both the scope and number of family reunions. The response in Seoul, while welcoming this more mellow tone, was thus cautious. The hope is that relations may improve, but the fear is that mixed signals will persist.

Chronology of North Korea-South Korea Relations October - December 2009

Oct. 1, 2009: On ROK Armed Forces Day, President Lee Myung-bak says: “South-North dialogue and peace will progress when we have a strong military with firm readiness.”

Oct. 1, 2009: ROK Coast Guard escorts a 3-ton boat carrying 11 North Koreans into an eastern naval base.

Oct. 1, 2009: *Asia Pulse* reports KoGas president Choo Kang-soo as saying that the ROK state provider will import liquefied natural gas (LNG) from Russia by ship rather than pipe it across the DPRK, unless Pyongyang asks for the pipeline to be built on its soil.

Oct. 2, 2009: The Seoul press reports that Hyundai Asan has paid North Korea \$487 million in fees for tours to Mount Kumgang since 1998, plus \$714 million to build facilities there.

Oct. 2, 2009: The second tranche of family reunions ends at Mount Kumgang. This briefly brought together 98 elderly North Koreans and 428 of their Southern relatives.

Oct. 3, 2009: *Rodong Sinmun*, daily paper of the North’s ruling Workers’ Party of Korea (WPK), calls on Seoul to resume exchanges and cooperation as per the 2000 and 2007 inter-Korean accords, regardless of the nuclear deadlock and international sanctions.

Oct. 4, 2009: South Korea’s Unification Ministry (MOU) reports that all 11 North Korean boat people (see Oct. 1) want to stay in the South.

Oct. 5, 2009: ROK Foreign Minister Yu Myung-hwan says Seoul will fine-tune details of President Lee Myung-bak’s “grand bargain” for tackling the DPRK nuclear stalemate.

Oct. 5, 2009: ROK Defense Minister Kim Tae-young says South Korea has identified about 100 sites linked to the North’s nuclear program.

Oct. 5, 2009: Kwon Young-se, a lawmaker of South Korea’s ruling conservative Grand National Party (GNP), says North Korea received aid worth \$2.29 billion since 1994 in return for promises to scrap its nuclear program, on which it has reneged.

Oct. 5, 2009: Hong Joon-pyo, a South Korean lawmaker, says one-third of the North’s 180,000-strong Special Forces operate under the direct command of the general staff or as snipers.

Oct. 5, 2009: ROK Ministry of National Defense (MND) says North Korea is thought to have 2,500-5,000 tons of chemical weapons as well as 13 types of viruses and germs that can be used in biological weapons.

Oct. 5, 2009: Citing fears that China dominates the DPRK's minerals sector, lawmaker Lee Mi-kyung of the Democratic Party (DP) calls on the Lee administration to revive a stalled swap deal whereby the South received Northern zinc in return for supplying basic household goods.

Oct. 5, 2009: DP lawmaker Song Young-kil, citing MOU and Red Cross data, says that Southern medical aid to the North in January-June fell sharply to \$7.09 million, down from \$57.89 million in the first half of 2008.

Oct. 6, 2009: Seoul's Finance Ministry (MOF) says next year's spending on inter-Korean economic cooperation will rise by 30 per cent to W398.2 billion (\$339.6 million). A fifth of this is earmarked to improve infrastructure and facilities at the Kaesong Industrial Complex (KIC).

Oct. 6, 2009: Samsung Economic Research Institute (SERI), a leading private think tank in Seoul, says that a reduction in foreign aid has driven up food prices in North Korea.

Oct. 7, 2009: South Korea's Foreign Ministry (MOFAT) reports that China has briefed the ROK on Wen Jiabao's visit to Pyongyang.

Oct. 7, 2009: *Yonhap* reports that so far this year MOU has spent only W56 billion on inter-Korean cooperation – less than 5 percent of the W1.16 trillion (\$991 million) budgeted.

Oct. 8, 2009: ROK Foreign Minister Yu Myung-hwan says that UN sanctions must remain in place even if the DPRK comes back to the Six-Party Talks.

Oct. 10, 2009: The Blue House (the ROK presidential office) says that China and Japan both endorsed President Lee's idea of a "grand bargain" to denuclearize North Korea at the three nations' trilateral summit held in Beijing that day. China refers to it as a "great exchange."

Oct. 12, 2009: North Korea test-fires five short-range missiles in the East Sea/Sea of Japan. Officials in Seoul say this violates UNSC resolutions 1695, 1718, and 1874.

Oct. 14, 2009: Talks on flood prevention are held at Kaesong. Pyongyang belatedly expresses regret for the deaths of the six South Korean campers on Sept. 6, who drowned when the North without warning opened floodgates on its Hwanggang dam. Seoul accepts this de facto apology.

Oct. 16, 2009: A meeting between the two Koreas' Red Cross bodies at Kaesong ends without agreement on family reunions or other issues.

Oct. 18, 2009: The Blue House dismisses a claim in a Pentagon background briefing that Kim Jong-il has invited Lee Myung-bak to a summit in Pyongyang as a "misunderstanding."

Oct. 19, 2009: ROK Customs Service reports September's inter-Korean trade, totaling \$173.17 million, was up 2.6 percent over September 2008; the first increase in 13 months.

Oct. 23, 2009: Nam Sung-wook, a key adviser to President Lee and head of the Institute for National Security Strategy in Seoul, claims that Kim Jong-il has had a row with his son.

Oct. 26, 2009: Seoul officials say that the DPRK has “as good as finished” a new missile base at Dongchang-ri, 200 km northwest of Pyongyang.

Oct. 26, 2009: South Korea’s Red Cross faxes its Northern counterpart offering to send 10,000 tons of corn, 20 tons of milk powder and some medicine.

Oct. 27, 2009: Seoul tightens its rules on three major imports from North Korea: sand, pine mushrooms and anthracite

Oct. 27, 2009: KCNA says that a 30-year-old South Korean, Kang Dong-lim, defected by crossing the eastern military demarcation line (MDL) on Oct. 26.

Oct. 30, 2009: Won Sei-hoon, head of the National Intelligence Service (NIS), tells ROK lawmakers at a closed-door meeting of the National Assembly Intelligence Committee that Pyongyang was behind a wave of cyber-attacks in early July.

Nov. 1, 2009: An official in Seoul says the US and ROK have finalized Operational Plan (OPLAN) 5029, which specifies joint responses to possible DPRK contingencies – including regime collapse.

Nov. 3, 2009: *KCNA* says that the DPRK has “successfully completed the reprocessing of 8,000 spent fuel rods,” with “noticeable successes ...in turning the extracted plutonium weapon-grade for the purpose of bolstering up the nuclear deterrent.”

Nov. 9, 2009: *Rodong Sinmun* attacks OPLAN 5029 as “Their concoction of such farcical events which can never happen in the DPRK is an unpardonable provocation.”

Nov. 10, 2009: The DPRK website *Uriminzokkiri* condemns the ROK’s corn aid offer as “pitiful and narrow-minded.”

Nov. 10, 2009: A DPRK patrol boat enters Southern waters and responds to a warning shot with 50 rounds of live fire. The ROK navy fires 200 rounds and seriously damages the boat.

Nov. 12, 2009: *Rodong Sinmun* calls Nov. 10’s naval skirmish a “premeditated provocation” by the South, which will “pay dearly.”

Nov. 17, 2009: President Lee instructs his Cabinet to study the impact of any reforestation of North Korea on the peninsula as a whole (presumably in terms of carbon balance).

Nov. 17, 2009: *Rodong Sinmun* vows that “we will continue to make active efforts for the improvement of North-South relations.”

Nov. 19, 2009: The ROK co-sponsors a UN resolution critical of the DPRK’s human rights record. Next day North Korea’s Foreign Ministry says it “resolutely dismisses” the resolution as a “stereotype political plot.”

Nov. 29, 2009: The South rescues a KPA sergeant whose boat drifted south of the West (Yellow) Sea border while he was fishing. He is returned via Panmunjom on Dec. 2.

Nov. 30, 2009: North Korea conducts a surprise currency reform. Citizens have a week to exchange old won for new won, at a rate of 100:1. Only a limited amount can be exchanged, rendering savings worthless.

Dec. 4, 2009: North Korea belatedly confirms its currency redenomination. Sources in Seoul report that reactions in the North include suicides and protests, some put down violently.

Dec. 5, 2009: KCNA condemns a bill on DPRK human rights abuses, passed recently by a subcommittee of the ROK National Assembly, as “an intolerable insult and unpardonable politically motivated provocation [and] a revelation of the ambition of traitors to the nation to escalate confrontation ...because they are steeped in it to the marrow of their bones.”

Dec. 8, 2009: US Special Envoy Stephen Bosworth and his interagency team fly into Pyongyang from Osan Air Base, south of Seoul, in a US military plane.

Dec. 9, 2009: North Korea admits for the first time that it does have cases of swine flu.

Dec. 10, 2009: Ambassador Bosworth arrives in Seoul, where he briefs ROK officials on his visit to Pyongyang.

Dec. 12-22, 2009: A joint Korean team, with 10 members each from North and South, visits industrial parks in China and Vietnam to learn lessons for the KIC.

Dec. 15, 2009: MOU says it will send antiviral drugs to North Korea on Dec. 18, and duly does so. The consignment, offered gratis and without monitoring, is worth \$15 million.

Dec. 18, 2009: For a fifth successive year the United Nations General Assembly (UNGA) approves a resolution critical of North Korean human rights abuses.

Dec. 19, 2009: *Rodong Sinmun* avers that “the nuclear issue has nothing to do with North-South relations, so it cannot become an obstacle to improving inter-Korean ties.”

Dec. 21, 2009: Accusing the ROK of conducting underwater explosions close to its waters, the KPA declares the West (Yellow) Sea border area a “peacetime firing zone.” ROK expresses regret, calls the DPRK’s position “irrational” and warns of a stern response to any provocation.

Dec. 22, 2009: ROK Foreign Minister Yu Myung-hwan says the Six-Party Talks must resume by end-February at the latest, “otherwise the life of the talks may come to an end.”

Dec. 22, 2009: IFES reports that Kim Jong-il’s on-site visits so far this year total 156, 70 percent more than in 2008. Unlike last year when 50 of Kim’s 90 visits were military-related, this time 41 percent were economic in focus and only 27 percent military.

Dec. 22, 2009: MOU says it will return seven Northern fishermen whose boat drifted into Southern waters, as this is their wish. They are duly repatriated on Dec. 23 via Panmunjom.

Dec. 23, 2009: MOU says the North “was always cooperative and actively participated” in a recent joint tour of factory parks in China and Vietnam, saying “they wished the Kaesong park would grow like those.”

Dec. 25, 2009: MOU says it will contribute 15 billion won (\$13 million) to projects by the World Health Organization and UNICEF supporting infants and improving public health in the DPRK. It will also fund food aid for Northern children via ROK NGOs.

Dec. 30, 2009: New North-South military hotlines, using fiber optic cables, are inaugurated.

Dec. 30, 2009: Seoul says it will ask KEDO – the Korean Peninsula Energy Development Organization, the defunct consortium set up under the 1994 US-DPRK Agreed Framework – to look into reports that Pyongyang has pilfered equipment (mostly South Korean) at the Shinpo site where until 2002 KEDO had been building two light water reactors (LWRs).

Dec. 31, 2009: The customary joint New Year editorial of the three main DPRK dailies calls for “national reconciliation and cooperation” with the ROK, including “travel and contacts between the people from all walks of life.”

Dec. 31, 2009: ROK President Lee says that despite little progress in inter-Korean relations in 2009, his government “worked successfully to brace for a paradigm shift.” He reiterates that any breakthrough must entail resolving the North Korean nuclear issue.

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