



North Korea-South Korea Relations:  
**Sunshine Deepened, only to Dim?**

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The last quarter of 2007 was significant for inter-Korean relations in two distinct, perhaps even opposite, ways. It began with what is only the second North-South summit ever held, when ROK President Roh Moo-hyun met DPRK leader Kim Jong-il in Pyongyang. No mere symbolic one-off, as many feared, the summit produced a raft of follow-up meetings: between the two sides' premiers and defense ministers, plus numerous old and new committees and sub-committees dealing with a wide range of specific fields.

Better yet, while not without a political agenda, this many-sided cooperation mostly looked pragmatic and business-like. The result was the most intense and densest interaction so far seen between the two Korean states. Barely a day passed without them meeting somewhere, to deal with one topic or another. In a 62-year history of separation, punctuated in recent decades by several false starts, it appeared that an era of regular, sustained and largely practical intercourse between Seoul and Pyongyang had begun, at long last and irreversibly.

In our judgment that remains the case. Yet as of early 2008 two shadows, potentially dark clouds, threaten to dim this institutionalization of what Kim Dae-jung, its "onlie begetter" a decade ago, famously christened the South's "Sunshine" policy of engaging the North.

On Dec. 19 South Koreans went to the polls to choose their president for the next five years, through February 2013. The continuity candidate was Chung Dong-young of the pro-government center-left United New Democratic Party (UNDP), who as unification minister met Kim Jong-il in 2005 and is closely identified with "Sunshine." The Aesopian metaphor has stuck, even though Roh blandly rebranded this as the "policy for peace and prosperity."

But the voters rejected Chung. By the widest margin ever, they returned the conservative formerly ruling Grand National Party (GNP) to power, after a decade in the wilderness. More specifically they endorsed Lee Myung-bak, a former Hyundai CEO and ex-mayor of Seoul, nicknamed "bulldozer" for his can-do image. Lee has vowed to review all the Roh government's recent deals with the North, to demand more reciprocity from Kim Jong-il, and to link aid and other progress to Pyongyang's nuclear compliance – or lack of it – in the ongoing Six-Party Talks (SPT), involving the two Koreas, the U.S., China, Japan, and Russia.

In fact, other things being equal, the pragmatic Lee – no old cold warrior, more center than right – might find little to quarrel with in his predecessor's raft of recent agreements with the North, most of which look businesslike and mutually beneficial. But linkage to the SPT is more problematic at this point. The nuclear talks, which made unprecedented progress in 2007 with two landmark agreements and the closure of the DPRK's Yongbyon reactor site, have hit a bump. Pyongyang's failure to fulfill its pledge to make a full declaration of all its nuclear activities by the year-end presages problems in 2008. If Kim Jong-il digs his heels in, this will create a dilemma for Lee, who despite being a new broom may not want to lose the momentum recently gained in North-South ties.

The ROK election was fought mainly on domestic issues; it was not primarily a referendum on sunshine. Polls suggest that most South Koreans support engagement with the North, as indeed does Lee Myung-bak. The tricky question now is on what terms, and how concretely to take this forward should the DPRK remain defiant on the nuclear front.

For that matter, the North too must decide what to make of Lee. Having long excoriated the GNP as traitors and pro-U.S. flunkeys, Northern media have been oddly silent since Lee was elected. Instead they reserved such venom for Lee Hoi-chang, the GNP's losing candidate in 1997 and 2002 who ran this time as an independent conservative, accusing his namesake of being soft on North Korea and generally (much as Margaret Thatcher and her acolytes used to damn more moderate Tories as "wets"). Lee HC's 15 percent of the vote, while way behind Lee MB's 49 percent, is a salutary reminder that the old Cold War hard right, which long ruled in Seoul under military dictatorships, is by no means extinct. Or put another way, combining the two Lees means that nearly two-thirds (64 percent) of electors voted right of center, while Chung Dong-young garnered just 26 percent for the center-left.

Hence 2008 could go either way. The foundations of unprecedented practical cooperation between the two Koreas may be built on – or, as so often before, be left unfinished or marking time owing to a change in the peninsula's volatile political weather.

### **Substantive summit**

Although the North-South summit on Oct. 2-4 kicked off this past quarter, we covered it in the last issue of *Comparative Connections*. Subsequent events bear out our verdict that, despite low prior expectations of a meeting whose prime purpose was patently politically partisan – to save the election for the UNDP; it failed – nonetheless this second inter-Korean summit meeting proved broadly positive, indeed substantive. President Roh Moo-hyun comported himself with dignity – not always his hallmark – and skill. He did not let the side down, nor was he taken advantage of. Rather, he signed a ground-breaking and wide-ranging agreement, full of potential long-term mutual benefit.

The proof of all puddings, but especially inter-Korean ones, is in the eating. Encouragingly, the summit was not just a one-off, with fine words left washed up as the tide turned. Rather, further meetings to begin implementing concretely what the two

leaders had agreed in outline promptly followed it up. Although this commendable haste was perhaps connected to South Korea's imminent presidential election, the various areas of cooperation that have now begun had, and have, intrinsic value in and of themselves.

### **Premiers meet in Seoul**

Thus the past quarter – specifically, November – saw two further high-level inter-Korean meetings besides and after the summit, albeit one markedly more successful than the other. In mid-November (14-16), North Korea's fairly new premier, Kim Yong-il (no relation), visited Seoul. A former transport minister, Kim was an unknown quantity when in April he replaced Pak Pong-ju, a known reformer, whose sacking appeared ominous. But Kim seems cast in similar mould; he came to Seoul fresh, or possibly fatigued, from a clearly business-oriented visit to Indochina and Malaysia.

This was the first meeting of the two Koreas' prime ministers in 15 years. Back in the early 1990s, during 1990-92, there were eight such encounters, alternating between Pyongyang and Seoul. At the time these were the highest-level inter-Korean meetings ever held, at an historic moment of flux when Kim Il-sung reacted to the shock of the USSR's recognition of the ROK by himself reaching out to his foes: not only South Korea, but also Japan in the person of Shin Kanemaru, then a leading kingmaker in the ruling Liberal Democratic Party.

In late 1991 the two Koreas signed an unprecedented and wide-ranging Agreement on Reconciliation, Non-Aggression and Exchanges and Cooperation, as well as a separate accord on mutual denuclearization. Neither was implemented, since growing concern over the DPRK's nuclear activities clouded détente – eventually precipitating the first North Korean nuclear crisis in mid-1994. The 1991 accord was thus stillborn: a precedent that all concerned were well aware of when they finally met again this November.

Besides the passing of a decade and a half, the difference this time is that after the October summit the two premiers were now meeting not as principals, but in their more familiar role as agents and executors of policies determined from above. Kim and his Southern counterpart Han Duck-soo, a fellow technocrat, certainly fulfilled that function in full measure. The accord they signed was unprecedented in its dense specificity: 2,500 words, 8 chapters, 45 clauses, and (crucially) over 20 deadlines to meet again on specific aspects. (The full text can be found on the ROK Unification Ministry (MOU)'s website at [http://unikorea.go.kr/english/EPA/EPA0101R.jsp?main\\_uid=2201](http://unikorea.go.kr/english/EPA/EPA0101R.jsp?main_uid=2201)).

On arrival, Kim Yong-il remarked that “no matter how good an agreement is, it ends up an empty piece of paper unless carried out.” That was a bit rich. The side which drags its feet on implementation is the North, as in having the South spend half a billion dollars to relink inter-Korean railways, but then refusing to let them be used for two years. Likewise, much of the agenda for November's meeting – as for the summit that preceded it – involved matters notionally or in outline agreed up to several years before, but never put into practice. Pyongyang's recent speedier attitude is laudable; let us just hope it lasts.

## **Freight for the future**

Take trains, as indeed one now can – if not very far. The most eye-catching and most hyped specific outcome of the summit and premiers' talks was the start, on Dec. 11, of what was billed as the first regular North-South rail freight service since the border was sealed after the 1950-53 Korean War. As at the first test runs of the reconnected cross-border railway lines in May, Southern spokesmen waxed eloquent about an historic moment, suturing the Korean nation's sundered sinews, and so forth.

There was both more and less to this than meets the eye. The timing, barely a week before the ROK presidential election, speaks for itself. The distance is minuscule, indeed even less than had been expected. The new service was meant to connect Munsan in the South to Bongdong in the North, 20 km (12 miles) away. The latter serves the Kaesong Industrial Complex (KIC), where an ever-increasing number of Southern firms and Northern workers – about 57 and 13,000 respectively, at the last count – manufacture goods for export.

But in fact the train runs only as far as Panmun: the first station inside the DPRK, 2 km from the KIC. Bongdong station is said to have no freight loading facilities yet; it will take 2-3 years to build these. Both claims are bizarre; one smells a rat. How could this station have been built without such equipment? And how long does it take to install a few cranes?

The likelier truth is a rearguard action by those in Pyongyang who are fighting to limit such enemy intrusions. The Korean People's Army (KPA) has much to lose the more its long-guarded front line gradually becomes a front door. So the new service is largely symbolic. Moreover, apart from the first day, this train – one trip daily on weekdays in each direction – has often been running empty. Its capacity is far greater than the KIC's present needs, although the zone is slated to expand vastly. For now, firms there find it more convenient to carry on trucking their goods by road to and from Seoul as they had done hitherto.

## **Potemkin project?**

An empty train, going nowhere much, risks being criticized as a Potemkin project: all show and no substance. Yet Sunshine's defenders deny this, and they are right. For the South, this is a foot in the door. The real prize is to start rebuilding the North's decrepit infrastructure, and with any luck that will start later this year. For the encouraging new plethora of North-South committees and sub-committees includes forthcoming talks on jointly upgrading the road to Pyongyang, and the railway all the way to Sinuiju on the Chinese border. These meetings are scheduled for February and January respectively.

Both tasks will be long, and neither will come cheap. But for once a rather overused Korean proverb, *sijaki banida* – the first step is half the journey – is appropriate. Slowly but surely, not only the reunification of the Korean Peninsula's transport arteries, but the reintegration of a wider Northeast Asian regional infrastructure, are now under way. Of

course, actual progress is subject to the vagaries of politics. It remains to be seen whether either a change of government in Seoul, or nuclear problems in the SPT, slow down this new process.

### **Joint shipbuilding: for real?**

Besides trains, several other projects were agreed. Two joint shipyards will be built, one on each coast at Nampo and Anbyon, starting in 2008. The former is mainly for repairs, while the latter will make hull blocks. In principle this should help South Korea's shipbuilding industry, the global number one, fend off rising competition from China. Yet at the turn of the year, in the usual spate of articles in the Seoul press about sectoral prospects, none of those focusing on shipbuilding thought this Northern connection worth a mention. For now at least, North Korea and real commerce seem to be two separate compartments in Seoul.

Significantly, the lead ROK company for Anbyon, which may invest up to \$150 million, is Daewoo Shipbuilding & Marine Engineering (SME), the world's third largest shipbuilder, in effect state-controlled since the parent Daewoo group's 1999 bankruptcy. But the firmly private Samsung Heavy Industries, the global number two, later joined Daewoo SME and others on a survey trip to the North in mid-December. Organized by the commerce industry and energy ministry (MOCIE), this 37-strong group toured Northern shipyards and other industrial facilities. Such a follow-up visit suggests serious intent. In January, however, it appeared that shipbuilding was among the joint projects that incoming President Lee Myung-bak may reconsider.

### **Mining: hands off, China**

Also noteworthy are plans to jointly exploit North Korea's abundant mineral resources. The (South) Korea Chamber of Commerce and Industry (KCCI) reckons these are worth \$2.4 trillion, 30 times more than the South's meager endowment. The worry in Seoul is that the rights to many of these are being sold off to China – for a song. The conservative daily *Chosun Ilbo* has complained that North Korea risks becoming a fourth province of northeast China (Manchuria of old); so commerce becomes intertwined with geopolitics.

For that reason Lee Myung-bak may be loath to pull back here, nukes notwithstanding. The more so, as Pyongyang has begun to deliver. In December, 500 tons of Northern zinc worth \$1.2 million arrived: the first repayment under an earlier deal, where the South is providing raw materials worth \$80 million to upgrade the North's decrepit light industry in such basic areas as clothing, shoes, and soap, in exchange for Northern zinc and magnesite. Earlier in late November, the first batch of 200 tons of graphite from a joint venture mine close to the DMZ arrived: the long way round by boat to Incheon, rather than directly across the border.

## **Kaesong to expand**

Elsewhere, the Kaesong industrial complex (KIC), whose cumulative output so far is worth just \$200 million over several years, is set to expand greatly after the completion of its first phase on Oct. 16. At a meeting of generals in December, after much prodding from Seoul, the North finally agreed to ease red tape in the zone and let South Korean there use the internet and (possibly) mobile phones, a major security concession, as both are banned elsewhere in the DPRK. Though late starting, the precedent and model here is Shenzhen, China's now thriving special zone that abuts Hong Kong.

## **Hyundai monopolizes tourism**

Tourism too is set to grow. Nearby Kaesong city, an ancient capital, opened from Dec. 5 to Southern tourists for day trips. From next May direct flights will link Seoul to Mt. Paekdu: the peninsula's highest peak on the border with China, sacred in myth as Koreans' legendary birthplace (and claimed just as mythically for Kim Jong-il). 2009 may also see Southern tourism extended to Pyongyang, after some false starts.

Hyundai Asan, which will run all these ventures on top of its now decade-old Mt. Kumgang resort, is evidently back in the DPRK's good books. On Nov. 3 its chairperson Hyun Jeong-eun signed a new tourism agreement in Pyongyang; the previous day she was Kim Jong-il's dinner guest. Things have not always been so smooth. At one point the Kaesong tours were offered to a rival, Lotte, and only last January KCNA fulminated against the "high fliers and tricksters of Hyundai Asan who stoop to any infamy to meet their business interests." Despite Hyundai's pioneering role and travails, not everyone in Seoul thinks it should have a monopoly of Northern tourism. Rival travel firms have complained, and threaten to sue.

## **A multitude of meetings**

Other planned cooperation includes agriculture (especially seeds), pharmaceuticals, and reforestation. Space forbids a full account of everything agreed at the premiers' meeting, but just to list the gist conveys the flavor and scale; see boxes. To run all this activity, the pre-existing joint economic committee, now upgraded to deputy premier level, held its first meeting in Seoul Dec. 4-6. This too went well, fine-tuning details. The two premiers will meet regularly as well, twice a year, to oversee the whole process.

To reiterate: The two Korean states have never set up, let alone carried out, any program of cooperation remotely close to this scale before. Two aspects are especially encouraging. First, unlike some inter-Korean activities that were merely symbolic or arguably negative in a wider context – emotional joint fist-shaking against wicked Japan, for instance – what is now planned is mostly practical, win-win business cooperation.

Second, for the most part these are not just vague plans or pious hopes, but concrete dates in diaries. Laying down schedules is the best hope that all concerned mean to deliver. Indeed, so far as one can judge – for such is the new density of activity that not all of it

gets reported, even on MOU's website. As of mid-January most of these planned meetings have indeed taken place on schedule; see the Chronology, below.

### **Box 1: New inter-Korean structures**

- > Premiers to meet every 6 months; next meeting by June 2008 in Pyongyang
- > Joint Committee for Inter-Korean Economic Cooperation (JCIKEC), upgraded to vice-minister level
- > Committee to Promote Special Peace and Cooperation Zone in the West Sea (CPSPCZWS)
- > Proposed Haeju Special Economic Zone
- > Two subcommittees for roads and railways under the JCIKEC
- > Subcommittee for the Kaesong Industrial Complex (KIC) under the JCIKEC
- > Subcommittees under the JCIKEC for minerals, agriculture, public health, fishery and environmental protection
- > Committee to Promote Inter-Korean Social and Cultural Cooperation (CPIKSCC)
- > Both governments to actively support inter-parliamentarian talks [no more heard on this]

### **Box 2 Inter-Korean diary dates agreed**

#### November 2007:

28-30 Nov.: 9th round of inter-Korean Red Cross talks, Mt. Kumgang

Working contacts on repair of Kaesong-Pyongyang highway and Kaesong-Sinuiju railway

#### December 2007:

##### *Specific dates:*

4-6 Dec.: First meeting of the JCIKEC, in Seoul

7 Dec.: Opening of each sides's offices at the Mt. Kumgang family reunion center [postponed]

11 Dec.: Daily cross-border rail freight service begins from Munsan, ROK to Bongdong, DPRK, serving the Kaesong IC [This only goes as far as Panmun.]

##### *No specific date set:*

- > Joint fishing subcommittee
- > CPSPCZWS, in Kaesong
- > Subcommittee for shipbuilding and maritime transport under the JCIKEC, in Pusan
- > Second on-site survey of Anbyon and Nampo for shipbuilding
- > Geological survey for the second-stage development of the Kaesong Industrial Complex
- > First meeting of the Joint Committee for Inter-Korean Railroad Operation in Kaesong
- > Working level contacts to expedite Kaesong IC
- > Third on-site mining survey at Tanchon and elsewhere
- > Working meeting for opening direct Seoul - Mt. Paektu tourist flights, in Kaesong
- > Working contact on joint cheering squad to go by rail from Seoul to the Beijing Olympics
- > Working contact on meteorological cooperation

#### By end-2007:

- > Working level contacts and on-site survey for Haeju Special Economic Zone and port
- > Initiate agricultural cooperation, including building seed production and processing facilities and genetic resources preservation facility

#### First half of 2008:

- > Joint fishing to start

- > A ship block plant to be built at Anbyon, DPRK
- > Specific mining plans to be set
- > CPIKSCC to meet
- > Sample video messages to be exchanged between separated families

15 June 2008: Joint event in Seoul to mark the first inter-Korean summit in June 2000

Within 2008:

- > Haeju special economic zone
- > Begin excavation of sand and gravel at the Han River estuary
- > Joint cheering squad to travel by train from Seoul to the Beijing Olympics
- > Second-stage construction of Kaesong IC
- > Communications centre (10,000 lines) at Kaesong IC

### **Not plain sailing**

Naturally, not everything has run smoothly. The ambitious centerpiece of the summit and premiers' plans is a proposed peace zone centered on the southwestern DPRK port city of Haeju. While on land this would in effect extend substantially the existing enclave that is the Kaesong zone, at sea its implications are more radical: a joint fishing area, in border waters in the West (Yellow) Sea that saw fatal firefights in 1999 and 2002, plus joint excavation of sand and gravel from the Han River estuary.

The problem here is that North Korea never officially recognized the Northern Limit Line (NLL), the *de facto* post-war marine border. Whereas on land the Military Demarcation Line (MDL) and Demilitarized Zone (DMZ) are formally part of the 1953 Armistice, the NLL was imposed unilaterally by the UN side when agreement proved impossible. For decades Pyongyang did not in practice challenge this, but in recent years it has begun to agitate on the issue. The North wants a line further south, but this would leave four ROK-held islands in Northern waters – which Seoul cannot countenance.

Several rounds of general-level talks at the truce village of Panmunjom have foundered on this reef. The same happened on Nov. 27-29, when the two Koreas' defense ministers met in Pyongyang. This was only the second such meeting ever; the first was in 2000, soon after the first North-South summit. While a peace zone sounds fine in principle, the North demanded that the joint fishing area be drawn entirely south of the NLL; whereas the South, more reasonably, suggested it should comprise an equal area on both sides of the line. A subsequent meeting of generals on Dec. 12-14 ran aground on the same rock.

Perhaps internal politics in Pyongyang, with the KPA pressing for a hard line, explains why the North persists with a position it must know no Southern government can accept. While some peaceniks in MOU might have compromised on the fishing zone, facing an election Roh Moo-hyun could not afford to be accused of surrendering national sovereignty. Even if he were tempted, Defense Minister Kim Jang-soo – a retired senior general, as is the norm in both Koreas – made it clear he would not yield on the NLL.



But encouragingly, this did not hold up progress elsewhere. A seven-point agreement was reached on other matters, including security guarantees for cross border economic projects. A new joint military committee, headed by deputy defense ministers, will look at ways to reduce tensions. Ministerial talks will be institutionalized, with another round to be held in 2008. All this is positive, especially since Pyongyang had long been reluctant to talk with Seoul in this area – regarding the U.S. as its sole dialogue partner for military matters.

### **No security?**

Relatedly, some in Seoul criticized the premiers' meeting for its silence on security matters, be it the nuclear issue, or a peace treaty to replace the Armistice and formally conclude the Korean War. Yet this rests on a misunderstanding. In North Korea the remit of the premier and Cabinet are purely economic. Military matters come under a higher-ranking body: the National Defense Commission (NDC), chaired by Kim Jong-il. Hence Kim Yong-il's party comprised only civilian functionaries in fields such as transport, the environment, and health.

### **Family reunions remain limited**

While the main focus has shifted toward business, other planned North-South projects include deepening cooperation in education, culture, sport, science and technology, family reunions, and more. On reunions, the two sides' Red Crosses met for the ninth time at Mt. Kumgang on Nov. 28-30. They made some progress, but it remains to be seen if the pace and scale of reunions – poignantly few and brief so far – will expand once a newly built reunion center opens at Kumgang. Another challenge is how to get past the North's flat denial that it still holds about a thousand South Koreans: over 500 old POWs from the 1950-53 Korean War, and over 400 (mainly fishermen) abducted since. Neither will be easy, and rather than fight the South has preferred to leave it be and let other areas of cooperation grow. The next government in Seoul may have different priorities.

### **Rights and wrongs**

North Korea's domestic human rights situation is an even tougher challenge for all. On Nov. 20, for the fifth consecutive year, the UN General Assembly Committee on Human Rights passed a resolution condemning the DPRK's "very serious" human rights violations, including torture and public executions plus "all-pervasive and severe restrictions on the freedoms of thought, conscience, religion, opinion and expression, peaceful assembly and association." Sponsored by the EU and Japan, the vote was 97-23 with 60 abstentions. The latter included South Korea, which had abstained similarly three times in 2003-05 but voted aye last year, in a switch seen as linked to Ban Ki-moon's election as secretary general.

Seoul's reversion to abstention this year was reported to have been personally ordered by President Roh, "in consideration of inter-Korean relations." It was denounced by local

human rights activists, a tiny band, who cut little ice in Seoul even over the ROK's own abductees held in the North for decades – in stark contrast to the priorities in Tokyo.

### **North's spy chief visits – and vice versa**

As South Korea's defense minister flew home on Nov. 29, a surprise visitor to Seoul the same day was Kim Yang-gon, whose job as director of the United Front Department in the DPRK's ruling Workers Party of Korea (WPK) makes him North Korea's *de facto* head of intelligence. Kim was the only Northern official present when Kim Jong-il met at the summit with Roh Moo-hyun, who by contrast had several ministers with him. This unannounced three-day trip was said to be to discuss implementing the summit agreement, but some in Seoul suspected a political agenda. Kim Yang-gon's team included his deputy director, Choi Seung-chol, said to be a leading policymaker on unification issues who played a key role in forging the summit accords. Their itinerary included Daewoo's shipyard on Koje Island, infamous during the Korean War for a huge camp housing – and largely run by – North Korean and Chinese POWs. One wonders if the visitors appreciated the irony, and also why exactly an intelligence chief needs to see a shipyard. A third arrival in Seoul the very same day was Christopher Hill; again, one is curious as to who met whom.

If Kim's sudden visit was a bit rum, its quasi-reciprocation weeks later caused controversy. On Jan. 10 the *JoongAng Ilbo* – a leading Seoul daily, with ties to Samsung – revealed that on Dec. 18, one day before the presidential election, South Korea's intelligence chief Kim Man-bok, head of the National Intelligence Service (NIS), secretly visited Pyongyang. In a leaked transcript (for which Lee Myung-bak's transition team are being blamed, since they asked the NIS for a copy), Kim told his Northern counterpart and namesake over lunch that Lee was almost certain to win – but not to worry, since “Lee could make a strong case for the engagement policy ... to conservatives in the South [and] one cannot even rule out the possibility that he might seek a bolder North Korea policy.” While such a trip can perhaps be justified, press comment in Seoul accused Kim MB of sycophancy to his new master.

### **All change?**

While this flurry of meetings was exciting and novel, by mid-January it was starting to feel so last year already. In the ROK's lengthy two-month limbo between Election Day and the actual inauguration of the next president, Lee Myung-bak's transition team seized the initiative with a storm of activity and plans on every front, not least North Korea policy. Talk is cheap, and some of it is contradictory. As already indicated, Lee is a pragmatist, not an ideologue. As such he will face difficult dilemmas in striking a balance between various priorities. For instance, if he really attempts to raise North Korean human rights issues, as he has said, he will get short shrift – which is no reason not to try.

Several straws in the wind are interesting. Lee's team has indicated that future assistance to the North will be linked to its nuclear cooperation – but humanitarian aid, like the usual annual supply of rice and fertilizer, will be exempted. That is a reversal of Roh

Moo-hyun's priorities. Not even Pyongyang's Oct. 2006 nuclear test moved Seoul to suspend either the Kaesong or Kumgang projects, which carried on as normal. Two reasons were offered for this: one specious – that these were private-sector ventures – and the more arguable ground of long-term national interest. Instead, since it had to show displeasure somehow, the South withheld rice aid – albeit partially relenting after the North's severe floods last summer. As a result the Northern poor went hungrier, while for the elite it was business as usual. Lee surely has this the right way round; yet he too may feel the pull of *raison d'etat*, especially as regards competing with Beijing for leverage in Pyongyang.

At home, Lee's people have put the wind up the Unification Ministry by suggesting that it should be abolished, no less. This would please many professional diplomats in the foreign ministry (MOFAT), who reckon that during the past five years they lost control of North Korea policy to those they sneeringly dubbed the 'Taliban': ideologues and amateurs, in MOU and the Blue House. While things were never really quite that simple, there is no denying that *Nordpolitik* needs to be better coordinated in future, both with Seoul's overall foreign policy, and that of its allies as well as North Korea's other interlocutors in the SPT.

South Korea may claim a special relationship with the North on many levels, from blood to law. (Even after a decade of Sunshine, the ROK and DPRK still each claims to be the only legitimate state on the peninsula.) Yet this is no excuse for a pollyanna sentimentality that evoked no genuine echo from a cynically hard-nosed Pyongyang, but only risked obscuring clear-eyed focus in Seoul on the national interest in a pinkish fog and froth – while adding insult to injury by dismissing contrary views as mere reactionary Cold War ideology. Such callow self-righteousness – or self-lefteousness – was the soft and stupid side of Sunshine (though by no means the whole of it). Such attitudes will be neither mourned nor missed.

What will be harder, but fascinating, is for Lee Myung-bak to decide how to play all this and balance competing pulls. Keen on business cooperation, and with his own ideas about how to raise North Korea's national income, he will not want to dump all Roh's new deals – though he may well tweak some of them. The key question is how far he will really take nuclear conditionality – and how Pyongyang will react to him. The former may fray; while on the latter, as per his nukes, Kim Jong-il will probably keep us all sweating and guessing. What else is new?

## **Chronology of North Korea-South Korea Relations October-December 2007**

**Oct. 2, 2007:** Roh and his 300-strong delegation drive to Pyongyang. He is greeted in Pyongyang by Kim Yong-nam, the DPRK titular head of state, and later by an unsmiling Kim Jong-il. Roh holds talks with Kim Yong-nam.

**Oct. 3, 2007:** Roh holds summit talks with a now more cordial Kim Jong-il, who asks him to stay an extra day; Roh declines. The Dear Leader does not attend a banquet hosted by Roh, nor accompany him to the *Arirang* mass games. ROK parliamentarians, industrialists, cultural figures, scientists, journalists, and others hold talks with their DPRK counterparts.

**Oct. 3, 2007:** A new Six-Party Talks (SPT) agreement is announced in Beijing. The DPRK agrees both to disable Yongbyon and declare all its nuclear facilities by the end of the year.

**Oct. 3, 2007:** *KCNA* reports that 10 Southern NGOs denounced the ROK Information and Communications Ministry for “anti-reunification acts” in demanding the deletion of some internet articles as violating the National Security Law.

**Oct. 4, 2007:** Roh and Kim sign eight-point “Declaration for Development of North-South Relations and Peace and Prosperity.” Roh returns to Seoul via Nampo, where he visits the West Sea Barrage and Pyeonghwa Motors factory and the Kaesong industrial zone (*KCNA* omits to mention the latter.)

**Oct. 5, 2007:** ROK Minister of Finance and Economy Kwon O-kyu says that Kim Jong-il “expressed keen interest in the South's oil field and gas exploration projects.”

**Oct. 5, 2007:** Hyundai Research Institute (HRI) reckons that inter-Korean cooperation agreed at the summit will cost \$11.2 billion, but could generate long-run gains worth \$150 billion: mostly for the North. By contrast, the Korea Development Bank (KDB) estimates that the second phase of the Kaesong industrial zone alone will require \$14.9 billion. One opposition lawmaker claims the total cost will be some \$33 billion.

**Oct. 5, 2007:** State-owned Daewoo Shipbuilding and Marine Engineering (DSME), the world's third largest shipbuilder, says it will invest \$150 million to build prefabricated ship hulls at Anbyon on North Korea's east coast, a project agreed at the summit.

**Oct. 5, 2007:** Roh Moo-hyun orders his Cabinet to map out a concrete action plan to ensure the costs of peace agreement with the DPRK are estimated properly and implemented smoothly, so that it cannot be watered down or scrapped by his successor.

**Oct. 5, 2007:** ROK Defense Minister Kim Jang-soo insists that creation of a West Sea peace zone in the West Sea will not affect the integrity of the NLL, which he says the summit “successfully defended.”

**Oct. 7, 2007:** ROK opinion poll reports 74 percent support for the summit, with 21 percent negative. Roh Moo-hyun's approval rating rose 10 points to 43 percent. But over half still plan to vote for conservative opposition presidential candidate Lee Myung-bak.

**Oct. 8, 2007:** In a speech to the ROK National Assembly, read by Prime Minister Han Duck-soo, Roh Moo-hyun opines that the North Korean nuclear issue “is heading toward a quick resolution.” Conservatives criticize him for failing to address this at the summit.

**Oct. 8, 2007:** ROK Chief Presidential Security Adviser Baek Jong-cheon insists that any peace agreement on the peninsula depends on progress in disabling the DPRK’s nuclear program under the SPT. Baek adds that the South will again demand the return of abductees and POWs at upcoming defense ministers’ talks in Pyongyang. Roh Moo-hyun raised this at the summit, but Kim Jong-il did not respond.

**Oct. 9, 2007:** Roh Moo-hyun tells Russian President Vladimir Putin by telephone that the new inter-Korean concord will provide momentum to connect trans-Korean and trans-Siberian railways.

**Oct. 9, 2007:** The Seoul press reports that the defense ministry (MND) is considering establishing a bureau within the Blue House to discuss inter-Korean arms control, ahead of November’s meeting of the two sides’ defense ministers in Pyongyang.

**Oct. 9, 2007:** On the first anniversary of North Korea’s nuclear test, *Rodong Sinmun*, daily paper of the ruling Korean Worker’s Party (KWP), praises “the benevolent leader with his great sword, [who] made Korea into a strong independent state and handed our 70 million people skies of peace, skies of prosperity, skies of hopes to last forever.” The implication, bizarrely, is that South Koreans too are protected by, and proud of, the North’s deterrent.

**Oct. 9, 2007:** ROK Agriculture Minister Im Sang-gyu says that the DPRK wants joint ventures in fertilizers, adding that it would be of mutual benefit if Southern farmers and firms can raise silkworms and hogs and manufacture farm equipment in the North.

**Oct. 10, 2007:** Roh Moo-hyun repeats his call to create an inter-Korean ecological park in the DMZ, even though Kim Jong-il had rejected this as premature.

**Oct. 10, 2007:** Seoul protests China’s arrest of four DPRK defectors at a South Korean international school in Beijing the previous day, and its use of force against ROK diplomats trying to protect them. It demands that the four North Koreans be handed over.

**Oct. 10, 2007:** The *Financial Times* quotes a senior official in Busan – the ROK’s second city and the world’s fifth largest port – as saying: “we are positively reviewing investing in North Korea [and] have great interest in shipping containers through Rajin.”

**Oct. 12, 2007:** Heads of the two Korea’s news agencies hold their first meeting, in Pyongyang. Kim Ki-seo, president of the ROK’s *Yonhap*, proposes “active exchanges;” *KCNA*’s Kim Ki-ryong says “we are seriously studying” this – which *Yonhap* interprets as lukewarm. Both are co-hosting an exhibition of photographs of murals of Korea’s Koguryo kingdom with Japan’s *Kyodo News Service*, which opened on Oct. 11.

**Oct. 12, 2007:** Roh Moo-hyun causes controversy in Seoul by saying the NLL is not a territorial line but an operational military one.

**Oct. 15, 2007:** Some 20 ROK tourists are injured, six critically, in a bridge collapse at Mt. Kumgang: the resort's first serious accident in almost a decade of operation. Lack of air transport means a two-hour journey to the nearest hospital.

**Oct. 16, 2007:** Over 300 South Korean officials and business persons, including Unification Minister Lee Jae-joung, meet 100 from the North at the Kaesong industrial complex (KIC) to celebrate completion of its first phase. 57 ROK firms are there so far, employing 13,000 DPRK workers who earn \$60 per month. 220 more Southern SMEs have signed up. The second phase, adding 8.26 million sq. meters to the existing 3.3 million, will start construction in 2008.

**Oct. 23, 2007:** 300 South Koreans mark the opening at the KIC of a multipurpose building containing both factory and living accommodation. With beds for 71 Southern staff, it will house 32 SMEs, mainly making clothing, and employ 2,700 Northern workers. If successful, seven more such facilities may be built in the Kaesong zone.

**Oct. 22-23, 2007:** Six-Party Talks (SPT) nuclear delegates from both Koreas meet at Mt. Kumgang to discuss details of supplying energy and equivalent aid to North Korea.

**Oct. 28, 2007:** An ROK National Assembly research team headed by Shinn Chang-min, a professor at Chung-ang University in Seoul, estimates the cost of Korean reunification between \$800 billion and \$1.3 trillion. It says the South could cope with this, financially.

**Oct. 29-30, 2007:** The SPT working group on energy and economic assistance, chaired by the ROK, meets at the truce village of Panmunjom in the DMZ.

**Nov. 3, 2007:** Hyun Jeong-eun, chairperson of Hyundai Asan, signs new tourism accord in Pyongyang. This allows Hyundai to run day trips to Kaesong, and (from May) direct flights from Seoul to Mt. Paekdu. The day before, Hyun was Kim Jong-il's dinner guest.

**Nov. 5, 2007:** The (South) Korea Chamber of Commerce and Industry (KCCI) launches a private consultation group of business leaders to promote North-South cooperation.

**Nov. 7, 2007:** Lee Hoi-chang, who narrowly lost South Korea's last two presidential races for the conservative Grand National Party (GNP), says he will run in the election on Dec. 19 as an independent. He accuses Lee Myung-bak, as being soft on North Korea.

**Nov. 10-13, 2007:** At a working meeting in Shenyang, both Koreas plus China agree on details of energy and alternative aid to Pyongyang under the SPT.

**Nov. 13, 2007:** The (South) Korea Tourism Association (KTA), representing 20,000 small-to medium-size ROK travel agencies, protests over Hyundai Asan's monopoly of Southern tourism to North Korea, claiming this is unfairly subsidized by state funding.

**Nov. 14-16, 2007:** As agreed at October's summit, the DPRK premier Kim Yong-il visits Seoul for the first talks between the prime ministers of North and South in 15 years.

**Nov. 16, 2007:** Kim Yong-il and ROK counterpart Han Duck-soo sign an eight-point accord of unprecedented substance, with 45 clauses and over 20 dates for meetings.

**Nov. 20, 2007:** For the fifth year running a UN committee passes a resolution condemning North Korea for serious human rights abuses. South Korea abstains, as usual – except in 2006, when it voted aye.

**Nov. 21, 2007:** KCCI publishes a report on North Korea's minerals. It reckons these are worth \$2.4 trillion, 30 times more than the South's (which consumes \$12 billion-worth annually, but is only 10 percent self-sufficient). In 2006 South Korea imported minerals worth \$60 million from the North, less than a quarter of the \$275 million taken by China.

**Nov. 24, 2007:** 200 tons of graphite, the first output from a \$10 million joint venture processing plant near Haeju, arrives by ship at Incheon.

**Nov. 27, 2007:** Three separate Southern survey teams visit the North, respectively to look into tourism to Mt. Paekdu, joint shipbuilding at Anbyon, and hog farming.

**Nov. 28, 2007:** A joint working-level meeting in Kaesong discusses repaving the Kaesong-Pyongyang expressway.

**Nov. 27-29, 2007:** Meeting for only the second time ever, in Pyongyang, the two Korea's defense ministers fail to agree on a West Sea fishing zone due to the usual stalemate over the NLL issue. But they do agree on military guarantees for other inter-Korean projects.

**Nov. 28-Dec. 1, 2007:** Ninth round of Red Cross talks, held at Mt. Kumgang, agrees to expand separated family reunions, inaugurate video letters, look into those missing during and after the Korean War, and meet again when a permanent reunion center opens.

**Nov. 29-Dec. 1, 2007:** Kim Yang-gon, the DPRK's intelligence chief, makes a previously unannounced visit to South Korea. His itinerary includes Daewoo's shipyard.

**Dec. 4-6, 2007:** The Joint Committee for Inter-Korean Economic Cooperation (JCIKEC), newly promoted to deputy minister level, meets in Seoul and agrees further details on implementing joint projects.

**Dec. 5, 2007:** Hyundai Asan inaugurates regular day trip tours from Seoul to Kaesong.

**Dec. 11, 2007:** Daily rail freight service begins across the DMZ, travelling 10 km between Munsan in the South and Panmun in the North. The train reportedly often runs empty.

**Dec. 12-14, 2007:** Talks between generals at Panmunjom fail to break the deadlock over the NLL, ending with no joint statement or press release. They do agree on security guarantees for the Kaesong and Mt. Kumgang zones: entry and customs procedures will be streamlined, and South Koreans may use the internet and mobile phones.

**Dec. 14, 2007:** 500 tons of DPRK zinc, worth \$1.2 million, arrive at Incheon as the first payment for the South's sending materials worth \$80 million for Northern consumer industries. Although Seoul's annual supply of rice and fertilizer is nominally also a loan, MOU says this is the first time Pyongyang has ever repaid any debt to South Korea.

**Dec. 14-15, 2007:** Meeting in Kaesong, both Koreas agree on proposed joint fishing zones east of the peninsula (where there is no NLL issue). The South will provide fishing gear as payment for fish caught in Northern waters. A 20-strong ROK survey team will go North on Dec. 21-25 to start work on a joint fisheries research and storage center.

**Dec. 18, 2007:** The ROK Commerce, Industry, and Energy Ministry (MOCIE) leads a 37-strong official and business group – including representatives from Samsung and Daewoo, respectively the world's second and third largest shipbuilders – on site visits to check the feasibility of plans to cooperate in shipbuilding at Nampo and Anbyon, DPRK.

**Dec. 19, 2007:** Lee Myung-bak of the conservative opposition Grand National Party (GNP) wins South Korea's presidential election, on a platform that includes a harder line towards North Korea. Lee polls 49 percent of all votes. Ex-unification minister, Chung Dong-young, standing for the pro-Sunshine United New Democratic Party (UNDP), takes only 26 percent. The hard-right Lee Hoi-chang receives 15 percent.

**Dec. 23, 2007:** In the first reported Northern comment on the South's new president-elect, Senior Cabinet Councilor Kwon Ho-ung, the North's chief delegate to inter-Korean talks, says he hopes this will not change “the general trend of inter-Korean cooperation.”

**Dec. 25, 2007:** The two Koreas and China meet in Pyongyang to discuss supplying non-oil energy aid. This is the first formal SPT-related meeting to be held inside North Korea.

**Dec. 25-28, 2007:** The North-South subcommittee on shipbuilding and marine cooperation holds its first meeting in Busan, South Korea's second city and main port.

**Dec. 28-29, 2007:** Meeting in Kaesong, the Koreas agree to conduct a one-day survey on Jan. 31 toward establishing a joint economic area around the DPRK port city of Haeju.

**Dec. 31, 2007:** The year ends without Pyongyang making the full declaration of its nuclear activities promised at the SPT. On Jan. 4 the DPRK foreign ministry says it has given the U.S. all requisite information, and that it is other parties who are behind in fulfilling their side of the deal, such as energy aid and diplomatic concessions.