

North Korea-South Korea Relations: Back on Track?

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Inter-Korean relations during the past quarter were marked by two major events. True to form, each pointed in opposite directions. In August, a contentious visit to Pyongyang by a group of Southern unification activists brought tensions within the ROK over Northern policy to boiling point, leading to the forced resignation of the unification minister and the collapse of the ruling coalition. But in September, doubtless under pressure from Moscow and Beijing, Pyongyang suddenly announced its readiness to resume dialogue with the South, having frozen this for most of the year in reaction to the Bush administration's initial hostility. Ministerial talks were duly held in Seoul, and a schedule was set to reopen most of the various tranches of dialogue and cooperation that had been in abeyance – as well as some encouraging new ones.

Our last two articles concentrated on business and civilian links, as an important substratum that has continued – and is probably irreversible – even in the absence of official North-South contacts. This time the focus reverts to the inter-state level and assesses the prospects for real progress. Minimally, we are back where we were in February in terms of formally picking up the various strands and projects. That is positive, but it may not be enough. The past half-year's freeze plus Northern provocations did real damage to the incipient peace process: they soured the public mood in South Korea and severely weakened South Korean President Kim Dae-jung politically.

Hence to rebuild the initial post-summit optimism and momentum of a year ago will take more than merely formal meetings. South Koreans will now demand substantial progress and real reciprocity from the North on concrete issues like reconnecting road and rail links. Absent that, in little over a year they will vote in – as may happen anyway – a new president who will be less generous than Kim Dae-jung. The window for North Korean Leader Kim Jong-il is thus closing, with much hinging on whether and when he makes his long delayed visit to Seoul. And over all this now looms the dark shadow of Sept. 11, although so far the fall-out for Korea looks oddly positive.

South-South Conflict

The Korean penchant for aphorisms has a new coinage. Controversy over Kim Dae-jung's Sunshine Policy is now tagged as "South-South conflict," never mind North-South. That conflict peaked in August, which is always an inter-Korean focus since Aug. 15 – Liberation Day from Japan in 1945 – is a holiday on both sides of the demilitarized zone (DMZ). While refusing any joint events or to send a delegation south, North Korea invited Southern non-government groups to Pyongyang for the dedication of a new unification monument. The ROK initially refused, as the statuary in question celebrates Kim Il-sung and Northern positions exclusively. But it relented after a last-minute DPRK fax promised to move the event to a different site. Over 300 activists from a range of civic groups flew to Pyongyang – only to find the venue unchanged after all. Most did not go to the suspect site, including – to her credit, and the North's chagrin – Lim Su-kyong, dubbed the "flower of unification" (and later jailed in Seoul) for an illicit trip north as a student in the 1980s. But about 100 Southerners did dance to the North's tune: a few keenly enough to be arrested for suspected breaches of the National Security Law on their return, which saw riot police at Incheon airport struggling to separate student supporters from outraged war veterans.

This incident brought to a head tensions in South Korea and within the ruling coalition. With an eye to next year's elections, Kim Jong-pil, *eminence grise* of the third party United Liberal Democrats (ULD), saw his moment to break with Kim Dae-jung's Millennium Democratic Party (MDP), not for the first time. The ULD voted with the opposition Grand National Party (GNP), the largest force in the National Assembly, to dismiss Unification Minister Lim Dong-won, architect of the Sunshine Policy. Though this had no binding force – the president, not Parliament, appoints the Cabinet – it is very rare and could not be ignored. Lim resigned (to be swiftly re-appointed as a special presidential adviser) and was replaced by Hong Soon-young, a career diplomat and former foreign minister, currently serving as ambassador in Beijing.

So the Sunshine Policy brought down both its chief champion and the ROK government. How did this happen? That question unpacks into several more. As cries of appeasement mounted in Seoul, why had the government not tried harder to defend its approach and build consensus? And why did it authorize a visit that was bound to cause trouble, even allowing leftists wanted by the police to join the party? One intriguing suggestion, in the Seoul daily *JoongAng Ilbo*, is that Lim was bending over backward to help his Northern opposite number, Party Secretary Kim Yong-sun, who allegedly spent several days under arrest in March.

Whether that is so, it is entirely plausible that Pyongyang, like Seoul, has hawks who find the whole peace process deeply suspect, and that currently the doves are on the defensive. But why did the North decide to humiliate the South and weaken Kim Dae-jung, which hardly seems wise? All this occurred while Kim Jong-il was on his lengthy train odyssey in Russia and word is that the dear leader was not amused. According to ROK sources, those in Pyongyang who plotted the Aug. 15 shenanigans have since had to undertake "severe self-criticism."

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While that too cannot be confirmed, it gains plausibility from the fact that in early September – a day before the vote on Minister Lim’s ouster, but too late to save him – North Korea suddenly declared its readiness to resume dialogue with the South. The timing will also have been to pre-empt pressure from China to do this, on the eve of Chinese President Jiang Zemin’s visit to the DPRK. Since then events have moved faster in four weeks than in the preceding six months. The fifth North-South ministerial talks, originally due in March but cancelled by the North on the very day they were due to start, were held in Seoul on Sept. 15-18. The talks went well, producing a raft of dates for future meetings including a sixth round of ministerial talks in Pyongyang on Oct. 28-31. This suggests reversion to a regular monthly schedule, as in late 2000 before the cycle became a quarterly one (or would have, if March had gone ahead). At this stage, the more the merrier.

Unusually, the DPRK published a long (11 items) advance agenda, much of it music to ROK ears. The eventual joint statement produced no fewer than 13 agreements. As ever, the proof of the pudding will be in the eating. Meanwhile it is worth scrutinizing the list in detail, trying to evaluate which projects have the best chance of success, and looking at what progress may now follow.

First up, a fourth round of family reunions is due Oct. 16-18. This will be as before: a mere 100 from each side – ordinary folk chosen by lot in the South, elite figures from the North – meeting in Seoul and Pyongyang, not their hometowns, for brief one-time and rather public encounters. This is better than nothing, but not much (the same goes for March’s one-off letter exchange by 300 from each side, with no chance even of a reply). South Korea wants to move to a permanent forum for reunions, preferably at the DMZ; and eventually to the relaxation that now obtains between China and Taiwan, where kin can write, phone, and visit almost freely. It is unsure how far or fast Pyongyang will feel able to shift here, but Southern opinion is already impatient with the present restricted, mainly symbolic, poignant, and arguably painful format.

DMZ: From Front Line to Front Door?

Second, four separate items involve breaching the hitherto impenetrable DMZ. The most fundamental are road and rail links north of Seoul. South Korea has already done much construction, unlike the North, which also has yet to ratify a protocol on work within the DMZ. Both sides have now committed to getting on with this rapidly. A new reference to onward rail links to Russia indicates where the renewed impetus is coming from. President Kim Dae-jung and Russian President Vladimir Putin are both keen to build an “iron silk road”: or less romantically, a freight route linking South Korea to Europe via Siberia. Putin pressed Kim Jong-il on this when he visited Moscow (by rail) in August. This also entails much upgrading of DPRK track: Russian engineers are already doing surveys, and Moscow is counting on Seoul to foot the bill.

For its part, the ROK and especially the ailing Hyundai group are focusing closer to home: on the proposed Kaesong industrial complex just across the DMZ and on opening a more easterly cross-border route to Mt. Kungang to cut costs on Hyundai's no longer popular cruise tours. In principle both are already agreed, but in practice nothing has happened. That Pyongyang pattern has to change. Kaesong is especially significant, economically and militarily. It could make real money, though it will first need major investment. And if it becomes like Shenzhen to Seoul's Hong Kong, with regular traffic across the DMZ, that would *de facto* transform the security situation on the ground, even if the North remains reluctant to commit to any formal defense agreements, an area notably not covered as such in the recent talks and joint statement.

The Korean People's Army (KPA) reportedly remains opposed to any opening of the DMZ. It may object less to a pipeline bringing gas from Sakha (Yakutia) in Siberia to South Korea, crossing the North. This is a new topic on the formal agenda, though Hyundai's patriarch Chung Ju-yung first mooted it over a decade ago. As so often, one can only wonder what took North Korea so long to come around. The ROK's state-owned KOGAS held its own talks on this in Pyongyang ahead of the ministerial meetings and is keen to expedite it. Politics aside, the cost will be substantial, but the vulnerability of existing liquified natural gas (LNG) sources in Aceh and the Middle East is a major incentive.

Fishing in Troubled Waters

Several further items involve economic cooperation. Two are general in scope. A previously established Economic Cooperation Committee is to hold its second meeting in October, and there is a pledge to ratify and implement a basic four-point pact on investment protection and the like, already agreed last December. Southern firms, few of which have yet ventured north, hope this will end the all too frequent abuses summed up in the title of a recent *Business Week* article: "See Ya, Suckers." While a legal and institutional framework is important, more so is confidence that such codes really will put an end to whims and scams.

Three more specific items all involve water. There are to be talks on letting merchant ships use each other's territorial waters. In June Northern boats several times did this without permission. This puzzling provocation infuriated Southern hawks, including the navy, which was ordered to hold its fire. Separate talks will discuss joint fishing in DPRK waters, an eminently practical idea put forward by Pyongyang in February that fell foul of the general freeze in ties. Held over too is flood control on the Imjin River, which rises in the North and debouches in the South. This may prove more contentious: Southern farmers complain that Northern dams cut the flow of water downstream, while the more paranoid suspect the North – here and elsewhere – of deliberately building dams that could unleash a wave of water on Seoul as a weapon.

Much Went Unmentioned

As ever, what the two sides did not agree on is also of interest. The lack of any direct reference to defense issues was already mentioned. Less remarked is that unlike in earlier bouts of inter-Korean dialogue, no one seems to be suggesting visits of parliamentarians. But South Korea badly wants – and Kim Dae-jung needs, politically – the promised return visit by Kim Jong-il. On this the joint statement was silent, and on one of President Kim's less bright ideas: a joint anti-terrorism statement. Predictably, North Korea would not sign up to anything so explicit. But it has expressed shock at the events of Sept. 11, and even semi-endorsed the idea of a coalition against terrorism. Cynics suggest that this, and indeed resuming North-South talks at this juncture, are ploys to ensure that a regime that is still on the State Department's terrorist list – and accused of contacts with suspected mastermind Osama bin Laden as recently as 1999 – does not find itself in the firing line. Fortunately for peace on the Peninsula, nothing appears to link the DPRK with the recent attacks on the United States, neither is anyone much in Washington now gunning for Kim Jong-il.

For its part, North Korea could not win Southern consent on two of its own priority issues. One is electricity supply, which at the start of this year it treated as a *sine qua non* of progress across the board – yet refused Seoul's offer of a joint inspection team in the first instance. Though the North's need is acute, for the South to supply it would involve both technical and political snags: the latter a reference to U.S. fears that this would be to the detriment of the ongoing project to supply light-water reactors under the Agreed Framework, which has its own problems. Yet it is hard to imagine the Kaesong industrial zone going ahead unless powered by the ROK grid.

Also unmentioned was food aid, currently under intensive discussion in the South because of a larger than expected rice harvest. Even the opposition GNP – eyeing the farming vote, rather than any softening toward the North – has suggested that two-thirds of the surplus, amounting to two million seok (10.24 million bushels), be given to the North. The conservative *Chosun Ilbo* daily noted that this would be worth \$500 million, or almost twice as much as the total \$270 million spent under Kim Dae-jung for direct aid to the North, and has joined Kim Jong-pil and ex-President Kim Young-sam – who appear to be plotting to build a new hard-right third force, to the GNP's alarm – in opposing this. The official line is that any rice will be given on purely humanitarian grounds, but the MDP too wants the farmers' vote, and if Pyongyang plays ball on at least some of this lengthy agenda, it looks likely to get its reward.

Taekwondo, but Whose Rules?

All in all, on paper inter-Korean prospects currently seem bright. But they did a year ago, only to disappoint. There can be no guarantee that North Korea will not once more find some excuse to freeze or delay matters, as it did citing the Bush administration for most of this year. If (as at present seems unlikely, but is not impossible) the U.S. war against terrorism should find fault with Pyongyang, that would be sufficient pretext. A change of government in Seoul from February 2003, which looks more than likely, could

also cause a hiatus. Hopefully Kim Jong-il will not miss this last window of opportunity with Kim Dae-jung as he did with former President Clinton: moving faster could have both struck him a missile deal and got the DPRK off the terrorist list.

The final item in the North-South joint statement looks easy. At the North's behest, the Koreans will exchange taekwondo teams during the next two months. Unfortunately, as the *Chosun Ilbo* points out, over the years practices have diverged, such that the two sides now play by different rules. Whereas the Southern rule professes broad goals of health and even spiritual well-being, the North's simply aims to hit hard and hurt. It is tempting to see this as a metaphor for how the wider North-South encounter has too often panned out in the past. Let us hope that henceforth the North will edge closer to playing by Southern (i.e., global) rules, and no backsliding.

Chronology of North Korea - South Korea Relations

July - September 2001

July 2, 2001: Hyundai Asan pays \$22 million in overdue fees for its Mt. Kumgang tours to North Korea, thanks to loans made possible by a tie-up with the Korea National Tourism Corp.

July 4, 2001: ROK officials say Hwang Jang-yop, the highest ranking North Korean defector ever, will not be allowed to accept an invitation to the U.S., ostensibly for safety reasons.

July 10, 2001: An ROK official claims that the DPRK's apparent withdrawal of its railway workforce from the DMZ reflects a change of route, rather than abandonment of the project.

July 11, 2001: South Korea's minister of commerce, industry, and energy says his ministry is studying ways of sending electricity to North Korea, perhaps in exchange for coal or minerals.

July 11, 2001: A Seoul National University professor, Lee Sang-myun, claims that South Korea's current drought is aggravated by dams built in North Korea in recent years.

July 18-19, 2001: Northern and Southern civic groups, meeting at Mt. Kumgang, fail to agree on joint celebrations of Liberation Day (Aug. 15).

July 25, 2001: The ROK Unification Ministry reports that inter-Korean trade in the first half of 2001 fell 2.7 percent year on year to \$197 million. South Korea had a surplus of \$77 million, but if aid items are excluded the North had a surplus of \$37 million.

Aug. 2, 2001: Hana Program Center, an inter-Korean computer software joint venture, opens in Dandong, China. Ten ROK IT engineers will teach 30 DPRK trainees.

Aug. 10, 2001: South Korea's Red Cross proposes an early resumption of family reunions.

Aug. 13, 2001: The *Chosun Ilbo* claims that its Kungang tourist project has cost Hyundai \$520 million so far, while North Korea has paid nothing.

Aug. 14, 2001: South Korea allows a delegation of unification activists to visit Pyongyang, after a faxed assurance that they will not be made to visit a politically contentious monument.

Aug. 15, 2001: The 337 ROK activists fly into Pyongyang, the largest direct contingent yet. At their hosts' bidding, about 100 do in fact attend ceremonies at the controversial statuary.

Aug. 21, 2001: The delegation returns to Seoul, amid demonstrations for and against them. Sixteen are arrested at Incheon airport under the National Security Law; nine are later released.

Aug. 24, 2001: South Korea's opposition GNP tables a motion in the National Assembly to dismiss Unification Minister Lim Dong-won over the Aug. 15 events.

Aug. 24, 2001: South Korea's ruling MDP proposes sending 300,000 tons of rice to the North.

Aug. 24, 2001: KOTRA, South Korea's trade and investment promotion agency, reports that only one ROK firm has shown interest in a DPRK trade exhibition due to open shortly in Beijing.

Aug. 31, 2001: An ROK opposition member of Parliament claims that Korea Gas Corporation (KOGAS) has done feasibility studies on supplying gas to the proposed Kaesong industrial zone project.

Sept. 2, 2001: In a broadcast, North Korea proposes the resumption of talks with South Korea. Seoul promptly accepts.

Sept. 3, 2001: Korea National Tourism Corp. reportedly refuses to loan Hyundai Asan a further W45 billion (\$35 million), on top of W45 billion it has already lent.

Sept. 3, 2001: The ROK National Assembly votes 149-118 to dismiss Lim Dong-won; the ULD voting against, with the GNP, Lim resigns a few hours later.

Sept. 5, 2001: The entire South Korean Cabinet tenders its resignation.

Sept. 6, 2001: The two Koreas hold talks in Pyongyang about a project for a gas pipeline from Sakha in Russia across North Korea to South Korea; agree on a joint feasibility study.

Sept. 7, 2001: Kim Dae-jung reshuffles his Cabinet. Hong Soon-young, an ex-foreign minister, takes the unification portfolio. Lim Dong-won becomes a special presidential adviser.

Sept. 15-18, 2001: Fifth inter-Korean ministerial talks are held in Seoul.

Sept. 16, 2001: LG Electronics says it will offer the first after-sales service on appliances in North Korea, for the 700 South Koreans working in Kumho on the light-water reactor project.

Sept. 18, 2001: Thirteen point inter-Korean agreement announced, including a schedule of dates for future meetings.

Sept. 26, 2001: The two Koreas exchange lists of names for upcoming family reunions.

Sept. 25-28, 2001: An 11-strong delegation from the Federation of Korean Trade Unions visits Pyongyang, the first ROK NGO to make the trip since the Aug. 15 controversy.