

North Korea-South Korea Relations: Sunshine Sunk?

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For a second successive quarter, what former British Prime Minister Harold Macmillan once described as his biggest problem – “Events, dear boy. Events” – have conspired to alter at the last moment the inter-Korean prognosis. Last time it was good news, with a renewal of stalled dialogue. But now the Korean People’s Army’s (KPA) June 29 sinking of an ROK patrol boat, killing five, may be a final blow to ROK President Kim Dae-jung’s Sunshine Policy. This wholly unexpected and allegedly unprovoked attack – a spiteful bid to rain on Seoul’s soccer parade? – did not escalate militarily but politically must cast a long shadow. It will weaken those in Seoul or Washington who would give DPRK leader Kim Jong-il the benefit of the doubt, while vindicating the “axis of evil” camp. As such, not for the first time, it is baffling to see what Pyongyang hopes to gain by this own goal; the fuller implications will be clearer next time we report. The bulk of this article was completed before this sad day.

April began promisingly: Kim Dae-jung’s special envoy returned from Pyongyang with commitments to restart stalled dialogue. But only family reunions were held; other meetings did not materialize. Yet in June, *de facto* official talks on a new topic, telecoms, tentatively agreed that Southern firms will launch mobile service in Pyongyang, perhaps even this year. Unofficial contacts continued, including a boat and two planeloads of civic groups and a *tête-à-tête* between the offspring of the ROK and DPRK’s erstwhile leaders. Moreover, cooperation is extending into new areas such as teaching, in fields from information technology (IT) to nuclear science. In short, it is a mixed picture: frustrating in many ways, yet not without hope. At the same time, an escalating refugee crisis involving several nations, is a sober reminder of the potential for instability on the peninsula.

Out on a Lim

It all began so well. On April 3 Lim Dong-won, ex-unification minister and *eminence grise* of Seoul’s Sunshine Policy, went to Pyongyang as Kim Dae-jung’s special envoy. His main aim was to impress on Kim Jong-il – with whom he talked for several hours – the deadly earnest of U.S. resolve post-Sept. 11. But he also obtained a commitment to resume stalled inter-Korean talks, including family reunions, two long-postponed economic meetings – and a wholly new suggestion, from the Dear Leader, of a second trans-DMZ rail link along the east coast.

Only the reunions took place, for a week from April 28. In a Southern concession, this fourth round was held at the North's Mt. Kumgang resort rather than in the two capitals as previously. Limited facilities meant taking each side's lucky 100 chosen seniors to meet their kin successively rather than simultaneously. South Korea also fretted at the lack of medical facilities, just in case. But all went well. In total, 565 Southerners met 283 Northerners – live on TV, at least in the South. Turning such poignant private moments into reality TV is not to everyone's taste. In other ways too these staged meetings remain a parody of real reunions, which should be far more frequent and freer: allowing letters, email and telephone, hometown visits, and above all sustained contact. All this is permitted for a luckier group: pro-Pyongyang Koreans in Japan, technically DPRK citizens, who now have both governments' blessing after similar decades of separation to visit relatives in South Korea pretty much as they please.

In a now familiar triumph of hope over experience, the family reunions' success was seized on in Seoul as ushering in a new era. Speculation ran wild that Chinese football fans might enter South Korea for the soccer World Cup through North Korea – hardly a direct route, for most – or even that Pyongyang might send some cheerers if Seoul let its tourists go see their Arirang mass games. Considering North Korea had resolutely ignored all efforts to involve it in the world's premier sporting event – it could have had a match or two, for free – this was wishful thinking. Northern TV showed some games (without paying for them) but at first none involving hosts South Korea and Japan. But the South's success prompted a change of tack, and ROK victories over Italy and Spain were aired after all. Korea is one.

Pyongyang Takes Umbrage

Before that, inter-Korean economic talks were due in Seoul during May 7-10. The first in 17 months, it was hoped these would agree on practical measures for business cooperation, without which Southern firms' interest in the North will remain tentative. Latest figures show inter-Korean trade still running at a modest \$400 million annually, while investment remains negligible. (Contrast the multi-billion-dollar business that has burgeoned under both heads between China and Taiwan, which started at the same time as the Koreas in the late 1980s.) A separate Northern economic inspection team, first mooted two years ago, was also due to tour Southern factories.

Not just yet. In a now familiar ploy, Pyongyang pulled out the day before. Its excuse this time was ROK Foreign Minister Choi Sung-hong, who while in the U.S. had quoted Theodore Roosevelt –“Speak softly, but carry a big stick” – apropos of dealing with the DPRK. Hardly the most heinous of words – doubtless a bid to find common ground with U.S. President George Bush, no easy task – but enough for the North to demand the head of the “traitor.” As of June that remained its stance.

Needless to say, the second trans-DMZ rail link has made no more headway than the first. In fact this surprise idea is no real help to anyone. For Mt. Kumgang Hyundai needs a road, while any trans-Korea freight route to Russia would start from Seoul; the east coast is a branch line. In May, DPRK Foreign Minister Paek Nam-sun was reported as telling Moscow that the KPA was against this link. That too is an old ploy; if true, the North should get its act together.

Meanwhile, with its own side of the first North-South road and rail link now built, in May the South offered the North \$25 million worth of material to finish (or rather, start) its bit. There was no reply. We must assume that DPRK leader Kim Jong-il has no real intention of completing this, although Moscow will press him as well as Seoul. That in turn means Hyundai's planned export zone north of Kaesong is a non-starter, since it will not be profitable unless the border is opened.

Seoul's Farm and Tour Aid Continues

Despite these setbacks, it is not true that the two Koreas have no official dealings. Where it is the sound of one hand giving, Pyongyang rarely refuses. This year 100,000 tons of maize and 200,000 tons of fertilizer have gone north, as before. Indirectly, now that Korea National Tourism Organization, the ROK's official tourist promotion body, is subsidizing Hyundai's Kumgang cruise tours (mainly for students), what had looked a moribund venture is booming again: services have doubled, and the tours are fully booked until September. New attractions aimed at a younger clientele include North Korea's first bungee jump. A beach for swimming is due to open in July.

Other North-South ties continue to develop. Kangwon province, severed by the DMZ, includes Mt. Kumgang and the sea route thereto from the South. It is using this link for more than just tourism. On June 1 a Southern team headed North to spray pines with insecticide, an ongoing project, and to discuss further cooperation. Across the country, Cheju Island has donated oranges and carrots to the North – and had its reward in May, when 255 Cheju residents flew direct to Pyongyang for a week's sight-seeing. A similar visit in June by 320 members of a Southern Christian NGO, Korean Welfare Foundation, went less smoothly: they were pressed to attend Arirang and denied a promised joint service with Northern Christians – whereupon they held impromptu worship in the Koryo Hotel and were not prevented. They returned home a day early.

These visits by ordinary citizens are matched by more formal encounters, such as to celebrate (if that is the word) the second anniversary of the North-South summit in June. As has become a pattern, unification activists do the honors for the South; their Northern hosts (at Kumgang, this time) are by definition governmental, but not officially. Such asymmetry is second-best, yet better than nothing. Next up are youth and women's events, in July and September. Trade unions are another sector that meets regularly; they too did so in June. In total there have been over 19,000 inter-Korean visitors since the 2000 summit – almost all from South to North, and excluding Hyundai's Kumgang tours – as against under 5,000 between 1989 and June 2000.

Dam Nuisance

Other aqueous affairs at Kumgang are more worrisome. Two rivers, the Han and Imjin, flow from north to south. On both, in recent years, North Korea has built dams that have caused a range of problems downstream, from lowered water levels (affecting power generation and irrigation) to flooding when sluice gates are opened. When the Imnam dam at Kumgang was begun in 1986, the ROK's then military ruler,

Chun Doo-hwan, saw it as a plot to flood Seoul – and raised funds, in part coercively, to build his own so-called “peace dam” to counter it.

Now the South has another worry. Satellite photos suggest Imnam is leaking, as does muddy water flowing down the Han. Waterways are one of over a dozen specific areas where the two Koreas had agreed to cooperate, but nothing is happening. The North waxed angry at Seoul’s querying the quality of its construction. On May 31, however, it gave notice, out of “brotherly love,” that Imnam would discharge from June 3. It is a start, yet one-off notification is no substitute for consistent cooperation. Pyongyang pride preventing it from admitting to potentially fatal flaws, which Seoul would gladly pay to fix if only asked, is a scenario that may well recur. On June 26, the DPRK unexpectedly stopped discharging water from the dam.

Seoul to Wire Pyongyang?

When it suits Pyongyang to call Seoul, it is of course quite capable of doing so. So in early June the ROK’s assistant communications minister led a *chaebol* delegation to Pyongyang for talks with the DPRK’s post and telecoms ministry. Telecoms has not been part of the formal North-South agenda before – and neither apparently was this meeting. Yet it produced a tentative accord for a consortium of Southern big names – Samsung, LG, KT, SK Telecom, and Hyundai – to set up a code-division multiple access (CDMA) network in Pyongyang and Nampo, possibly by the end of this year.

As ever, we must wait and see if it happens. With a tiny estimated market of 40,000 and costs of up to \$30 million, this will be a loss leader at best. If international service is planned, then Seoul must at long last lift its ban on direct phone or fax contact with the North. Some entrepreneurs are not waiting. Kim Beom-hoon of Hoonnet, one of several Southern IT firms with Northern joint ventures, is in hot water at home for exceeding his brief. Having paid \$1 million to install fiber-optic cable to the Chinese border, he has set up an online lottery (www.dprklotto.com) and in May opened Pyongyang’s first Internet café. At \$50 per half hour, locals need hardly apply.

Teach Us All You Know

In general, North Korea is cherry-picking: aborting meetings as it feels like it, while milking a patient and generous South Korea for all it can get. Formal training is increasingly on the agenda. On June 11 ground was broken in Pyongyang for an inter-Korean technology college, funded by Southern Christians. A pair of Hanyang University professors will teach IT for two months this summer at Kim Chaek University of Technology, the DPRK’s top engineering school, in the first ever such substantive academic exchange. Most existing IT JVs also involve training.

But the Hanyang duo are not the first Southern professors to lecture in the North. On June 5, a team from Kepco (Korea Electric Power Corp) began teaching 1,400 Northern engineers how to operate the light-water reactors (LWRs) to be built at Korea Peninsula Energy Development Organization’s (KEDO) Kumho site. Of these, 529 are due to come South in November for practical training, including simulation, lasting up to 43 weeks. Both the scale and topic of this exercise, on the eve of South Korea’s presidential election on Dec. 19, may prove controversial; as it will with those U.S. Republicans who want the LWR project scrapped. It is not hard to imagine

Southern hawks agitating, especially if relations with the North are fraught elsewhere (e.g., refugees). Others may worry on safety grounds: according to Seoul press reports, the Kumho classes provide for no failing grades.

Smaller KEDO-related visits already take place, with little publicity in deference to Northern sensibilities. In May a 10-strong DPRK team spent a week in the South, inspecting a power plant and Yangyang airport. The first regular North-South air route was due to open July 10, with the North's Air Koryo shuttling between Yangyang and Sonduk near Kumho.

A Filial Encounter

Politicians have not been prominent in this flow, but the past quarter saw an exception. Park Geun-hye – independent Parliament member, daughter of ex-ROK dictator Park Chung-hee (1961-79), and a potential third force presidential candidate – visited Pyongyang in May. Her dining with Kim Jong-il would have startled their respective parents, even though it was under Park senior and Kim Il-sung that North-South dialogue first began in the early 1970s. The Dear Leader promised to send the North's soccer team South for a friendly game in September. As ever, we shall see.

Kim Jong-il also commented that Southern politics was “incomprehensible.” It has certainly produced two shocks that require his attention. In April, the ruling Millennium Democratic Party (MDP) chose as its presidential candidate Roh Moo-hyun: an outsider and populist, in the past hostile to the U.S. troop presence and a strong supporter of reconciliation with the North. For a while Roh led all polls, mainly as a fresh face. But in June the MDP was routed in local elections by the opposition Grand National Party (GNP), making the GNP leader Lee Hoi-chang once again favorite to be the ROK's next president. Lee is a critic of the Sunshine Policy, and Pyongyang regularly lambastes him as a traitor. They had better get used to him.

Sunshine Sunk

One decision for the next occupant of the Blue House will be whether to keep the designation of North Korea as “main enemy” in the Ministry of National Defense (MND)'s annual white paper. This phrase, introduced only in 1994, irks Pyongyang; Kim Dae-jung's wish to excise it was resisted by both the GNP and MND. The result is that no white paper will appear this year.

The North's penchant for playing the part hardly helps. The June crab-fishing season brought the usual intrusions into Southern west coast waters. On June 19 the ROK Joint Chiefs of Staff assured that all was calm. The number of incursions was down: KPA patrol boats were mainly monitoring their own fishing boats, retreating promptly once challenged. But then North Korea began to act like North Korea. On June 29, a KPA warship without warning fired a direct hit on an ROK Navy boat's engine room – sinking it, with five dead and 19 wounded. In the ensuing 20-minute firefight, the North took an estimated 30 casualties: one boat was towed away in flames. ROK forces were put on alert, albeit at a lower level of readiness and surveillance than after a similar incident in June 1999.

Then as now Pyongyang claims the South fired first; amid Seoul's World Cup euphoria, that defies all credibility. Militarily, as in 1999, the incident was contained: ferries resumed in the area next day, while on the east coast the Kumgang tours continued without a break. None of the over 1,100 South Koreans currently in the North were deemed in danger or recalled. The South's Unification Ministry was quick to state that civilian exchanges would not be reined in.

Yet political fallout is inevitable. Since 1999 North Korea has disavowed the Northern Limit Line (NLL), the UN-set maritime border that – unlike the terrestrial Military Demarcation Line (MDL) – was not agreed under the 1953 Armistice. But unlike the NLL, Pyongyang's proposal makes no allowance for five Southern-controlled islands close to the North's coast. Hence the allies regard the NLL, which the North *de facto* observed for almost half a century, as nonnegotiable. But blue crabs are another matter. A Pyongyang that wanted peace and progress could easily have struck a fishing deal with Kim Dae-jung. Instead, it chose to fight.

If Northern motives are murky, outcomes are crystal clear. At the government level, Sunshine is now dead. Kim Dae-jung is on the way out, but the KPA did no favors to Roh Moo-hyun's fading hopes to succeed him. Instead it shortened the odds on Lee Hoi-chang entering the Blue House next February. This administration can surely give no more aid to Pyongyang. The ripples will spread wider: just when President Bush at long last seemed ready for dialogue in July, this must at least cause a delay. Those in Washington who would rather not deal at all with what they regard as an incorrigibly recidivist rogue state now feel vindicated. Seoul can no longer convincingly press its ally to be indulgent; Kim Dae-jung may be too dismayed even to try.

Refugee Crisis Escalates

Finally, while its ramifications are far more than bilateral, the escalating DPRK refugee crisis must be noted. The last quarter saw a rush, coordinated by nongovernmental organizations (NGO), of North Koreans seeking sanctuary in foreign diplomatic missions in China. South Korea's role was initially as a final destination, but its involvement escalated when its own Beijing consulate became a target – including by Chinese police, who entered it and assaulted diplomats while dragging off one refugee. In the end he and all the others were allowed to go to Seoul via third countries. But on its border China is now cracking down both on refugees and ROK NGOs who help them, so the long-term issues remain. Despite such pressure, cuts in international food aid to North Korea (after seven years, donor fatigue is setting in) mean that flight into China will continue.

That creates both diplomatic and practical challenges for South Korea. Officially it regards all North Koreans as ROK citizens, yet it is terrified of a deluge. Numbers remain tiny, but they are growing fast, with 514 arrivals by late June as against 583 in the whole of 2001. Those in China are estimated at up to 300,000. Most go back and forth, but some 30,000 might wish to come to South Korea. In June it was reported that the main resettlement facility near Seoul will be expanded. Unification Minister Jeong Se-hyun said that defectors are “a beginning of the reunification process”; yet he also defended the Sunshine Policy as improving conditions in the North and thus stabilizing the situation. Striking a balance here will get no easier.

Thinking Outside the Box

How to sum up this complex picture? On the ground, the two Koreas continue to interact on many levels even when official dialogue is in limbo, as it largely was even before the June 29 shootout. But that incident must cause a chill, while from next February a new president in Seoul will at the very least alter the mix. Also, inter-Korean ties will as ever remain hostage to external factors, above all, U.S. policy – or lack of one. Continuing reports of divisions within the Bush administration on how to handle North Korea are dismaying.

There may be other noises off. The gradualism implicit in the Sunshine Policy, while devoutly to be wished for, is hardly guaranteed. In May, the *Korea Herald* reported a recent unofficial role-play exercise in Seoul. Just before December's election, Kim Jong-il decides he will after all visit the South; Kim Dae-jung agrees. The Dear Leader goes to Cheju, Seoul being too risky. Refugee NGOs stage their biggest stunt yet: an armada of boat people and a mass border crossing into China. Beijing elects not to shoot; there is a coup in Pyongyang and Kim Jong-il seeks asylum – in the U.S. Fanciful, no doubt (he would surely prefer Russia). But whatever the details, to believe that Korea's future will be simply an indefinite extension of the status quo looks just as implausible. Managing change on the Peninsula, including being ready at any time for the unexpected and unwanted, is the challenge for Seoul and its allies henceforth.

Chronology of North Korea - South Korea Relations April - June 2002

April 3-6, 2002: Ex-ROK Unification Minister Lim Dong-won visits Pyongyang as ROK President Kim Dae-jung's special envoy. After talks with DPRK Leader Kim Jong-il and others, he returns with a commitment to resume inter-Korean cooperation, including a new offer of a second cross-DMZ rail link.

April 5, 2002: A final consignment of 100,000 tons of Southern maize aid is sent to the North.

April 18, 2002: South Korea says it will spend \$54 million to give 200,000 tons of fertilizer to North Korea for delivery over the next month in time for this year's harvest.

April 27, 2002: Roh Moo-hyun, a strong supporter of inter-Korean reconciliation and former advocate of U.S. troop withdrawal, is nominated as the ruling Millennium Democratic Party's presidential candidate.

April 28-May 3, 2002: A fourth round of separated family reunions is held, this time at Mt. Kumgang rather than in Pyongyang and Seoul, briefly reuniting 848 elderly kin.

May 6, 2002: The North pulls out of economic talks due the next day, alleging hostile comments by the South's foreign minister. A separate economic visit due later in May is cancelled also.

May 10, 2002: A chartered Korean Air plane flies 255 Cheju residents directly to Pyongyang for a week's visit.

May 11-14, 2002: Park Geun-hye, daughter of ex-President Park Chung-hee and herself seen as a presidential contender, visits North Korea, dines with Kim Jong-il, and returns via Panmunjom.

May 15, 2002: The ROK unification minister says Seoul is considering giving materials worth \$25 million to the North to expedite completion of North-South railway links.

May 17, 2002: Park Geun-hye says Kim Jong-il promised to send the DPRK's soccer squad South for a friendly game in September. There was no mention of the World Cup.

May 19-24, 2002: A 10-strong Northern team visits the South to inspect a nuclear power plant and Yangyang airport, which will be used for transport to Korean Peninsula Energy Development Organization's (KEDO) light-water reactor (LWR) site at Kumho.

May 24, 2002: South Korea indefinitely postpones issuing this year's defense white paper to sidestep controversy over whether to continue to designate North Korea as "main enemy."

May 26, 2002: A diplomatic source cites DPRK Foreign Minister Paek Nam-sun in Moscow as saying that the North's military is opposed to an east coast North-South rail link.

May 31, 2002: North Korea notifies the South that it will discharge water from its Inman dam from June 3. It does so. South Korea had claimed that the dam was cracking.

June 1-3, 2002: A delegation from southern Kangwon province, which is split by the DMZ, visits its Northern counterpart to spray insecticide on pine trees and discuss other cooperation.

June 4, 2002: Hyundai Asan doubles its Kumgang cruises from 10 to 20 per month. Tours are fully booked through summer, thanks to official subsidies for students and separated families.

June 4-8, 2002: The first ever North-South telecommunication talks are held in Pyongyang. Southern companies provisionally agree to jointly launch a mobile service later this year.

June 5, 2002: First Southern professors to lecture in the North begin teaching an 18-month course on reactor operations to 1,400 Northern engineers at KEDO's LWR site at Kumho. Two other ROK professors will lecture on IT management systems in the North in July and August.

June 6, 2002: South Korea completes shipment of 200,000 tons of free fertilizer to the North.

June 11, 2002: ROK Unification Minister Jeong Se-hyun says that North Korea's economic dependence on South Korea is now comparable to its former ties with the USSR and China. He adds that 652 Southern companies are now doing business with the North.

June 11, 2002: A ground-breaking ceremony is held in Pyongyang for the first inter-Korean college. Pyongyang University of Science and Technology is due to open in September 2003.

June 13, 2002: A 20-member Southern trade union delegation goes to Mt. Kumgang for joint celebrations of the second anniversary of the June 2000 inter-Korean declaration.

June 13, 2002: A KPA patrol boat crosses four miles into Southern waters and remains for four hours, in the eighth such incident this year. Nonetheless, the ROK Joint Chiefs of Staff say on June 19 that violations are down this year and that the North is avoiding confrontation.

June 14, 2002: It is revealed that some 500 Northern engineers will come South in November for two-three months training in power generation, as part of KEDO's light-water reactor project.

June 14, 2002: Southern Christian aid NGO flies 320 members direct to Pyongyang for a week's visit. They return early June 18, after a promised joint service failed to materialize.

June 16, 2002: Over 200 Southern civic activists return from Mt. Kumgang, having agreed to hold joint youth and women's inter-Korean unification events in July and September respectively.

June 16, 2002: The ROK Unification Ministry says it will double its resettlement facility for defectors from 150 to 300. Already 514 have arrived this year, up from 583 in all of 2001. The minister describes defectors as "a beginning of the reunification process."

June 17, 2002: A Unification Ministry poll finds that two-thirds of South Koreans support aid to the North; 21 percent favor raising it; 49 percent have a positive image of North Korea, 48 percent negative.

June 19, 2002: The ROK Unification Ministry reports inter-Korean trade from January-May of \$186.22 million, up 7.9 percent. Southern imports were \$80.56 million (up 60 percent), to the North's \$105.66 million.

June 20, 2002: The South returns three Northern fishing boats that entered its waters.

June 21, 2002: The 2002 Pusan Asiad Organizing Committee sends a letter via Panmunjom, officially inviting North Korea to participate in the 14th Asian Games (Sept. 29 - Oct. 14).

June 21, 2002: North Korea indefinitely postpones the Pyongyang International High-Tech Forum and Expo, set for June 28-29. Some 60 South Korean IT firms had planned to attend.

June 22, 2002: The North's tourist body reiterates an invitation for Southerners to attend its Arirang festival, extended to July 15. Seoul insists on government-level talks first.

June 23, 2002: North Korean TV, which had been illicitly airing highlights of the soccer World Cup, for the first time shows a match involving the South Korean team.

June 24, 2002: Twenty-six North Korean refugees who had entered ROK and Canadian missions in Beijing arrive in Seoul via third countries, after China and South Korea reach an agreement.

June 26, 2002: North Korea and KEDO agree that from July 10 the North's Air Koryo will fly between Yangyang in the South and Sonduk near the Kumho LWR site, carrying project staff.

June 26, 2002: North Korea without notice stops discharging water at its Kumgangsan dam.

June 27, 2002: ROK deputy foreign minister says Seoul supports NGO proposals to set up a camp for North Korean refugees in Mongolia, if Ulanbaatar agrees.

June 29, 2002: Inter-Korean firefight in the Yellow Sea sinks an ROK patrol boat, killing five. Northern casualties are estimated at 30. Each accuses the other of shooting first.