

North Korea-South Korea Relations:

A (Potentially Sickening) Game of Chicken

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The inter-Korean relationship – like every other relationship with North Korea following the DPRK’s Feb. 10 announcement to indefinitely suspend participation in the Six-Party Talks – remains on hold this quarter. Although there is no chance to speak with North Korea officially in either a multilateral or bilateral setting, there are lots of opportunities in South Korea to talk about how to fashion more opportunities to pursue one-sided reconciliation with the North. There is also lots of self-criticism about how South Korea can be a better partner to its brothers in Pyongyang, despite ample evidence that brothers in Pyongyang are unwilling to provide support or even to take simple actions that might lead to more South Korean largesse. This quarter, Pyongyang’s begrudging attitude toward South Korean assistance was evident in its reaction to South Korean offers of help during the Avian flu emergency in North Korea, its refusal to accept some types of assistance in the Kaesong Industrial Zone, and its demand that South Korea expand its annual donation of fertilizer to the DPRK from 200,000 tons to 500,000 tons.

Who’s Chicken?

Since the inter-Korean summit, South Korea has been North Korea’s “911.” In an emergency, Seoul is always the first responder. The problem, as demonstrated in April 2004 following the Ryongchon explosion, is that North Korea still turns to Seoul only as a last resort after taking help from the international community and anyone else who will respond. The latest crisis to hit North Korea came in the form of an announcement in late March that North Korean authorities had culled chicken farms that had been hit by a form of “bird flu.” The oddly-named South Korean firm Porky Trading (how does chicken fit their product line?) suspended plans to import 2,000 tons of chicken from the North while South Korean humanitarian agencies geared up to respond, but the call for help from Pyongyang has not come. Instead, the North has tapped experts from the United Nations Food and Agricultural Organization to provide outside expertise. Seoul is left standing by the phone, waiting for the disinterested object of its affection to finally call. It is an odd game of chicken over Avian flu, with Seoul desperately trying to get Pyongyang’s attention or even a hint of a response, and the North Korean leadership trying not to acknowledge the presumed prince charming wanting to save the damsel that doesn’t recognize its own distress.

Kaesong Through the Looking Glass

The last quarter ended with another of many “milestones” in the inter-Korean relationship, a ceremony marking the production of the first items from the Kaesong Industrial Zone, a line of kitchen accessories produced just in time for Christmas sales by a South Korean company called Living Art. Minister of Unification and future presidential hopeful Chung Dong-young eagerly prepared for his first trip to North Korea as minister (it had been reported last summer soon after he took office that he had been studiously preparing to meet with his North Korean counterparts), but was roundly humiliated at the ceremony marking the opening of the zone. (The low-level North Korean representative at the ceremony criticized South Korea for its slowness in implementing the project and walked out on Chung’s address.)

In fact, the high-level dialogue that Seoul has so eagerly sought as part of an effort to institutionalize the inter-Korean relationship seems to have stalled with Chung’s appointment as minister of unification. Aside from North Korea’s unwillingness to meet with Chung, the Kaesong event gave the North an opportunity to snub him personally, a moment DPRK officials had awaited for over six months as sweet revenge for Chung’s initial decision as minister to forbid a South Korean nongovernmental delegation (to have included the wife of deceased South Korean dissident Rev. Moon Ick-hwan) from attending ceremonies marking the 10th anniversary of the death of DPRK founder and eternal President Kim Il-sung in July 2004. Minister Chung’s decision to accept 468 North Korean refugees from Vietnam in July 2004 only reinforced the North Korean judgment that the current unification minister is not the man with whom the DPRK is eager to speak. While it is premature to say whether Chung’s failure to make progress in inter-Korean relations would be good or bad for his presidential bid in 2007, the North Koreans have made little effort to give him a leg up on the competition by helping him to achieve any successes in the inter-Korean relationship.

Despite the insult to Chung (a relatively minor insult by North Korean standards), the Kaesong project continues apace, fueled by South Korean enthusiasm to make inroads in North Korea while taking advantage of North Korea’s relatively lower labor costs, the willingness of South Korean business to take on any project – no matter how “risky” – that is fully subsidized by the government of South Korea, and a steadily growing budget for inter-Korean economic cooperation. The budget for inter-Korean economic cooperation was set to increase by 300 percent to \$496 million, which should be enough to subsidize the entry of quite a few obsolescent South Korean firms into Kaesong.

This quarter’s milestone for the Kaesong project was the decision by South Korean officials, despite the North’s continued stiff-arming of high-level inter-Korean dialogue and the Six-Party Talks (and an apparent reversal of the South Korean refusal to provide electricity to North Korea prior to conducting a comprehensive assessment of North Korea’s electricity demand and needs), to finally flip the switch March 16 and allow electricity to flow across the inter-Korean border to South Korean firms located in the Kaesong Industrial Zone for the first time since 1948. At that time, it was the industrialized North that ended supply of electricity to the South on the basis of the

South's nonpayment of its electricity bills. (Who says there is no reciprocity in inter-Korean relations?) To be fair, this electricity is presumably exclusively for the purpose of raising the efficiency of South Korean firms in the North that had relied on generators for their electricity needs, arguably enhancing the efficiency of the project and lowering energy costs to be paid from the Inter-Korean Economic Cooperation Fund.

Another mark of progress was that a second company successfully brought production online this quarter. The Shinwon company shipped 1,000 shirts for sale in South Korea. It was also agreed that all Kaesong Industrial Zone manufactures will have the label "Made in Korea." The designation is likely good enough for trade with Singapore as part of the ROK-Singapore FTA currently under negotiation, and fine for Europe, but not suitable under trading restrictions in the United States that still prohibit sale of goods made in the DPRK.

Apart from high politics, progress in the Kaesong Zone itself is running at a slow pace – not because of any hesitancy to move forward on the part of South Korea, despite the ongoing nuclear crisis – but due to North Korean actions that have slowed the project. South Korea's Hyundai Asan, the exclusive manager of the Kaesong Industrial Zone as well as the tourism operation in Mount Kumgang, announced that it hoped to take South Korean tourists to the Kaesong Industrial Zone this quarter, but North Korean authorities have not yet agreed. Hyundai Asan has also requested to no avail that North Korean authorities allow Hyundai Asan to take foreign experts to the site, even though North Korean authorities have shown the site to European experts who conducted an economic training seminar in Pyongyang late last year. North Korea blocked the entry in January of South Korean doctors into Kaesong to mark the opening ceremony of a South Korean-built hospital in the zone and temporarily delayed the delivery of 5.4 million coal briquettes into Kaesong for a month without explanation. Despite some delays, KT Telecom reached an agreement to charge 50 cents per minute for calls from the Kaesong Industrial Zone.

Fertilizer Assistance, Inter-Korean Dialogue, and the Nuclear Crisis

The most interesting developments in the debate over the inter-Korean relationship and its relationship to the North Korean nuclear crisis this quarter focused on the questions of when, how, and why South Korea might respond to an annual request by North Korea for fertilizer for the spring planting season. The DPRK Red Cross signaled its annual request in early January, but upped the ante by demanding that South Korea double its annual supply of fertilizer from 300,000 to 500,000 tons. Aside from speculation about why the North might have doubled its request (to compensate for reductions in humanitarian assistance from the international agencies?), the question of how South Korea will respond has become a critical tactical question following the North Korean announcement that it would indefinitely suspend its participation in the Six-Party Talks.

The North Korean announcement came the day before the arrival of ROK Foreign Minister Ban Ki-moon in Washington. It was reported that Vice President Cheney raised the issue of how South Korea planned to respond to the fertilizer request as part of

discussions on how to respond to the North Korean announcement. If Washington had hopes of securing the withholding of South Korean fertilizer assistance as leverage to get the North Koreans back to the Six-Party Talks, Unification Minister Chung made clear that any effort to use the fertilizer assistance as leverage would be tied to the resumption of the inter-Korean dialogue, not Six-Party Talks. This subtle difference in U.S. and South Korean priorities and thinking about leverage raises an interesting question: Why has North Korea been so hesitant to cooperate more actively with South Korea, given the likely expanded material benefits and the bonus opportunity to exacerbate divisions in the U.S.-ROK security alliance?

The question of whether to give fertilizer as an inducement for what form of North Korean cooperation goes to the heart of the fundamental challenge that South Korea and other countries face in dealing with the North. Fertilizer may be valuable as leverage, but withholding fertilizer or using it as leverage doesn't guarantee anything more than begrudging and reluctant superficial North Korean cooperation, and may not yield the desired concession. Fertilizer also has a limited shelf-life as an inducement since the North Korean planting season will eventually pass, and the consequences of withholding the aid may haunt all parties in more severe forms if there is a new humanitarian disaster. On the other hand, without linkage to cooperation in some form, North Korean officials may well simply pocket the assistance without any expanded prospects for cooperation.

Two of the premises of the Sunshine Policy were that it would change North Korea and that the economic relationship would give South Korea leverage with North Korea by institutionalizing a dialogue and inducing North Korean dependence (to some degree) on South Korean largesse. At the very least it was assumed that the North would not be able to fight or hurt any party on which it is structurally dependent for its survival. Yet there is scant evidence that South Korea is getting much of a return on its investment, as North Korea has continued to marginalize South Korea as a player on the nuclear issue and even in the context of inter-Korean dialogue. This situation should raise questions in Seoul about whether it is getting any bang for its buck or whether it is getting swindled by a serial con artist. If South Korea cannot utilize the perceived leverage that it has, then South Korea is only allowing the North to hold it hostage in the same way that a parasite relies on its host as its means to survive.

South Koreans are clearly frustrated with the current situation for understandable reasons, and the public expects that the Roh administration will be an active player in resolving current tensions, even though there are divisions about what precisely South Korea should do, i.e., whether the primary emphasis should be on calming Washington or engaging North Korea. This frustration is traditionally heightened when there are perceptions that the South Korean government does not have an active or effective channel for inter-Korean dialogue.

The extent of the frustration was evidenced in a surprising and dramatic way by Grand National Party opposition leader Park Geun-hye's call in Washington for the Bush administration to break the six-party deadlock by sending a special envoy to North Korea. (Park's call for a special envoy also demonstrated the extent to which the Bush

administration's current approach falls outside the mainstream of the entire South Korean political spectrum.) This also helps to explain the periodic calls among ruling party supporters of President Roh for a special envoy to North Korea such as that made by Uri Party floor leader Chung Sye-kyun in early April.

One manifestation of the divisions within South Korea over how to respond to North Korea was dramatized by the publication of a new South Korean Defense White Paper following a gap of almost four years, due to an internal debate over whether or not North Korea should be classified as South Korea's "main enemy." North Korea strongly argued that such a classification contravened the June 2000 inter-Korean joint declaration, and also objected to the Defense White Paper's new classification of North Korea as a "substantial military threat." An assessment that drew less attention was the white paper's judgment that the North Koreans may have one or two nuclear weapons. This judgment conflicted with Minister of Unification Chung's assessment immediately following North Korea's Feb. 10 statement that it was too early to classify North Korea as a nuclear weapons state without an actual nuclear detonation by North Korea. There is only one way to settle this intelligence debate for good, but it is hard to see how such a development would be satisfactory for any of the concerned parties or for South Korea's credit rating, so why even appear to bait the North Koreans? (The same could be said for a new bill introduced in the National Assembly by an Uri Party member that would exempt chaebol that invest in North Korea from curbs on cross-shareholdings. At either a corporate or a national level, the assumption of tremendous collateral risk would surely be immediately factored into market valuations.)

At the same time, there are a variety of opportunities for informal or "secret" inter-Korean dialogue, including a "track-two" inter-Korean dialogue held at Kaesong at the end of March that included close senior advisors to President Roh. Thus far, despite a variety of signals of South Korean frustration with the U.S. and a wide range of hopes for direct inter-Korean dialogue to address the nuclear crisis, President Roh has resisted the temptation to defect from the Six-Party Talks and pursue an inter-Korean summit or send a special envoy to North Korea. Given that North Korea has consistently marginalized the South on the nuclear issue, the right course of action for President Roh is patience. After all, the DPRK leadership ultimately does know that its last option in a pinch is to dial "South Korea 911."

The Bright Side: Inter-Korean Economic Relations and Joint Cooperation

Aside from the Kaesong project, there was notable but limited progress on a number of fronts in support of inter-Korean economic and cultural cooperation. South Korean humanitarian aid for 2004 rose over 63 percent from 2003, going from \$158 million to \$263 million. This increase was primarily due to the South Korean response to the Ryongchon disaster in April 2004. Inter-Korean trade, however, was stagnant, falling 3.9 percent to \$697 million, about half the level of recorded China-DPRK trade (\$1.38 billion) in 2004. The Kaesong Industrial Zone efforts are expected to increase inter-Korean trade levels in 2005.

Average South Korean citizens can look forward to drinking from the same well as the “Dear Leader,” whose reported favorite Mount Myohyang mineral water was set to be imported into South Korea early in the year. A version of North Korea’s legal code has been made available for South Korean readers. Perhaps more useful reading may come in the form of a Korean language dictionary that scholars from North and South Korea agreed to work on, the first of its kind since before the Korean War. A jointly produced wildlife documentary between *MBC* and North Korean counterparts was successfully completed and aired this quarter; *KBS* and *MBC* have been negotiating with DPRK counterparts to jointly produce historical dramas.

The final area of progress in inter-Korean cooperation involves challenges to Korean nationalism or national pride. North and South Korea have agreed to cooperate this quarter on matters related to defending the history of Koguryo and share opposition to Japan’s bid for a permanent seat in the United Nations, to Japan’s claims to the disputed Liancourt Rocks (Tokdo/Takeshima) in the East Sea/Sea of Japan and to rightwing versions of Japanese history books that have been approved by Japan’s Ministry of Education for educational use in Japanese middle schools.

The Dark Side: Headaches North Korea Continues to Export

Handling of North Korean refugees and human rights continues to fester as new permutations of these issues arise each quarter. One recent survey shows over 60 percent of the South Korean public is opposed to the activities of South Korean human rights NGOs related to North Korea, while only about 30 percent of the South Korean public support such activities. There remains much that is unreported in the South Korean media on these issues as a result of an August 2000 agreement between Kim Jong-il and major news media not to report bad news about North Korea. Not surprisingly, a video showing a public execution in North Korea from early March has been making the rounds of many neighboring countries and is available on the web, but has yet to be shown on *KBS*, South Korea’s key broadcast network.

The Ministry of Unification announced that it will try to more effectively screen North Korean refugees so as not to accept North Korean criminals (only law-abiding North Korean citizens loyal to the “Dear Leader” accepted, others need not apply?) and spies, or Chinese ethnic Koreans posing as North Korean refugees. The alleged North Korean kidnapping in 2000 of a South Korean pastor, Kim Dong-shik, from northeastern China to North Korea, festers, as a number of perpetrators of the crime have reportedly found their way to South Korea. The case spawned an opposition GNP National Assembly fact-finding investigation to Yanji and a dispute with Chinese authorities over their planned press conference in Beijing. Beijing also shipped back to North Korea an alleged South Korean prisoner of war, Han Man-tack, to South Korean consternation. And there are continuing low-level charges from both sides of violations of the Northern Limit Line (NLL) in the West Sea.

South-South Divide: an Update

Although the DPRK bitterly criticized the failure of the South Korean National Assembly to repeal the National Security Law, there have been a number of court judgments in South Korea this quarter related to the ongoing ideological divide in South Korea over government policy toward the North. A Seoul court ordered that the ROK government should be required to pay over \$1,000 in damages for excessive restraint and treatment in jail of the controversial German-Korean scholar Song Du-yul, who returned to South Korea in 2003 and was arrested on charges of violating the National Security Law for his alleged membership in the North Korean communist party and activities he organized with North Korean funding during his years in exile in Germany. There was also an effort in South Korea to rehabilitate and honor left-leaning nationalist Yo Un-hyung, the victim of rightwing assassins in South Korea in 1947, by posthumously awarding him the Presidential Medal of the Order of National Foundation Merit; the commendation was rejected by Yo's daughter Yo Won-gu, chairperson of North Korea's National Unification Democratic Front. On March 31, the Seoul District Court decided not to press charges under the National Security Law against novelist Cho Chang-rae and Korea University political scientist Choi Jang-jip for novels and historical analysis that touched on ideological divisions stemming from the Korean War. The polarization of South Korean politics over North Korea-related issues is likely to continue with the current political investigation into collaboration during the Japanese colonial period.

Conclusion

South Korean leaders desperately want to be asked to the six-party prom, or even to have a special night out instead of a group date, but the man she has eyes for pursues someone else. In the absence of a date, there is another round of discussion among the girls – what can Seoul do to make itself more pretty, or more attractive, and won't the fact that Seoul is rich help? Isn't there anything that can turn North Korean eyes toward Seoul? These are the themes of most good Korean dramas, and it is widely known that Kim Jong-il fashions himself a director and producer, a man who knows a good story line when he sees one. The situation turns on its head the famous Korean proverb, "*nam-nam buk-nyu.*" (Handsome men are in the South, while the pretty girls are in the North.)

Instead, we have unrequited love in South Korea – hard to recover from or to get over, but the stuff of which dramas are made. And Kim Jong-il has cast himself as the leading man, wooing the even more distant U.S. despite consistent rejection, while ignoring the girl next door. Or as Uri Party Floor Leader Chung Sye-kyun plaintively cried, "How come the South Korean lawmakers are forbidden from meeting North Korean politicians, when even U.S. congressmen are visiting North Korea to discuss contentious issues?" Stay tuned for the next episode next quarter.