

North Korea – South Korea Relations: Marking Time

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As in the final quarter of 2003, the start of a new year saw no dramatic developments in inter-Korean ties, either positive or negative. The quarter's main event was multilateral rather than bilateral, as a second round of six-party talks – the two Koreas, the United States, China, Japan, and Russia – at last convened in Beijing in late February. The hoped-for semi-institutionalization of this multilateral forum – assuming it happens and deepens over time, both of which are big ifs – is bound to impact on all the bilateral relationships tracked by *Comparative Connections*.

Yet inter-Korean ties look likely to preserve their special character as two halves of a divided nation – hence, technically, neither Korea regards them as foreign relations. That does not mean, however, that they will necessarily deepen; if they do, it won't be very fast. The nuclear crisis will not prevent cooperation, but it will continue to limit it from Seoul's side, in part due to pressure from the U.S. to go easy on the carrots while the North remains in nuclear defiance. From Pyongyang's side, several actions seemed a reversion to old-style game-playing, or at best suggested that North Korea has no immediate wish to further develop North-South ties, but will continue to milk the relatively one-sided and shallow (though regular) channels of contacts that now exist.

Biting the hand

Ministerial talks – monthly at first, but now quarterly – are the highest regular level of contact in the new inter-Korean relationship. (Despite this title, Unification Minister Jeong Se-hyun leads the ROK side, but the DPRK team is headed by Kim Ryong-song, described obscurely as a “senior Cabinet councillor”). The 13th round since the June 2000 summit, held in Seoul on Feb. 3-6, was preceded by Pyongyang's announcement that it would attend a second round of six-party talks in Beijing later that month. But hopes that this would lift the nuclear shadow from the talks proved vain. In what was acknowledged as a “war of words,” South Korea urged the North to negotiate seriously on nukes this time. Kim Ryong-song riposted by accusing the South of slowing inter-Korean cooperation on U.S. orders, while from Pyongyang came a threat to close the Mt. Kumgang tourism project if the South remains lukewarm.

Such rudeness to his hosts did not play well in Seoul. The press were cross, while negotiators were perplexed as to how Pyongyang could seriously expect even more carrots – while itself remaining unyielding on the nuclear issue and much else. The final six-point joint statement mainly covered familiar ground: fixing the next meeting (May 4-7 in Pyongyang); agreeing to allow the first family reunions in six months for end-March; and pledging to “continue discussions on flood prevention in the Imjin river basin, the effectuation of the Inter-Korean Marine Transportation Agreement, the cessation of broadcasts against each other, and other problems that each may raise.” As the wording implies, these are all matters nominally agreed already, but not yet implemented due to Pyongyang’s foot-dragging. They also agreed to “promote in earnest the first-stage development of 1 million *pyong* (3.3 million square meters) in the Kaesong Industrial Complex at an early date, and positively cooperate in developing a 10,000 *pyong* demonstration complex during the first half of this year.” (More on Kaesong below.)

Soldiering on?

The highlight, for Seoul, was agreement to “hold a military authorities’ meeting at an early date to ease military tensions on the Korean Peninsula.” As critics have noted, in post-summit inter-Korean ties the crucial security dimension has been largely absent: there has been just one visit in September 2000 by the DPRK defense minister, who would only talk cross-border railways. While that project plods on (see below), including military talks when needed, Pyongyang has consistently refused to engage in bilateral security discussions per se with Seoul. Despite this new pledge on paper, as of early April no date had yet been fixed, so it does not seem too cynical to doubt whether this will happen any time soon, or perhaps ever.

Six-party talks: axis of carrot?

The second round of six-party nuclear talks, held in Beijing on Feb. 25-28, was a mixed success. An anodyne chairman’s statement by China as host replaced a joint final statement, which North Korea torpedoed by demanding last-minute changes. The main gain is agreement to meet again, sooner – by end of June, as opposed to the six-month gap between the first and second rounds – and to establish working groups to this end, hopefully also serving as a permanent channel to expedite progress between plenary meetings. Ever optimistic, Seoul foresaw these groups getting to work within the month, but by early April there was no sign of them.

Among the many bi-, tri-, and quadrilateral permutations within this framework (and associated shuttle diplomacy), the inter-Korean dimension does not loom large, as it has its own regular meetings elsewhere. Still, a 90-minute North-South meeting was among several bilateral talks held on the sidelines before the six-party talks. Overall, one might conclude that in this forum South Korean “progressives” plea to transcend the Cold War has come true. At one level it is five against one: as in the closing ceremony, where the other five waited for several minutes (on live TV) for the DPRK delegation to appear. But within the five, South Korea, China, and Russia form what might be termed an “axis of carrot”: favoring continued dialogue above all and opposing undue pressure on

Pyongyang. By contrast, the U.S. and Japan are inclined to be more skeptical and tougher – but not right now, in a U.S. election year. Thus, at the talks Seoul reportedly offered energy aid to the North, in exchange for freezing its nuclear facilities. Russia and China agreed to join South Korea in this, with apparent U.S. and Japanese approval. Such balls may indeed have been kicked around in discussion, but nothing came of it.

Trying triangle

There are several ways of reading Seoul's stance. One is as good cop, bad cop. This might be a charitable way of interpreting ROK President Roh Moo-hyun's typically frank comment on March 3: "The U.S. wants us to join it in severing dialogue and exchanges with North Korea and put pressure on the North ... We, however, think it is more favorable for us to adopt a strategy of dialogue and engage North Korea concurrently." A week earlier, he had opined that "We need to give something (to North Korea) to make further progress and help each other save face" – while adding that Pyongyang too must make concessions. But the differences are real enough, at least tactically. In Beijing, South Korea reportedly shared China's frustration at the U.S. mantra of CVID (complete, verifiable, irreversible disarmament) as an upfront rather than an ultimate goal, and its unwillingness to meet Pyongyang halfway. Importantly too, in Seoul no less than in Washington, North Korea policy is a work in progress – as seen in the sacking in January of the foreign minister, Yoon Young-kwan, followed by the national security adviser, Ra Jong-yil (since appointed ambassador in Tokyo). While this row was mainly about handling ROK-U.S. relations, policy on North Korea is obviously one of the main bones of contention.

In a seemingly hardened stand, on March 12 Foreign Minister Ban Ki-moon, fresh back from Washington and Tokyo, said that "Our position is that North Korea should get rid of all its nuclear programs and all its nuclear materials." Taken literally, that would include the Korean Peninsula Energy Development Organization (KEDO)'s light water reactor (LWR) project at Kumho: currently suspended, and viewed as dead by the U.S., but which Seoul has professed to hope to see resurrected – not least because it has spent about \$1 billion here, with smaller ROK contractors now facing ruin as North Korea has impounded their equipment on-site. The current suspension of Roh Moo-hyun as president while he faces impeachment proceedings, even if it proves short-lived, may see a more cautious line in Seoul toward the North. On the other hand, if the pro-Roh Uri Party wins April 15 parliamentary elections, as polls predict, this will boost Roh's pro-engagement approach as against the hawkish main opposition Grand National Party (GNP), hitherto the largest party in the assembly. Then again, the new GNP leader – Park Geun-hye, daughter of Park Chung-hee, the dictator (1961-79) who launched the ROK's economic development – may soften this line: last year she was Kim Jong-il's dinner guest in Pyongyang, which must have had both dads rolling in their graves.

Business: hardly fast-track

As usual, economic talks followed the inter-Korean ministerial meeting. Again it was Seoul's turn to host the eighth meeting of the Economic Cooperation Promotion Committee, on March 2-5. The DPRK team, headed by Vice Minister of Construction Choe Yong-gon, flew on regular services via Beijing rather than direct from Pyongyang. As in February, host reminded guest that what it can offer depends on nuclear compliance, and once again the guest took no notice.

Papering over the cracks, the talks produced a seven-point agreement, which (again as usual) reprised the various projects under way and pledged to expedite them. On the Kaesong special zone, they agreed to pass detailed regulations and resolve management issues in March, while "efforts shall be made on providing electricity and telecommunications on a commercial basis and in a timely manner." Reportedly, North Korea demanded that the South install power and telecoms at once – as in due course it no doubt will, but Seoul noted the political impossibility of doing this on a large scale while Pyongyang remains in nuclear defiance.

On the other (related) main project, cross-border road-rail relinking, it was agreed to test-run sections of the two rail corridors "within this year," and to complete paving the two roads "as soon as possible." This is hardly Chollima speed, to use an old DPRK slogan (Chollima, like Pegasus, is a mythical winged horse). By contrast, April 1 saw South Korea's bullet train, the KTX, come into service. With over 100 trains a day streaking from Seoul to Pusan or Mokpo at up to 300 kmph, the ROK press looked forward to the day when KTXs would also head for Beijing or even Moscow and on to Europe. The sober reality is that North Korea squats in the way, and seems in no hurry even for cross-border links, much less the massive upgrade of its own decrepit track and system which Seoul's (and Moscow's) grand visions will require.

Pyongyang plays games

March's talks also set dates for later full and working-level meetings, plus a flood control survey of the Imjin river in April. An exchange of economic missions "shall be made at an early time" – meaning no date was agreed. North Korea has sent two such teams to the South, but is less keen to reciprocate. Indeed, reversion in March to old-style game-playing suggests the North is in no real hurry for any of this, despite its economic dire straits. On March 15, its team failed to show up at the border for a working meeting in Paju, north of Seoul; a day earlier its delegation head demanded (via Radio Pyongyang) that the venue be switched to the DPRK city of Kaesong, since "anarchy" after the impeachment of President Roh made South Korea unsafe. The South obviously was not having that, nor did it appreciate other Northern comments on the impeachment, including predictably blaming the U.S.

In another negative sign, on March 17, South Korea reported that the North suddenly wants a much higher rent for land in the Kaesong zone, making it less competitive for Southern firms to set up there. After a welcome realism on wage levels and other issues,

this is a dismaying return to negative tactics. Kaesong has to be commercially viable or it will have no takers. Such recidivism is all the more depressing since earlier meetings made steady practical progress. Thus in late January, the DPRK accepted an ROK demand for jurisdiction over any of its business visitors accused of an offense in the Kaesong or Kumgang zones, while in late February, railway talks agreed on track maintenance arrangements and building an asphalt plant. The hope in Seoul is that Pyongyang's new negative mood is just a temporary ploy.

Don't mention the South

Disappointing, too, was March 25's one-day session of the Supreme People's Assembly (SPA), North Korea's rubber-stamp Parliament. As usual, the SPA heard the budget speech – without a single real number, just a few percentages – and a report on the economy by the premier, Pak Pong-ju. Pak had impressed South Koreans on a 2002 visit as part of an economic team (he was then chemicals minister). While calling for more trade in general, Pak did not see fit to mention Kaesong – North Korea's best hope – or any other inter-Korean projects.

Meanwhile, the ROK Unification Ministry (MOU) reported that inter-Korean trade, after a record year in 2003 when it grew by 12.9 percent to \$724 million, is currently falling. The total for the first two months of 2004, \$65 million, was down 26.4 percent on the same period last year. But, as MOU noted, this mainly reflects a sharp drop in non-business transfers, such as materiel for KEDO. Stripping this out, true trade actually rose 5.9 percent: still very small beer compared to cross-Strait or indeed ROK-China trade, both measured in billions. Pyongyang's recent antics are hardly calculated to make the flows grow. In a similar vein, on March 22, the North postponed working meetings on flood control and relinking railways until after ongoing joint U.S.-ROK military exercises, themselves routine, as are Pyongyang's annual protests.

Family reunions: still on-off, and one-off

The end of the quarter saw a further round of limited family reunions: the ninth in the series since the June 2000 summit, and the first in over six months. On the now familiar pattern, 492 South Koreans crossed the DMZ by bus March 29 to Mt. Kumgang for three days of brief, once-only reunions with 100 relatives that they had not seen nor heard from in half a century. On their return, a second group of 100 South Koreans was due to repeat the exercise. No subsequent contact is allowed, not even by phone, letter, fax, or email. In South Korea the lucky 100 are chosen by lottery; in the North they are selected from elite or trusted families, who – to their kin's dismay – dutifully laud the great and dear leaders for their beneficence.

While acceptable as a first ice-breaker, to maintain a ritual so limited in quality and quantity hardly implies a sincere humanitarian concern in Pyongyang. In the South, 123,000 people had applied for reunions; so far only 8,051 have been lucky, while 20,000 have died – as will most of the rest, at this snail's pace. Seoul wants a larger and freer program, including visits to hometowns. But all the North has conceded is a permanent

reunion center to be built at Kumgang (the ROK is paying for it), due by 2005 if continuing arguments can be solved. Hopefully this will enable more and better meetings in future, but there are no guarantees.

Bum rap: Seoul frowns on Hoonnet's gamble

But then South Korea, alas, has contact hang-ups of its own. In January, it revoked the inter-Korean business license of Hoonnet, a Southern IT firm, for refusing to close its Pyongyang-based joint venture online gaming sites: *jupae.com*, *mybaduk.com*, and *dklotto.com*. It also blocked access to the sites. Hoonnet's offense was twofold: not only is gambling illegal in the ROK, but Jupae's bulletin board offered a unique, yet technically illicit, chance for ordinary North and South Koreans to chat. Hoonnet, which also runs Pyongyang's first Internet café, employs a dozen female college graduates, working in shifts around the clock. Beyond site-related queries, they proved willing to discuss safe topics – such as China's claim, iniquitous to Koreans, that the ancient Korean Koguryo kingdom was Chinese – and even give out their MSN messenger addresses. Some 14,000 messages had been posted to the site since May 2002.

Hoonnet's founder, Kim Bum-hoon, says that Seoul knew of his plans to set up gaming sites, which he claims he cannot close since they are a joint venture. He may be a chancer: who else would do business in North Korea? Yet his defense of being a pioneer of reunification is hard to dispute: spending \$1 million to install what he says is Pyongyang's first public server (most other so-called DPRK sites are physically located elsewhere, in China or Japan) and cable it to the Chinese border. To persuade North Korea to allow even a few of its citizens email contact with the South is remarkable; for South Korea to be the one to shut this window is deplorable. Protests have flooded in to the Unification Ministry and other government websites, noting, for instance, that no attempt is made to block access to gaming sites in the U.S. and elsewhere. To its credit, reporting this story at least one online Seoul daily, *The Korea Times*, boldly gave hyperlinks to the offending sites – worth a visit, if not a flutter, for their quaint English alone – and other banned DPRK outlets like *dprkorea.com* and the official newsagency, *kcna.co.jp*

Discordant Song

If North Korea is looking for excuses to keep its distance from the South, the fate of Song Du-yul – see last issue for further details – may provide a pretext. On March 30, the Seoul Central District Court sentenced the well-known dissident and long-time exile to seven years in jail for violating the National Security Law (NSL). A long-time resident in Germany (whose citizenship he now has), the philosophy professor at Munster University visited North Korea 22 times, and is a senior member of its ruling Korean Workers Party (KWP) (he claims this was a formality foisted upon him). Both prosecutors, who had demanded 15 years, and the defense are to appeal.

This case thus looks set to remain divisive on several levels: North-South ties, relations with Germany, and within South Korea. A few days earlier, Song had been awarded the third Ahn Joong-keun peace prize, named for a patriot who in 1909 assassinated Ito Hirobumi, the first Japanese resident-general (governor) of a newly-colonized Korea. One can only wonder why Song returned to Seoul at all without doing some prior plea-bargaining, unless it was to court martyrdom, as part of a lifelong quixotic quest to challenge Korea's division. Equally, a wise government could just have deported him, rather than risk stirring up continuing controversy.

South Koreans' divided attitudes toward North Korea, and indeed the U.S., are illustrated in a survey by the daily *Korea Times*, published on April 1. Asked about aid to the North, almost half (46 percent) said the present level is right, 17 percent said aid should increase, while 33 percent wanted it reduced. Those in their 20s, students and white-collar workers, tended to favor assisting North Korea, whereas the over 60s, blue-collar workers and the less educated were more hardline. These numbers roughly parallel the 70/30 split between opponents and backers of President Roh Moo-hyun's impeachment. In a more even divide, 43 percent of respondents said U.S. troops should remain in South Korea, while 45 percent believed they should be gradually withdrawn.

Box-office ghosts

If not strictly bilateral, a key factor on the Southern side is changing, albeit still controversial, perceptions of North Korea and past attitudes thereto. Not confined to politics as such, these evolving currents also emerge on the cultural front. Thus early 2004 saw South Korea's film box-office records shattered twice over. In February, *Silmido*, which tells the hitherto hidden story of a secret ROK unit formed in 1968 to assassinate Kim Il-sung, became the first South Korean film ever to attract 10 million viewers, which it did in 58 days. Named after the bleak island where the commandos, picked from criminals and misfits, underwent brutal training, *Silmido* tells how they revolted when their mission was aborted in 1971 (as North-South ties improved), killed their trainers, sailed to the mainland, and died in battle with regular troops. Having until recently denied the whole story, the Defense Ministry is now investigating, and surviving instructors (none of the commandos lived) are suing for compensation.

Silmido's record was swiftly overtaken by *Taegukgi*, which looks at two brothers' relations during the 1950-53 Korean War and hit the 10 million viewer mark on March 14, just 39 days after its release. Not everyone is pleased. In February, conservative members of the National Assembly accused both films of portraying North Korea too positively and the South too negatively. Whatever the movies' merits, politically the risk does exist that as South Koreans rightly acquire a fuller picture and re-evaluate the ROK's tough and turbulent past, some may react with the wrong conclusion: that the North Korean threat was and is imaginary, a figment of a reactionary Cold War mentality, to be overcome by peace, love, and brotherhood. If only.

Safe as houses, or Northern exposure?

While films are straws in the wind, investment decisions are more solid pointers. In the past developers shunned the northern side of Seoul close to the DMZ – just in case. But on March 18, days after North Korea claimed that the satellite city of Paju north of Seoul was unsafe to meet in, one of the ROK's biggest joint ventures, LG Philips, the global leader in TFT-LCD flat screens, broke ground in Paju for what will be the world's most advanced plant in this field. Investing a planned massive \$21 billion over the next 10 years, evidently LG Philips does not expect the KPA's tanks to roll into town anytime soon.

The same day, in New York, former U.S. ambassador to the UN Richard Holbrooke hosted a breakfast meeting, for the likes of Citigroup et al, to introduce the Asia Center Trade Tower. Pitched as South Korea's first "Trump Tower" (though Donald T. is not involved), combining hotel, office, and luxury residential occupancy, this spectacular 65-story skyscraper is part of the first phase of New Songdo City, a planned \$190 billion waterfront venture near the port of Incheon. Occupancy is expected in 2008. Here again, the U.S. and ROK investors – who include the steelmaker POSCO – evidently feel no qualms about erecting so tempting a missile target so close to the North Korean border. Perhaps Kim Jong-il has first offer on the penthouse suite?

Chronology of North Korea- South Korea Relations* **January-March 2004**

Jan. 2, 2004: South Korea Unification Minister Jeong Se-hyun sets priorities for the new year. These include: constructing the Kaesong Industrial Complex, improving transparency in aid distribution, and opening a channel of military dialogue North Korea

Jan. 5, 2004: North Korea and KEDO announce a meeting Jan. 14-16, to discuss materials and equipment at the light-water reactor (LWR) site at Kumho. Since KEDO suspended this, the DPRK has frozen these, causing losses to ROK construction firms.

Jan. 6, 2004: ROK Unification Ministry (MOU) announces a new three-year draft strategy to enhance its capacity to educate the Southern public on reunification issues.

Jan. 8, 2004: Unification Minister Jeong says his ministry is considering using government funds from the South-North Exchange and Cooperation Fund to help small- and medium-size firms (SMEs) involved in inter-Korean trade or setting up in the Kaesong Industrial Complex.

* 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) and Tom Tobback's indispensable www.pyongyangsquare.com.

Jan. 9, 2004: Officials from the ROK defense and foreign ministries, the national intelligence service, and other agencies hold their eighth meeting on prisoner-of-war issues, focusing on how to help those still trickling out of North Korea half a century after the Korean War.

Jan. 13, 2004: MOU reports that North Korean defectors to the South totalled 1,281 in 2003, an increase of 12 percent from 2002.

Jan. 15, 2004: MOU reports that inter-Korean trade grew 12.9 percent in 2003, to reach \$724 million. North Korea exported goods worth \$289 million, mostly agro-fishery and textile products. ROK “exports,” totalling \$434 million, were mainly noncommercial aid.

Jan. 15-17, 2004: DPRK and ROK Red Cross organizations meet at Mt. Kumgang to discuss further the construction of a family reunion center, but fail to agree.

Jan. 18, 2004: South Korean media reports the appearance of Pyongyang’s first commercial billboards: six large advertisements (10m x 4m) for two Fiat car models assembled in Nampo by a joint venture of Pyonghwa Motors.

Jan. 18, 2004: South Korea says it will help the North preserve relics of the Koguryo kingdom (37BC-668AD), which occupied northern Korea and part of northeast China. A UN body is considering Koguryo sites in the DPRK and China for world heritage site status, amid a drive by China to claim it as part of Chinese rather than Korean history.

Jan. 19, 2004: Unification Ministry rescinds permission for Hoonnet, a South Korean firm, to engage in inter-Korean business. Hoonnet refuses to end unauthorized activities, notably its Pyongyang-based joint venture online gaming sites (www.jupae.com).

Jan. 20, 2004: ROK Ministry of Maritime Affairs and Fisheries says that inter-Korean sea transport fell slightly by 8,000 tons in 2003 compared to 2002. South Korea carried cargoes totalling 841,000 tons to the North, which sent 207,000 tons to the South.

Jan. 21, 2004: MOU reports that the international community gave 38 percent less aid to North Korea in 2003 than in 2002. South Korea increased its contributions by 17 percent to a total of \$160 million.

Jan. 23, 2004: North Korea attacks recent U.S.-ROK agreement to relocate U.S. forces to a line south of Seoul as “a product of the master-servant relationship between the U.S. and South Korea,” and claims this is a preparation for a war against the DPRK.

Jan. 24, 2004: ROK court for the first time recognizes DPRK notarial deed, ruling for a South Korean publisher who, having brought out a Northern book on medicine under contract with the original DPRK publisher, sued the Seoul publisher of a pirate edition.

Jan. 27, 2004: Seoul-based Inter-Korea Economic Association says it is completing an IT complex in Pyongyang, and several ROK IT companies will move there in March.

Jan. 27, 2004: ROK National Police Agency reports that there exist 31 websites that propagandize for the DPRK. Eight are directly operated by Pyongyang.

Jan. 27-29, 2004: Working-level inter-Korean economic talks held in Kaesong to discuss settlement and clearance systems and other practicalities. Immigration procedures for Southern business people visiting the Kaesong and Mt. Kumgang special zones are agreed: ROK will have jurisdiction over its nationals who offend while on business there.

Jan. 30, 2004: ROK President Roh Moo-hyun replaces National Security Adviser, Ra Jong-yil. As in the sacking of FM Yoon a fortnight earlier, this reflects tension in Seoul between Roh's desire for a more "independent" foreign policy and the U.S.-ROK alliance – including differences over how to handle North Korea.

Jan. 30, 2004: DPRK defectors in the ROK say they will set up an Internet broadcasting radio station, Free North Korea Broadcasting, starting in April. Its aims are "to improve human rights in the DPRK and help democratize the country."

Feb. 2, 2004: MOU says that Hwang Jang-yop has set up an NGO dedicated to democratizing the DPRK, the North Korea Democratization Union, and is its chairman.

Feb. 3, 2004: KCNA announces second round of six-party talks will start Feb. 25 in Beijing.

Feb. 3-6, 2004: 13th North-South ministerial talks are held in Seoul. They mainly focus on economic projects, but also argue over the nuclear issue.

Feb. 6, 2004: ROK Foreign Ministry says it has created a special task force for the nuclear crisis.

Feb. 6, 2004: Inter-Korean ministerial talks end with agreement to hold bilateral military talks, to cooperate on finding a peaceful solution to the nuclear crisis, and to continue construction of the Kaesong Industrial Park. They fail to agree on flood prevention measures for the Imjin River and a joint entrance at the 2004 Olympics.

Feb. 11, 2004: ROK Ambassador to the U.S. Han Sung-joo says the DPRK must discuss its uranium enrichment nuclear program at the six-party talks, now that revelations from Pakistan have confirmed its existence.

Feb. 12, 2004: South Korea accepts the North's revised proposal to hold a ninth round of family reunions at Mt. Kumgang from March 29 to April 3.

Feb. 24-25, 2004: 100 professors from the South-North Academic Exchange Association fly direct to Pyongyang for a conference on recovery of common cultural assets stolen by Japan during its 1910-45 colonization of Korea.

Feb. 25, 2004: Northern and Southern delegations announce in Athens that they will begin discussions on fielding a unified team for the 2004 Olympics in Greece in August.

Feb. 25-26, 2004: At railway talks in Kaesong, the Koreans agree on maintenance for cross-border railways, building an asphalt factory, and provision of necessary materials.

Feb. 25-28, 2004: Both Korea's participate, with the U.S., China, Japan and Russia, in a second round of six-party talks on the North Korean nuclear issue, held in Beijing.

March 2-5, 2004: Eighth inter-Korean Economic Cooperation Promotion Committee meeting in Seoul. It ends with a seven-point agreement to expedite cooperative projects.

March 3, 2004: President Roh admits differences with U.S. on how best to tackle the North.

March 5, 2004: KCNA reports that the Presidium of the Supreme People's Assembly (SPA), North Korea's Parliament, adopted a decision on regulations on the management of foreign currency and advertisements in the Kaesong Industrial Zone on Feb. 25.

March 5, 2004: South Korea's Vice Finance Minister Kim Kwang-rim says over 1,500 South Korean companies want to move into the Kaesong Industrial Park.

March 9, 2004: ROK says the North has agreed to authenticate origins of goods exported to the South, which are duty-free, to prevent abuse by mislabelled Chinese products.

March 9, 2004: A KEDO delegation arrives in Pyongyang to discuss the removal of materials – mainly belonging to ROK contractors – from the LWR site at Kumho.

March 11, 2004: Echoing a South Korean diplomatic campaign, KCNA says that the sea east of the peninsula should be called East Sea or Korea Sea, instead of Sea of Japan.

March 12, 2004: ROK FM Ban Ki-moon, after visiting Washington and Tokyo, calls on the DPRK to “get rid of all its nuclear programs and all its nuclear materials.”

March 14, 2004: Pyongyang calls impeachment of ROK President Roh “a coup in the Parliament unprecedented in the history of world politics, which betrays the backwardness of South Korean politics.” It blames the U.S. for inciting this.

March 15, 2004: Northern officials fail to show up for working-level inter-Korean economic talks in Paju, South Korea following the DPRK chief delegate Choe Yong-gon's demands on Radio Pyongyang that the venue be changed to the Northern city of Kaesong, citing the “anarchy” in the ROK caused by the impeachment of President Roh.

March 17, 2004: South Korean officials say the North wants a much higher rent for land in the Kaesong Industrial Zone, making it less attractive to South Korean firms.

March 18, 2004: DPRK attacks the new ROK security doctrine, which defines the North as a “direct threat” (but no longer the “main enemy”), as “an unpardonable anti-national, anti-reunification crime and an intolerable insult to the army and people of the DPRK desirous of national cooperation.”

March 21-28, 2004: Annual joint U.S.-ROK military exercises, *Foal Eagle* and *RSOI*, held. North Korea pulls out of inter-Korean meetings on flood control and relinking railways while these wargames take place.

March 25, 2004: The DPRK Supreme People’s Assembly (SPA) meets for a single day to hear the budget speech and an economic report by the prime minister. There is no mention of inter-Korean relations or projects.

March 25, 2004: MOU says inter-Korean trade in the first two months of 2004 fell 26.4 percent on the year to \$65 million, due to a steep fall in noncommercial trade (such as materials for KEDO and other aid projects). Commercial transactions were up 5.9 percent.

March 30, 2004: Song Du-yul, a dissident scholar long exiled in Germany, receives a seven-year jail sentence in Seoul for close contacts with and frequent visits to North Korea.

March 29 - Apr. 3, 2004: A ninth round of family reunions is held at Mt. Kumgang.