



**North Korea-South Korea Relations:
Summit Success?**

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The main event between the two Koreas in the third quarter of 2007 was, obviously, President Roh Moo-hyun's visit to Pyongyang. This was the first North-South summit meeting in seven years, and only the second in the 59 years since two rival states were declared in 1948 under respective U.S. and Soviet patronage, each claiming – as they do still, even after a decade of “Sunshine” – to be the sole legitimate government on the peninsula. Originally scheduled for late August, the summit was postponed until early October after North Korea was hit – yet again, and worse than ever – by crippling floods. Strictly, then, it fell outside the third quarter. But it would be perverse to exclude so key an event, especially since anticipation of how it would go dominated August and September.

Moreover, the fact that the summit coincided, almost to the day, with further progress at the Six-Party Talks (SPT) added an extra twist to what, however one evaluates it, was a crucial moment in the tangled history of inter-Korean relations. Time will tell, and we shall have a clearer idea by the year's end; or maybe not till early 2008, when a new and almost certainly more conservative leader in Seoul – Roh's successor will be elected Dec. 19, taking office Feb. 25 – must decide how far to accept and implement the eight-point agreement that Roh signed with Kim Jong-il.

To this writer, skeptical like many, this looks a better deal than feared. Despite regrettable if predictable brevity on the nuclear issue, and a deafening silence on human rights, the new agreement, if implemented – always a big proviso with the DPRK – presages the start of serious, large-scale, and wide-ranging inter-Korean economic cooperation. If some critics still find this one-sided – no prizes for guessing who will write the checks – at least now the focus is on solid infrastructure and joint business; it's not simply aid (much less cash) that Kim Jong-il can use as he pleases, as was too often the case hitherto.

Assorted spats

As the quarter began, the surface atmosphere hardly seemed propitious for a summit, even though, as reported in earlier issues of *CC*, rumors that Roh wanted one had abounded for months, and secret talks to that end – initially denied – had been confirmed in the spring.

With memories still fresh of rows at events held in Pyongyang in June to commemorate the seventh anniversary of the first inter-Korean summit talks in 2000 between Kim Jong-il and the then Southern president, Kim Dae-jung, the bad temper continued into the second half of the year. Military talks continued to run aground on the Northern Limit Line (NLL) issue, with the North demanding that this *de facto* postwar western marine border (which it never officially accepted) be redrawn, and the South refusing to entertain this. On July 26, a North Korean People's Army (KPA) general swore and stormed out of the latest round of talks, held as usual in the truce village of Panmunjom in the Demilitarized Zone (DMZ), saying there was no point in continuing.

Barely a week later on Aug. 4 the North pulled out of another now customary joint event: celebrating Liberation Day (from Japan in 1945) on Aug. 15, a holiday in both Koreas. This year the host was to be Busan, South Korea's second city and main port. The North's pretext was the hoary old one of protesting what are in fact routine annual joint U.S.-ROK military exercises, codenamed *Ulchi Focus Lens*. Two days later there was a brief exchange of gunfire across the DMZ, the first in over a year. No one was hurt.

Summit set for end of August

Yet behind all this play-acting, evidently, the North was happy to arrange a summit. It was announced on Aug. 8 that Roh Moo-hyun would visit Pyongyang later that month, on Aug. 26-28. Critics at once smelt a rat, or several. For a start, the venue: why Pyongyang again, when the Dear Leader had never fulfilled his pledge to reciprocate Kim Dae-jung's 2000 visit by coming south to Seoul – or even Jeju Island? Security concerns were adduced.

Then there was the timing. A lame duck with less than four months to go before his successor is elected, Roh hardly had the clout to make a deal that would stick, especially as all polls give a huge lead to the conservative opposition Grand National Party's (GNP) Lee Myung-bak, a former mayor of Seoul. The GNP accordingly cried foul, accusing the ruling camp of blatant electioneering in the hope (surely vain) of boosting a beleaguered center-left which after a decade in power looks stale, has been through all manner of bewildering party splits and reamalgamations, and, by early October, had yet to choose its candidate from among several hopefuls – none of whom has even double-digit public support.

A third concern was how this was arranged. Secret talks, initially denied, were hardly an exercise in transparency. Much of the ROK government was kept in the dark; only a few people in the Blue House and National Intelligence Service (NIS) knew the plan.

Personalities and experience were another worry. Some feared that a wily old bird like Kim Jong-il, on his home turf, would run rings around Roh, who can often come across as naïve.

Help or hindrance to SPT?

A wider question was how the summit would mesh with the SPT. At first glance they could seem mutually reinforcing, as twin or at least parallel tracks of a broader peace process. Yet in Washington and Tokyo, behind the *pro forma* noises of approval for the summit, there was worry lest Roh – ever mercurial, and now politically beleaguered – might run ahead of the SPT and thereby undermine them. Reports that the ROK would offer a \$20 billion mini-Marshall plan, with no mention of strings attached, raised fears that this would strengthen Kim Jong-il, thus enabling him to resist the strict step-by-step conditionality of the SPT.

The risk in all this was seen when South Korea said it would partially pull out of the *Ulchi Focus Lens* war games with the U.S. The North complains about these every year, and this time they were due to coincide with the summit. Fearing trouble, Seoul told U.S. Forces Korea (USFK) that it would still participate in the main computer-based exercise, while postponing the field component until after the Pyongyang meeting. In the event the full exercise went ahead, because the summit was postponed – but no doubt the Pentagon was not best pleased.

Flooded out

Lively debate about the summit's pros and cons was put on hold Aug. 18, when the event itself was postponed to early October (2-4) after the worst floods in 40 years hit North Korea, including Pyongyang. Suspicious minds speculated whether this was a pretext, but for once there is no reason to suspect Kim Jong-il – he was stranded in the northeast of the country, according to one report – of guile. Unusually, DPRK media reported the damage swiftly and in detail, including TV pictures of floods in Pyongyang itself, the first since 1967.

By all accounts this was a body blow to an already suffering economy and people. *KCNA* was coy on casualties, but aid agencies were told that almost 300 people were dead or missing; 11 bodies, more than ever before, floated downriver into South Korea. Over 46,000 homes were destroyed, rendering 88,000 families or over 300,000 people homeless.

In a state already unable to feed itself, at least 11 percent (South Korea reckons 14 percent) of all farm land, paddy and dry alike, was hit at a critical season, with both rice and maize coming into ear. *KCNA* spelt out the harm to irrigation: “Over 200 pumping stations, more than 1,600 sections of waterway, upward of 30 reservoirs, 450 agricultural structures and at least 800 sections of river and stream bank were destroyed.” Nor was industry spared, as the floods knocked out 400 factories, 60 coal mines, and 500 electricity pylons. *KCNA* admitted that rail transport – creaky at the best of times – was “paralyzed”: tunnels inundated, bridges destroyed, track buried by landslides, and 55,000 sq. meters of roadbed washed away.

Few areas of the country escaped. Upper and middle reaches of the Taedong River, which flows through Pyongyang, had their highest ever rainfall with average precipitation of 524 mm between Aug. 7-11, exceeding the 472mm at the severe floods of Aug. 25-29 1967. The 378mm that deluged the capital itself was more than double 1967's 154mm. In a rare plaintive note, *KCNA* lamented, "The beautiful parks in Panwol, Ssuk, Konyu and other islets and on the sides of river were buried under silt beyond recognition."

Dear Leader cut off

South Pyongan and North Hwanghae provinces had nearly a year's rainfall in just a week. The latter lost 37,000 hectares of fields flooded, buried, or washed away. South Hwanghae in the southwest, the main granary, lost 20,000 hectares of crops, while Kangwon in the southeast bore the worst of the damage to housing with 27,700 homes wrecked. North Pyongan in the northwest and South Hamgyong in the northeast also suffered, with forestry hit there and in mountainous Jagang on the border with China. Even Kim Jong-il was affected, reportedly stranded in the Hamgyong area where he was making guidance visits. Reluctant to fly, his inability to get back to Pyongyang was one probable reason to postpone the planned inter-Korean summit.

As in 1995 and intermittently since, the DPRK appealed for international aid. Both the UN and Red Cross promptly issued appeals, but immediate pledges seemed far smaller than the scale of the problem required. The UN World Food Program (WFP), which once had its largest operation worldwide helping 6 million vulnerable North Koreans, sprang into action despite being forced since last year to drastically curtail its operations, having been told that humanitarian (as opposed to development) aid was no longer needed. In truth, North Korea resents WFP's insistence on monitoring delivery. It thought it could get by on aid from a less intrusive China and South Korea, but Seoul withheld its usual annual 400,000 tons of rice in 2006 to protest the North's missile and nuclear tests; it was reinstated this year.

For the floods, Seoul at once sent aid worth \$7.5 million on Aug. 17. A week later it pledged a further \$40 million. Roh Moo-hyun sent a personal message of condolence to Kim Jong-il, which *KCNA* ran as its lead item Aug. 22. That note of gratitude is rare, and did not last. On Sept. 5, when North Korea thanked several countries by name for their flood aid, South Korea was conspicuous by its absence – though it gave more than any.

SPT Working Groups: ROK runs energy and economy

While the wider SPT process is beyond the scope of this bilateral review, mention must be made of the Working Group on energy and economy, which South Korea chairs. On Aug 6-7, this Working Group held its second meeting – at Panmunjom, interestingly. Discussion centered on how to supply the 950,000 tons of heavy fuel oil (HFO) promised if North Korea fulfils the next phase of denuclearization, given that it has capacity only to store 200,000 tons a year. Other forms of energy could be substituted, but Pyongyang has yet to make any known specific request on this. Earlier, in July, South Korea sent the first

50,000 ton tranche of the 1 million ton total offered under February's SPT accord, as a reward for the North's shutting down its Yongbyon nuclear site.

Plans are laid

As the revised date for the summit drew nigh, arguments in Seoul continued, while working talks – initially in Gaesong, followed by two advance parties to Pyongyang – ironed out the nitty-gritty. Those who feared the worst found the lack of a published agenda ominous, and were appalled when Roh breezily said he would not even raise the nuclear issue so as not to offend his host.

Where Kim Dae-jung flew to Pyongyang, Roh was keen to travel overland across the DMZ. The North was unready as ever to use the cross-border railways, which the South has spent half a billion dollars reconnecting, but agreed he could come by road. Roh's chauffeur was allowed to test-drive the armored ROK presidential limousine to Pyongyang in advance, so he could get acquainted with the distinctly bumpy Gaesong-Pyongyang "expressway."

He came, he saw; he conquered?

On Oct. 2 the world's media watched – from a distance: only Korean journalists were allowed on the trip – as the motorcade set out in Seoul's gray dawn. In an unforgettable image, no less effective for being pre-planned, Roh and first lady Kwon Yang-suk alighted and walked across the DMZ into North Korea, crossing a yellow strip bearing the words Peace and Prosperity, the name by which the Sunshine Policy has been rebranded.

Arriving in Pyongyang, Roh transferred to a DPRK limousine for an outdoor first meeting with Kim Jong-il. The dour leader, as *Reuters* quipped, after an initial handshake neither smiled nor talked to his guest as they inspected an honor guard; they left in separate cars. Some in Seoul saw this as a slight. In 2000, by contrast, Kim Jong-il had greeted Kim Dae-jung warmly on the tarmac at Pyongyang's Sunan airport, and they rode into town together; DJ fended off unscripted pressure from his host to make a detour via the mausoleum of his late father Kim Il-sung, an image that would not play well in Seoul.

On both occasions Kim Jong-il's showing up for a welcome greeting was not in the script, if less of a surprise this time. Perhaps having read his press, as he does, he was much warmer the next time he met Roh. Again, connoisseurs of protocol nuance noted that when Roh controversially visited the Arirang mass display, which some in Seoul condemn as not only propaganda but child abuse, his host was not the dear leader – who in 2000 did the honors for Madeleine Albright – but Kim Yong-nam, the DPRK's titular head of state.

The by now less dour leader still had another curveball up his sleeve, exhorting his guest to "loosen his belt" and stay on an extra day. Although visibly thrown, Roh very properly said he must consult his security and protocol chiefs – whereupon Kim quipped: "Can't

the president decide?” Caught on camera, this was a nice illustration of how governance differs. In the event Roh declined and Kim withdrew the idea, saying they’d had enough discussion after all. Quite what this all signified is unclear – possibly, fear of Arirang being rained off – but Roh acquitted himself properly, to his credit and general relief back home.

Eight-point agreement signed

Indeed, that judgment arguably holds more broadly. On Oct. 4 the two leaders signed an eight-point “Declaration on the Advancement of South-North Korean Relations, Peace and Prosperity.” The full text is on the [ROK Ministry of Unification website \(www.unikorea.go.kr/english/EPA/EPA0101R.jsp?main_uid=2181\)](http://www.unikorea.go.kr/english/EPA/EPA0101R.jsp?main_uid=2181); the DPRK version is on KCNA’s site at (www.kcna.co.jp/item/2007/200710/news10/05.htm#2).

They are not quite identical. The final sentence in the ROK version stipulates that “the South and the North have agreed that their highest authorities will meet *frequently* for the advancement of relations between the two sides”; the DPRK text renders this as “The north and the south reached an agreement on ensuring that the top leaders of both sides meet *from time to time* to discuss pending issues for the purpose of developing the inter-Korean relations.” (Emphasis added.)

Overall, this is a meaty and even exciting agreement, on several fronts. If little was said on the nuclear issue, the wider security agenda was not neglected. The two defense ministers will meet in Pyongyang in November to discuss confidence building. While the DPRK’s then defense minister visited Seoul in 2000, this led to neither continuity nor reciprocity – until now: ROK Defense Minister Kim Jang-soo visited Pyongyang with his president, so November will be his second trip north. The hope in Seoul is that such meetings will be institutionalized and so become regular in the future.

High on the military agenda will be establishing a “special zone for peace and cooperation” in the West (Yellow) Sea, including a common fishery zone, to avoid fatal clashes such as occurred in 1999 and 2002. Depending on one’s viewpoint, and how the talks go, this may either resolve or fudge the NLL issue. Defense Minister Kim has denied conservative charges that Seoul has any plan to cede sovereignty, yet it was widely reported before the summit that his ministry was in conflict with the Ministry of Unification on this matter. We shall see in November.

A permanent peace regime?

More ambitiously, both Koreas committed to seek to “end the current armistice regime and build a permanent peace regime.” To that end, “the leaders of the three or four parties (sic) directly concerned [should] convene on the Peninsula and declare an end to the war.” That numerical ambivalence is peculiar. Critics gloss it as the DPRK still trying to exclude the ROK because it never signed the 1953 Armistice, while sections of the Seoul press reckon the odd one out is China. But neither will wash: China is a signatory to the Armistice, while no permanent settlement could conceivably exclude South Korea.

In any case, by definition – if to Korean chagrin – this cannot be a matter for Koreans alone. Here the summit ventured into territory also raised at the SPT, which conversely is too big a forum: neither Russia (officially) nor Japan was a belligerent in 1950-53. The Feb. 13 SPT accord envisages a separate meeting in due course to discuss a peace regime, but the fear in Washington is that Seoul – or at least the outgoing administration – might press for this too soon, whereas in U.S. eyes North Korea's denuclearization should take precedence.

Open for business?

But the main theme of the summit was business. Most of the new accord's clauses relate to this in some way. Thus the proposed West Sea special zone for peace and cooperation will be centered on North Korea's southwestern port city of Haeju, which may thus be developed alongside the Gaesong area. The North also wants Gaesong to expand faster, suggesting a real commitment – although Pyongyang's own foot-dragging held it up.

A decade ago, when the idea of economic zones in North Korea was but a gleam in the far-seeing eye of Hyundai group founder Chung Ju-yung, it was in fact Haeju that Chung first requested. At that stage the North tried to fob him off with Sinuiju, which being on the Chinese border was too far from the South to be economical. It was at the 2000 summit that Kim Jong-il offered Gaesong, the best possible site, just an hour's drive north of Seoul.

Infrastructure is another core area. Although the North would not let Roh come by rail, cross-border freight service will at last begin on the reconnected west coast railway, from Munsan to Bongdong, so in effect from Seoul or beyond to Gaesong – but not beyond, or not yet. Next year, though, a joint supporters' squad will go by train from Seoul to Beijing for the Olympics – where they may yet cheer a single Korean team. The new accord also states that the two sides “have agreed to discuss repairs of the Gaesong-Sinuiju railroad and the Gaesong-Pyongyang expressway for their joint use.” This hints at further opening, and presages the beginning, at last, of restoring the peninsula's infrastructural sinews. In time, full freight and passenger services will follow: not only reintegrating Korea, but laying the groundwork for a Northeast Asian economic region linking the Koreas, China, and Russia.

Other areas for cooperation include natural resources – surveys for joint mining ventures have already begun – as well as farming, health, medicine, and the environment. No detail was given on these. More specifically, joint shipbuilding complexes will be built at Nampo (the port for Pyongyang) and Anbyon, on North Korea's west and east coasts, respectively. This will not only upgrade the DPRK's outdated facilities, but also give ROK shipbuilders – which dominate the global market, but here as everywhere face growing competition from China – valuable new facilities and cheap labor. (Hyundai's famously militant workers in Ulsan may be less keen to strike if their well-paid jobs start migrating north of the DMZ.)

Higher level

To take all this forward, the existing committee on economic cooperation, which has met 13 times since the June 2000 summit – and has discussed, but not implemented, some of this agenda before – will be upgraded to a joint commission at the level of deputy prime ministers. Also, DPRK Premier Kim Yong-il will visit Seoul in November. This may be the first in a series of meetings, as in the early 1990s when the two prime ministers met regularly for a few years. That again would upgrade an existing forum: the Cabinet-level or ministerial talks, held 21 times since 2000 alternately in each Korea (usually the capitals).

Ready for business?

Continuing the economic theme, Roh's 300-strong entourage included the heads of major companies like Hyundai Motor, Samsung Electronics, LG, and Posco. Unlike Taiwanese firms in China, these *chaebol* (conglomerates) have conspicuously failed to invest thus far in North Korea. The exception that proves the rule is Hyundai, where Chung Ju-yung's generous enthusiasm was rewarded by being fleeced shamelessly: a major cause, along with family infighting, for the demise of what was once Korea's largest business group. (Today the shipbuilding, auto, and other divisions have been spun off as wholly separate enterprises, again with scant interest in the North, while what remains as the Hyundai group is but a shadow of its former self, and all too dependent on Kim Jong-il's goodwill.)

Both in Pyongyang and since, the other *chaebol* were admirably forthright about what the North must do if it is to attract them. The DPRK business environment remains adverse on every level, from lousy infrastructure – road, rail, ports, power, telecoms – to bureaucratic red tape. The new accord commits both sides to “promptly complete various institutional measures, including those related to passage, communication, and customs clearance.” At present, even the Gaesong zone lacks internet or mobile phone service. This sort of thing has to change if Kim Jong-il is serious about economic progress.

More family reunions

While business loomed large, humanitarian concerns hardly figured. Roh said later that he tried to raise this, but got short shrift. The new agreement anticipates expanded reunions of separated families, especially once a new center being built for this at the North's Mount Kumgang resort is complete. Whether regular phone, letter, or email contact will be allowed remains unclear.

Two neglected factors: China and the KPA

While the proof of the pudding will be in the usual place, those who rush to criticize this as a poor summit outcome are arguably overlooking two key factors. One is China. Alongside its (largely positive) diplomatic role in Pyongyang, Beijing is busy extending its economic influence: buying mines, port rights, and more. This has caused alarm in

Seoul, where the conservative daily *Chosun Ilbo* warned earlier this year that North Korea risked becoming a fourth province of northeast China. Hence one major goal of the summit was to combat this new Chinese hegemony, playing the pan-Korean card to reassert South Korea's interests north of the DMZ. On paper, at least, this looks to have been a successful start. Those in the U.S. and elsewhere who rush to attack Seoul for yielding too much are neglecting this vital geo-economic dimension. Whatever the emotional dimension of reunification rhetoric, here surely the ROK is rationally pursuing its national interests vis-à-vis neighboring powers. Into whose lap, if anyone's, would U.S. hawks rather that North Korea should fall?

Second, the political dynamics in Pyongyang, though opaque, are crucial. As with Gaesong, only more so, for Kim Jong-il to agree to open Haeju is hardly good news for the KPA. As yet another piece of the front line morphs into a front door, the clout of the military can only decline. This must be a delicate balancing act for the Dear Leader, who is beholden to his generals – and also faces health issues, and a problematic succession yet to be arranged.

Half full or half empty?

Immediate evaluations of the summit differed almost as much as advance prognoses had. Some deplored the near-absence of the nuclear issue, and the inattention to human rights. In South Korea, however, polls showed that 74 percent thought the summit useful, with 21 percent taking a negative view. Roh's personal rating rose 10 points to 43 percent. But come election time, a big majority (54 percent) of voters is still rooting for the opposition GNP's Lee Myung-bak, with no wannabe for the quasi-ruling United New Democratic Party even in double figures.

One country, two planets

Debate at once broke out in Seoul about how much the new economic cooperation will cost the ROK, and how to fund it. Space and time constraints preclude a detailed account now. But if inter-Korean economic cooperation is to expand and deepen, numbers will be needed. Pyongyang stopped publishing regular statistics in the 1960s, when its economy first hit setbacks after very rapid initial postwar growth. In recent years the Bank of Korea (BoK), South Korea's central bank, has attempted to shed light on what the North would rather keep dark, with annual efforts to estimate basic macro-economic data. While some have queried BoK's methodology, its consistency should at least help in detecting trends. After missing a year in 2006 for unexplained reasons, to the alarm of Pyongyang-watchers around the planet, BoK is back in the game; it published its latest estimates Aug. 16.

Worryingly, BoK reckons that after modest growth since 1999, hitting 3.8 percent in 2005, North Korean gross domestic product (GDP) shrank by 1.1 percent last year to \$22.8 billion. That is less than it had been at the end of the 1980s, before the abrupt end of aid from Moscow precipitated a decade of severe decline. Bad weather saw farm

sector output fall by 2.6 percent – which suggests that 2007 will be even worse. Construction fell by 11.5 percent.

Comparing the numbers for South Korea, as BoK also does, is more than ever a case of one country, two planets. Soon to be a trillion-dollar economy – measured by purchasing power parity (PPP), it already is – the South's \$887 billion gross national income (GNI, another slightly different measure) dwarfs the North's \$25.6 billion by 34.7:1. Put another way, if South Korea's economy grows by 4.5 percent this year as forecast, it will add the equivalent of one and a half North Koreas in extra output. True, the South has twice the population, but even per capita the gap is 16.6:1 – meaning that South Koreans earn more each month than Northerners do in a year. Other chasms are wider yet. Last year South Korea's exports of \$325 billion dwarfed the North's \$1.467 billion by a factor of 222; meaning that the South clocks up the equivalent of the North's entire annual exports every 40 hours.

A new government in Seoul next year

Magnitudes like this show the sheer size of the task on which South Korea is embarking, if indeed the summit provisions are fulfilled. By the year-end it should be clearer whether (say) Haeju – which alone may cost up to \$30 billion – is for real; which in part depends in turn on how far Pyongyang has fulfilled its SPT denuclearization pledges. Also, crucially, by then South Koreans will have elected the new president who will govern them until 2013. Deciding how far or fast to implement the new summit accord will thus be the prerogative not only of Kim Jong-il, but also (probably) of Lee Myung-bak. In that light, the fact that so much of the new agreement is business-oriented should make it palatable to Lee. Whether – or how soon – Pyongyang will accept the people's choice and stop insulting the GNP is another matter. If he is wise, Kim Jong-il will soon come to terms with this.

Given all this, it is surely possible to see the SPT and the summit as broadly parallel tracks in a single peace process, albeit by different routes. While fears that Seoul may prop up the Northern regime are understandable, so also is the ROK's goal of drawing the DPRK into a web of win-win business and economic dependency. The respective timings of these two tracks will be crucial, but it is not the end of the world if the Seoul train runs ahead a little.

Chronology of North Korea-South Korea Relations July-September 2007

July 2, 2007: Following severe flooding, South Korea says it will provide emergency food aid worth \$20 million to North Korea through the UN World Food Program (WFP), separate from its own bilateral rice aid. This includes 2,000 tons of corn, 12,000 tons of beans, 5,000 tons of wheat, 2,000 tons of flour and 1,000 tons of powdered milk. This is the ROK's first aid to the DPRK via WFP since 2004.

July 3, 2007: A North Korean meeting to mark the 35th anniversary of the first inter-Korean joint statement on July 4, 1972, issued by the late Presidents Kim Il-sung (DPRK) and Park Chung-hee (ROK), praises this for establishing the "three principles of national reunification: independence, peaceful reunification and great national unity."

July 3, 2007: Meeting Chinese Foreign Minister Yang Jiechi in Pyongyang, Kim Jong-il reportedly says that tensions are easing on the peninsula.

July 4, 2007: A GNP task force unveils a radical new policy on North Korea, shifting the party away from containment toward engagement with Pyongyang.

July 4, 2007: MOU says South Korea will begin shipping 6,200 tons of heavy fuel oil to the North next week, and that it expects Pyongyang to start shutting down the Yongbyon nuclear reactor once the shipment arrives.

July 5, 2007: *Yonhap* reports that the two Koreas will hold working-level military talks at the truce village of Panmunjom on July 10, to pave the way for a resumption of higher-level dialogue between each side's generals.

July 5-7, 2007: After an all-night final session, talks at Gaesong agree on payments for the South to supply light industrial raw materials in exchange for mining rights. Prices of 62 items are agreed, with 32 more still to be settled. North Korea will pay for transport, cargo working, and demurrage costs, while the South will cover shipping and insurance.

July 9, 2007: *Yonhap* quotes MOU as saying that 50,000 tons of its 400,000 tons of rice aid will be sent by rail over five weeks, beginning July 20: 30,000 tons on the western Kyongui line, and 20,000 tons on the east coast Donghae line. Next day *Yonhap* amends this, substituting road for rail (there are parallel road and rail tracks in each corridor).

July 10, 2007: MOU says it has contracted with SK Energy, the ROK's largest refiner, to supply 50,000 tons of HFO costing \$22 million. The first shipment will be sent to North Korea on July 12.

July 16-18, 2007: South Korea's Unification Minister Lee Jae-joung makes a three-day visit (his first) to Mt. Kumgang. Besides tourist facilities, his itinerary includes a Southern-aided hospital and village – but no formal talks with Northern counterparts.

July 19, 2007: AP reports that the FBI has charged a U.S.-Korean businessman, Steve Park, with regularly reporting to the ROK government on his frequent business trips to North Korea without registering in the U.S. as an agent of a foreign power.

July 24-26, 2007: A sixth round of general-level military talks at Panmunjom ends in rancor when the North walks out over the South's refusal to countenance redrawing the Northern Limit Line (NLL), the *de facto* western sea border between the Koreans.

July 25, 2007: South Korea ships a first batch of 500 tons of polyester fiber to the North.

July 26, 2007: ROK Korea International Trade Association (KITA), a private sector group, says that inter-Korean trade in the first half of 2007 rose 28.6 percent year on year to \$720 million. In a sign that commercial trade is replacing aid, Northern exports, up 63 percent at \$390 million, exceeded those from the South, which fell 9 percent to \$330 million.

July 26-27, 2007: Civic leaders from North and South meet at Mt. Kumgang resort to discuss holding joint events celebrating Liberation Day – from Japan, in 1945: a holiday in both Koreas – on Aug. 15.

July 28, 2007: A Southern team begins a fortnight's inspection tour of three Northern mines: Komdok, East Asia's largest zinc mine, and Taehung and Ryongyang, which have the world's third largest deposits of magnesite.

July 29, 2007: South Korea completes the shipment of 50,000 tons of HFO to the North.

Aug. 1, 2007: Pyeonghwa Motors, a Southern firm (linked to the Unification Church), which assembles cars in Nampo, says it is in talks with Brilliance, a Chinese automaker, to assemble trucks in North Korea. This could change a largely symbolic exercise – annual output is just 700 units – into a serious commercial venture.

Aug. 2, 2007: Good Friends (GF), a South Korean Buddhist NGO, which aids the North, calls for 100,000 tons of emergency corn. GF claims that hundreds have died from hunger recently, especially in remote mountainous provinces.

Aug. 2, 2007: Hyundai Asan, which runs the Mt. Kumgang resort, says that (subject to Pyongyang's permission) it will invest \$3 billion by 2025 to develop the DPRK's southeastern coast as far up as the port city of Wonsan.

Aug. 3, 2007: North Korea proposes a 22nd round of ministerial talks in mid-September in Pyongyang.

Aug. 4, 2007: North Korea pulls out of planned celebrations of Liberation Day (from Japan in 1945) on Aug. 15 in Busan, in protest at routine U.S.-ROK military exercises.

Aug. 6, 2007: The two Koreas briefly exchange gunfire across the DMZ. No one is hurt.

Aug. 8, 2007: Both Koreas announce that Roh Moo-hyun will meet Kim Jong-il Aug. 28-30 in Pyongyang.

Aug. 13-14, 2007: A sixth round of videolink reunions of separated families is held.

Aug. 14, 2007: KCNA reports that torrential rain and floods in the past week have caused “huge human and material losses.”

Aug. 14, 2007: A preparatory for the summit agrees that Roh will travel to Pyongyang by road across the DMZ. No agenda for the summit is published.

Aug. 15, 2007: In his Liberation Day speech, Roh says he will discuss the formation of an inter-Korean economic community with Kim.

Aug. 16-17, 2007: Second meeting of the SPT Working Group on Nuclear Disarmament is held in Shenyang, China, but fails to reach agreement on disabling DPRK nuclear facilities.

Aug. 17, 2007: MOU says it will send the North emergency flood aid worth \$7.5 million this week.

Aug. 18, 2007: The North asks to postpone the inter-Korean summit, in view of severe flood damage. The South accepts and it is rescheduled for Oct. 2-4.

Aug. 20, 2007: President Roh sends a personal message of condolence to the DPRK leader Kim Jong-il over the recent floods. *KCNA* carries this as its lead item the next day.

Aug. 21, 2007: South Korea’s GNP demands that the summit be postponed until after the inauguration of the next president – widely predicted to be the GNP’s Lee Myung-bak – in February 2008.

Aug. 21, 2007: Citing ongoing U.S.-ROK wargames, the DPRK Foreign Ministry warns it will end dialogue and take “strong countermeasures” if such “hostile” actions persist.

Aug. 23, 2007: ROK delivers 40 truckloads of instant noodles, blankets, emergency kits, and mineral water to Gaesong. The rest of the flood aid will follow by the month’s end.

Aug. 24, 2007: Unification Minister Lee Jae-joung announces an extra \$40 million worth of flood aid for the DPRK, comprising 100,000 tons of cement, 5,000 tons. of iron bars, 80 trucks, 500 tons of gasoline, 20 road restoration vehicles, and 20,000 tons of pitch. Delivery will start in mid-September.

Aug. 30, 2007: The DPRK's Committee for the Peaceful Reunification of the Fatherland denounces ROK opposition leader Lee Myung-bak's criticisms of the upcoming summit and the North's nuclear program as an "unpardonable ... criminal act."

Sept. 4, 2007: Kim Yang-gon, who as director of the ruling Workers Party of Korea is the North's point man on South Korea, makes a rare public appearance with Kim Jong-il at a military arts performance. He was last seen in March, when he accompanied the dear leader on a visit to the Chinese embassy in Pyongyang.

Sept. 5, 2007: North Korea thanks half a dozen countries by name for sending flood aid. South Korea's assistance, larger than any of these, goes unmentioned.

Sept. 6, 2007: North Korea says it has repaired flood damage to the motorway from Gaesong to Pyongyang.

Sept. 9, 2007: MOU announces Roh's nongovernmental entourage for the summit. The 43 names include the heads of Hyundai Motor, Samsung Electronics, Posco, the LG and SK business groups, and 21 "social and cultural representatives." The government team will include ministers of defense, finance and economy, unification, agriculture, health, and science and technology.

Sept. 10, 2007: Sixty trucks bring the first batch of the South's second-phase flood aid overland to the North.

Sept. 11, 2007: The North's Korean Central Broadcasting Station thanks 11 foreign leaders for their countries' flood aid. Roh Moo-hyun is not among them.

Sept. 18, 2007: A 35-strong ROK summit advance party crosses the border for a four-day visit. Roh's chauffeur is allowed to drive an official ROK limousine to Pyongyang to familiarize himself with road conditions.

Sept. 19, 2007: The Six-Party Talks fail to resume as expected in Beijing.

Sept. 20, 2007: Kim Jae-hyun, president of Korean Land Corporation, which runs the Gaesong Industrial Park, is added to the ROK summit party.

Sept. 27, 2007: Second Southern advance party visits Pyongyang to check arrangements.

Sept. 27, 2007: The delayed Six-Party Talks open in Beijing.

Sept. 29, 2007: North Korea's *Rodong Sinmun* says that "improved inter-Korean relations are urgent for achieving national unity and the country's reunification." It calls critics of the summit "traitors," and says Koreans should "put up a more resolute struggle against the foreign forces' domination and interference, and the traitors."

Sept. 30, 2007: SPT recess so that a draft accord can be referred back to all six capitals for approval.

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 opposite numbers.

Oct. 3, 2007: SPT agreement is announced in Beijing. North Korea agrees both to disable Yongbyon and to declare all its nuclear facilities by the end of the year.

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 Gaesong industrial zone.