

Comparative Connections

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North Korea-South Korea relations *A Nuclear Rubicon or No Change?*

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Events on the Korean Peninsula in the latter half of 2006 exhibited, to quote the poet William Blake, a “fearful symmetry.” Just as the third quarter had been dominated by North Korea’s July 5 launch of seven missiles, including a long-range *Taepodong-2*, so the final three months of last year were overwhelmingly focused on the momentous and baleful test-firing by the DPRK Oct. 9 of a small nuclear device.

As with the *Taepodong*, so *a fortiori* this nuclear test sent the region, the world, and especially Pyongyang’s five interlocutors in the then-stalled Six-Party Talks – the U.S., China, South Korea, Japan, and Russia – scurrying first to condemn, unanimously, and then to try to devise appropriate countermeasures. Unanimity fast evaporated as familiar policy splits persisted. While Washington and especially a newly assertive Japan sought to punish, Seoul joined Beijing and Moscow in its reluctance to press Pyongyang too hard, for instance, in searching its vessels on the high seas.

To the surprise of some, but in fact quite typically, Kim Jong-il then deigned to return to the Six-Party Talks, which met briefly in mid-December after a hiatus of over a year. No progress was made, and at this writing no date to resume has been fixed. As a new year dawned, with Pyongyang boasting of its new nuclear status – and amid reports that it might be preparing a second nuclear test – it was hard to see a way forward on this crucial issue, despite hopes that the Six-Party Talks would reconvene ere long.

A lame duck’s dilemma

For South Korea this poses an especially acute dilemma. President Roh Moo-hyun, a lame duck already in his final year of office, is under pressure to rethink the Sunshine Policy of engagement with Pyongyang which has guided Seoul’s *nordpolitik* since his predecessor Kim Dae-jung launched it in 1998. The conservative opposition Grand National Party (GNP), currently far ahead in the polls to return to power in the presidential and parliamentary elections due respectively in December 2007 and April 2008, while not anti-engagement is demanding more conditionality and reciprocity. In similar vein, Washington now looks even more askance at two crossborder projects – tourism to Mt. Kumgang and the industrial park at Kaesong – which it sees as filling Kim Jong-il’s coffers. Yet all signs, including a new and even more doveish minister of unification, are that at least for this year Seoul will stick to Sunshine regardless.

A fateful Rubicon

October 2006 will go down as a fateful Rubicon in North Korean history, and more widely. Continuing what in retrospect was a clear theme, a change of course and a buildup ever since July's missile tests, Pyongyang in short order gave notice that it intended to conduct its first ever nuclear test – and promptly made good that threat within a week. It must now be regarded – if not remotely welcomed – as the eighth declared and (counting Israel) ninth known member state in the global nuclear club.

A cycle similar to that after the missile tests then repeated itself, with China and Russia both backing a UN Security Council resolution imposing sanctions. Yet familiar faultlines over the proper mix of stick and carrot to use continued to split Kim Jong-il's main interlocutors. The momentum for firm action soon eroded, partly because as ever it was hard to see, and impossible to agree, what measures would be effective.

North Korea threatens a nuclear test

On Oct. 3, the DPRK for the first time said explicitly that it would test a nuclear weapon. It set no date at that point; so clutching at straws still hoped that this might be a dramatic negotiating ploy, rather than a firm notice of immediate intent. The statement was issued by the Foreign Ministry rather than the armed forces ministry, and said that the “field of scientific research” would conduct the test, not the military. Despite the alarming content, the tone was mild by Pyongyang standards. In a three-part statement, while the first said there would be a test, the second and third pledged no first use, nonproliferation, and commitment to nuclear disarmament in Korea and worldwide.

The timing was mischievous, upstaging the announcement that South Korea's Foreign Minister Ban Ki-moon was to be the new UN secretary general. Ban said he will use his UN post to focus on and try to visit North Korea, as his predecessor Kofi Annan had not done for a decade. Ban, who was sworn in Dec. 14, will try to prioritize the peninsula – but he may be rebuffed. North Korea remains suspicious of the South despite eight years of the Sunshine Policy, and has mistrusted the UN ever since the 1950-53 Korean War when it fought a U.S.-led coalition assembled under the banner of the UN. UNSC condemnation and sanctioning of Pyongyang for both its missile and nuclear tests, although right and proper, will do nothing to heal this rift and mistrust.

All concerned warn Kim not to do it

North Korea's threat brought strong responses all round. Roh Moo-hyun told his Cabinet to react “hard-headedly and decisively.” In an unprecedentedly sharp public rebuke, China's UN envoy, Wang Guangya, warned that “no one is going to protect” North Korea from “serious consequences” were it to go ahead with “bad behavior.” Also sharp was Christopher Hill, assistant secretary of state and chief delegate to the Six-Party Talks (which had not met since November 2005), who said the U.S. was “not going to live with a nuclear North Korea.” Next day the White House glossed this as “not a lethal threat,” stressing that the U.S. and others are “offering carrots” if North Korea returns to talks.

Aside from persistent policy conflicts within the Bush administration over how to handle North Korea, the concern here was to backtrack and fine-tune lest the U.S. appear to be threatening military action.

Perversely, Pyongyang's timing gave added point to the new Japanese premier Abe Shinzo's already planned fence-mending visits to Beijing on Oct. 8 and Seoul the next day – when North Korea actually carried out its test. Quite why Kim Jong-il would wish to push Japan and South Korea into closer mutual cooperation is but one of the many mysteries about the Dear Leader's tactics and underlying game plan.

They did it anyway – or did they?

Ignoring all warnings, Pyongyang announced Oct. 9 that it had successfully carried out a nuclear test that day. Seismologists did indeed record a shock, but – as ever with North Korea – the menace was mixed with mystery. Air samples taken a day later reportedly contained no radioactive debris suggesting either a conventional explosion, or a lesser nuclear one than hoped – or that the site was so well sealed that no radioactive matter was released. A week later the office of the U.S. Director of National Intelligence said air samples confirmed that North Korea had conducted an underground nuclear explosion with a sub-kiloton yield: smaller even than those at Hiroshima or Nagasaki, suggesting that perhaps the test had not worked in full. South Korea and others later confirmed that the test was nuclear, but some analysts remain skeptical whether Pyongyang has proven that it possesses a working nuclear weapon.

The DPRK thus became the newest and the least welcome member of the global nuclear club. It is the eighth acknowledged nuclear weapons power, or ninth if Israel is included. This drives a coach and horses through the Nuclear Nonproliferation Treaty (NPT), which in 2003 the DPRK was the first signatory state ever to quit.

A blame game quickly began, but the plain fact is that everyone's diplomacy failed. Neither sticks nor carrots prevented this alarming outcome, with its twin risks: of sparking a regional arms race, or nuclear proliferation – which must surely be a red line, even for a U.S. administration hitherto strangely reluctant to draw one as well as incapable of hewing to a single clear and consistent policy toward North Korea.

The UNSC condemns again, this time with more teeth

Global reaction to the nuclear test largely echoed and repeated that to the DPRK's earlier missile launches, only more sharply. (The sole exception being Iran, which unsurprisingly defended Pyongyang's right to test.) Again a UNSC resolution was drafted, debated, and watered down to ensure Chinese and Russian support by removing any threat of military action, and passed unanimously Oct. 14. North Korea, predictably, repudiated this as a U.S.-led conspiracy.

Resolution 1718 contains tougher sanctions and other checks than its predecessor 1695 which followed the missile tests. As such, this bolsters the punitive approach Washington

had already been pursuing since September 2005, when under U.S. pressure the Macau-based Banco Delta Asia (BDA), hitherto North Korea's main link to the global financial system, froze all its DPRK accounts. Stuart Levey, the U.S. Treasury under-secretary for terrorism and financial intelligence, had traveled widely in Asia and elsewhere during the summer, pressing countries and companies to sever financial ties with North Korea – as with Iran. This campaign paid off, with even China and Vietnam closing DPRK accounts in their banks.

UNSC sanctions include military items

Passed unanimously on Oct. 14, UNSCR 1718 included a detailed and wide-ranging list of sanctions. Naturally these began with a wide range of military items, by no means confined to WMD. The DPRK's arms sales are an important source of income for North Korea, so this may hurt if (a big if) it can be enforced. Not all of Pyongyang's customers are likely to be scrupulous about this.

Summary of key provisions of UNSCR 1718

- No sale or transfer to North Korea of military equipment and nuclear technology
- No sale or transfer of luxury goods to North Korea
- A freeze of North Korea's financial assets linked to developing weapons of mass destruction [WMD]
- Cooperative action for inspecting North Korean cargo if necessary
- No entry or transit for persons associated with WMD and their families
- Member states to report the implementation of the resolution within 30 days
- North Korea called upon to return to the six-party talks without precondition and to seek to ease nuclear tension through diplomacy
- North Korea was asked not to conduct any further nuclear tests or launch more ballistic missiles
- North Korea was asked to return to the Treaty on the NonProliferation of Nuclear Weapons
- North Korea was asked to abandon all nuclear weapons and existing nuclear programs in a complete, verifiable and irreversible manner
- North Korea was asked to abandon all other existing weapons of mass destruction and ballistic missile programs

Differences rapidly surface over cargo inspections

Interpreting and enforcing such provisions is another matter. An immediate but vital divergence arose over a clause calling for "cooperative action including ... inspection of cargo to and from the DPRK, as necessary." The U.S. understands this as permitting challenges and inspections at sea, as already provided for under the Proliferation Security Initiative (PSI) – a 70-strong U.S.-led coalition of the willing. Others, such as Russia and China, regard such action as liable to raise tensions. China swiftly clarified (or qualified) its position: pro-inspection, but anti-interception or interdiction. Much will hinge on such niceties, and also on how thorough China's inspections really are along its long border

with North Korea. After the UNSC resolution inspectors were seen checking lorries in Dandong and other border cities, but rather perfunctorily.

Beijing and Seoul are key

To U.S. chagrin, its South Korean ally took a similar view. While the North's nuclear test provoked fresh debate in Seoul, South Korea still rejects full PSI participation. Since China is by some way North Korea's largest trade partner (at least for publicly recorded commerce), with South Korea in second place, it is these two countries' interpretation and implementation of the UNSC resolution that will be crucial. But given that both remain basically pro-engagement and wary of destabilizing Kim Jong-il's regime, it is easy to see how the brief unity achieved at the UN might start to fray into equivocation and possible recrimination.

In an early sign of difficulties ahead, U.S. Ambassador to Japan Thomas Schieffer said Oct. 16 that for North Korea to agree to return to Six-Party Talks would not suffice to get the new sanctions against it lifted. China for one is likely to take a less tough stance. Two days later, criticism in Seoul by Christopher Hill of South Korea's Mt. Kumgang tourism project, which it has no plan to end, brought a testy response from Song Min-soon, the senior Blue House security adviser; Hill later partially retreated. Further such clashes are likely, the more so since shortly afterward Song was nominated as ROK foreign minister to replace Ban Ki-moon.

After a bilateral meeting between George W Bush and Roh Moo-hyun on Nov. 18, on the sidelines of the APEC (Asia-Pacific Economic Cooperation) Leaders Meeting in Hanoi, Roh confirmed that South Korea was "not taking part in the full scope" of the PSI, but insisted Seoul would "fully cooperate in preventing WMD [weapons of mass destruction] materiel transfer" in the region. Such hesitation disappoints the U.S., leaving open as it does the key question of whether South Korea would ever agree to challenge any suspect Northern vessel in or near its own waters.

Sunset for Sunshine?

South Korea, by contrast, faces a painful dilemma – and proceeded to flounder very publicly. Roh Moo-hyun – a lame duck president, whose term has barely a year to run – in July had harsher words for Japan's "fuss" over North Korea's missiles than for Pyongyang itself. In September, he reportedly assured George W Bush that any DPRK nuclear test would see the ROK shift from Sunshine to a more punitive stance.

Yet in fact Seoul was already punishing North Korea – but the people rather than the regime. Its perverse riposte to the missiles was to suspend the usual 500,000 tons of rice aid. Later it partly relented, offering 100,000 tons after the North was badly hit by floods in mid-July – only for the undelivered portion of this to be suspended after the nuclear test. But meanwhile, it continued two cross-border projects – tourism at the North's Mt. Kumgang resort, and the nascent Kaesong industrial zone north of Seoul, where Southern firms employ Northern workers to make export goods – which earn cash for Kim Jong-

il's regime. The argument is twofold: these are long-term projects for national reunification, and private sector ventures that the state cannot control. The latter is specious, as both are heavily subsidized and key tools of official policy.

Even now, after the nuclear test, both Kumgang and Kaesong look set to continue, although to conform to UNSC sanctions, Seoul will no longer subsidize the former. The conservative opposition Grand National Party (GNP) – already likely to end a decade of center-left rule in Seoul in presidential and parliamentary elections due in December 2007 and April 2008 – has called for both to be halted, and is appealing to citizens to boycott Kumgang tours. Whether that is heeded will be one barometer of South Korean opinion. Despite a poll showing that a plurality of South Koreans (40 percent) blame the U.S. for North Korea's test, there is no doubt that Sunshine has now dimmed.

Seoul cuts its aid budget to the North

On Nov. 14, a policy meeting of the ROK's unification ministry (MOU) and the ruling Uri Party tentatively agreed to cut 2007's budget for inter-Korean cooperation by 26 percent to 1.83 trillion won (\$1.95 billion). But there is less to this than meets the eye.

Rather than a reaction to the DPRK nuclear test, this mainly reflects a halving of the budget for the now defunct light-water reactor (LWR) project of the equally moribund Korean Peninsula Energy Development Organization (KEDO) consortium, from 1.25 trillion won in 2006 to 660 billion won next year; even killing off what was originally a \$4.6 billion project does not come cheap. Once this is extracted, MOU's planned spending on other projects is set to fall by a far more modest 3.5 percent, from 1.22 trillion won in 2006 to 1.18 trillion won in 2007.

While it is prudent to have funds available in case of any breakthrough, on the face of it this is hard to square with the continued suspension, reaffirmed just a day earlier as part of the ROK's response to UNSC sanctions, of joint economic and humanitarian projects until progress is made in international negotiations on dismantling North Korea's nuclear weapons program. In any case, as discussed, the two biggest such projects, Mt. Kumgang tourism and the Kaesong industrial park, will continue.

But will the punters come?

There are signs that Hyundai may struggle to maintain these two flagship projects. Tourist numbers to Mt Kumgang fell from over 300,000 in 2005 to less than 250,000 in 2006, far short of the target of 400,000. Hyundai Asan, the group's North Korea business arm, has already shed jobs and delayed payments to some employees recently. It expects to plunge into the red again after at last making a modest operating profit of 5.6 billion won (\$5 million) in 2005, following years of losses (29.04 billion won in 2001, 38.54 billion won in 2002, 57.34 billion won in 2003 and 10 billion won in 2004). Prospects for 2007 look deeply uncertain; the more so since, as part of its compliance with UNSC sanctions (and a sop to U.S. and GNP pressure), the ROK government is withdrawing travel subsidies it has hitherto offered students and others to visit Mt. Kumgang.

Out of favor

It does not help that Hyundai is out of favor in both Korean capitals, for different reasons. A decade ago, Hyundai vied with Samsung to be Korea's largest *chaebol* (conglomerate), only to break up amid internecine strife between the several sons of its founding patriarch, northern-born Chung Ju-yung, after the latter's death in 2001.

The best bits, notably its auto and shipbuilding operations – respectively Korea's and the world's largest – are now wholly spun off, and the scions who control them are leery of North Korea, unlike their late father. Hence the remaining so-called Hyundai group is essentially a rump, and as such a possible takeover target for the thriving shipbuilder, Hyundai Heavy Industries (HHI). Continued Chung family strife on this and other fronts means that patience with Hyundai in Seoul is wearing thin.

Double-dealing by Pyongyang

In Pyongyang, meanwhile, despite receiving over a billion dollars (over and under the table) from Hyundai since 1998, Kim Jong-il has harried the group – now chaired by Hyun Jeong-eun, widow of former chairman Chung Mong-hun who killed himself in 2003 amid a probe into illicit payments to the North – since it sacked a key executive in 2004 for alleged financial malpractice. The North has partially relented, but still refuses to let Hyundai run tours to the ancient capital of Kaesong city, a major attraction close to the eponymous industrial park named after it. Instead it is offering these to a rival ROK operator, Lotte, even though in 2000 Hyundai Asan paid over \$500 million for supposedly exclusive rights in seven business projects, including the Kaesong industrial complex and tourism to Kaesong city. On this basis the unification ministry rejects the North's demands to repartner with Lotte. In reprisal, since July the DPRK has refused to let ROK visitors to the Kaesong industrial zone have a tour of the old city, which would be an easy and popular day trip from Seoul.

Such machinations, and Hyundai's fate, are a major reason (over and above nuclear shenanigans) why all other *chaebol* shun investing in North Korea, unless marginally. This crucial fact – a stark contrast to Taiwan and China – shows up the self-defeating nature of DPRK policy toward the South. Perhaps Kim Jong-il naively believed that other ROK tycoons would be as generous and gullible as the late Chung Ju-yung. But business exists to turn a profit, which entails stable ground rules and trust. So China, not North Korea, remains the major investment destination for South Korean firms.

Roh reshuffles his security team

Foreign Minister Ban Ki-moon's departure for the UN entailed a Cabinet reshuffle in Seoul, but North Korea's nuclear test made it a wider one. This was a major factor in the resignations of the ROK defense minister on Oct. 24, followed next day by Unification Minister Lee Jong-seok, seen as the cornerstone of the Sunshine Policy.

On Nov. 1, President Roh nominated a new security team, including the head of the National Intelligence Service (NIS). Defiantly in the circumstances, and ignoring the convention that the NIS head like the defense minister is someone seen as sound in security circles, Roh's new lineup was overwhelmingly doveish.

Thus the new ROK foreign minister is Song Min-soon, a career diplomat who as vice foreign minister last year negotiated the agreement on principles at the Six-Party Talks before they stalled. Roh later chose him as presidential security adviser. Not very diplomatically, Song recently told a conference that the U.S. had fought more wars than any other nation, prompting Washington to seek clarification. This choice will not make for an easy relationship between the allies.

At MOU, Lee Jong-seok is followed after just eight months in post by another Lee and another dove. Lee Jae-jeong (no relation; also rendered as Lee Jae-joung on some ROK government websites, but MOU's says -jeong) is an ordained Anglican priest, who headed a Seoul seminary before switching to politics. He was jailed but pardoned for raising illegal funds for Roh's election campaign in 2002, and latterly chaired a unification advisory body. He has no prior experience of office: he is an odd choice at such a time, especially when Roh had many experienced negotiators with Pyongyang to choose from.

Balancing these two, the new defense minister as usual came from the top brass. Kim Jang-soo, current army chief of staff, succeeds Yoon Gwang-ung, an ex-admiral who had held the post since 2004. Yoon was key to Roh's efforts to reform the military; he had just returned from annual joint security talks with the U.S. in Washington, where the atmosphere was reportedly strained.

A spook for Sunshine

Normally the NIS like the defense ministry is conservative, but its new chief is pro-Sunshine despite being the first internal appointee in the agency's history. Kim Man-bok, hitherto the agency's deputy head, was close to outgoing Unification Minister Lee Jong-seok. He replaces Kim Seung-kyu, who did not go quietly: he indirectly criticized his successor, and not denying claims by the opposition Grand National Party (GNP) that he was forced out – a charge vehemently denied by the Blue House.

Rightists suspect Kim Seung-kyu was ousted for pursuing Seoul's first espionage case in several years. Days earlier, prosecutors detained five people – including Choi Ki-yong, vice secretary general of the hard-left Democratic Labor Party (DLP), which holds 10 seats in the National Assembly – on charges of spying for North Korea. The others, all in their mid-40s, are Michael Chang, a U.S.-Korean-businessman said to be the group leader and a member of the North's ruling Worker's Party of Korea (WPK); Lee Jung-hoon, an ex-DLP member, 43; Sohn Chong-mok, a former student activist; and Lee Jin-gang, an employee of Chang's firm. Eventually indicted on Dec. 8 for violating the National Security Law (but not charged with anti-state activities, a more serious crime), all five allegedly belonged to "Ilsim-hoe" or One Heart Club, which prosecutors claim is a spy

organization that received orders from Pyongyang via email and passed on confidential information about South Korea. The case is ongoing.

The DLP angrily denounced this as a smear. On Oct. 31, a 13-strong party delegation went ahead with a planned visit to Pyongyang, where they met titular head of state Kim Yong-nam. They returned Nov. 4 to much criticism, mostly for not revealing (until outed by DPRK media) their visit to Mangyongdae: birthplace of and a shrine to North Korea's founding leader Kim Il-sung. (Ironically, one of Ilsimhoe's alleged services was to send Pyongyang a file of personal data on the DLP delegates.)

For Sunshinistas it is vital to keep such contacts open, despite (or even all the more so because of) the nuclear test. Thus Kim Yong-nam reportedly offered to resume family reunions, suspended since the North's missile tests in July. No more has been heard of this since: as a humanitarian step it would not fall foul of UNSC sanctions, but the Roh government will perhaps weigh the signal a resumption at this time would send.

Playing politics?

The spy case is ongoing. While NIS press leaks – the notion of *sub judice* is hardly known in Seoul – suggest a strong circumstantial case, the whole affair risks being thoroughly politicized. For decades the NIS' feared predecessor, the Korean Central Intelligence Agency (KCIA), not only caught real spies but falsely painted democrats like Kim Dae-jung as Northern agents. After nearly 20 years of democracy, cases of gross abuse are still coming to light. Many of those arraigned, jailed, and tortured under military regimes are now leading lights in Roh's circle and the ruling Uri party from the radical so-called 386 generation (now overdue to be renamed as 486): aged in their 30s (increasingly now 40s), at college in the 1980s, and born in 1960s.

Since 1998 the Sunshine Policy has reversed the old polarities. Like the ROK armed forces, many in the NIS have chafed at having to smile at North Korea and curb their old activities and instincts. Pyongyang's nuclear test at last made it politically feasible to swoop on the alleged DLP spies, but Kim Seung-kyu's ouster is viewed by many as the Sunshinistas' revenge. It remains to be seen how hard charges will now be pressed.

ROK defense white paper calls DPRK a “grave threat”

Another bone of contention in so-called “South-South conflict” has been over how to characterize the North's military threat. Successive biennial Defense Ministry (MND) *White Papers* identified the DPRK as the ROK's “main enemy” till 2004, when amid protests from conservatives this phrase was replaced by “direct military threat.” MND's 2006 *White Paper*, published Dec. 29 (an English translation is said to be due in March), amends this to “grave threat” – which an official told reporters was a heightening of the threat level, as the words alone might not have made clear.

As usual, MND spelled out its reasons. Not only North Korea's nuclear test and its weapons of mass destruction (WMD), but its conventional forces – overwhelmingly forward deployed – are major threats to South Korea's security. On the nuclear front, MND reckons the North made one or two atomic bombs from 10-14 kilograms of plutonium obtained before the 1994 U.S.-DPRK Agreed Framework, and presumes it extracted a further 30 kg during the current crisis between 2003-05 after reopening its Yongbyon site and expelling IAEA inspectors. However, for MND October's test alone does not suffice to regard the DPRK as a fully fledged nuclear weapons state.

Nor are nukes all. The *White Paper* estimates that Pyongyang also possesses 2,500-5,000 tons of chemical weapons – nerve, blister, blood, and vomiting agents, plus tear gas – besides an unknown quantity of biological weapons like anthrax, smallpox, and cholera. (None of this CBW capacity has ever been on anyone's negotiating agenda.)

As for conventional forces, 70 percent of the Korean People's Army (KPA) ground forces are stationed near the ironically named Demilitarized Zone – the border with South Korea, still the world's most heavily militarized frontier – thus allowing sudden raids without redeployment. These forces comprise 19 corps-level units, including four mechanized corps and a missile command. There are 3,700 tanks, 2,100 armored vehicles, 4,800 multiple rocket launchers (MLRs), 8,500 (170mm) self-propelled artillery pieces, and 3,100 pieces of river-crossing equipment such as *S-type* floating bridges. These last are said to have been augmented, and the number of MLRs has grown by 200.

On the other hand the KPA's air and naval capabilities have decreased a little as aging weapons systems have been decommissioned, with 30 combat aircraft lost (5 through crashes), and 170 war vessels which have become patrol ships. The DPRK also has 420 warships, 60 submarines, and 260 amphibious landing ships. Around 60 percent of these naval forces are deployed near the inter-Korean border, while 40 percent of the air force's 820 aircraft are stationed in frontline bases.

This of course is only one side of the story. For its part North Korea doubtless feels threatened by the South's alliance with the U.S. and its now huge economic superiority, both of which give it access to high-tech weaponry for which the KPA's quantitative lead in some areas (such as its aging fleet of *MiGs*, some half a century old) are no match. This, too, as analysts have noted, creates a grim logic where it makes sense for Kim Jong-il to pursue nuclear and other WMD simply as a force multiplier, to avoid being overwhelmed on all other fronts.

Seoul out of the loop?

Opposition obstruction meant that the new ROK foreign affairs and security team did not receive parliamentary confirmation until mid-December. Their lame duck predecessors carried on, but with Foreign Minister Ban Ki-moon in effect absent as he prepared for his weighty new role running the UN.

On top of the split with Washington over PSI, this has led many in Seoul (hawks and doves alike) to fear that South Korea is falling out of the policy loop on North Korea, as the U.S. talks more to China, a more predictable partner, and one with greater clout. With the nuclear test a rude slap in the face for the Sunshine Policy, South Koreans increasingly worry that Roh Moo-hyun's persistence with this, plus his pursuit of an "independent" security posture (whatever that might mean for a U.S. treaty ally), has in practice left South Korea adrift, mistrusted in Washington, and scorned by Pyongyang.

Striking a tougher note, on Nov. 17, South Korea for the first time backed a UN resolution condemning North Korea's human rights record. Sponsored by the EU, this passed the UN's Third Committee by 91 votes to 21, with 60 abstentions. As well as direct abuses, the resolution accused the DPRK government of responsibility through mismanagement for a dire humanitarian situation, especially infant malnutrition.

Seoul had abstained on four previous such votes. Its support this time was widely seen as linked to Ban's election as UN secretary general – and undermined by a Unification Ministry statement pleading for Pyongyang's understanding of a "painful decision." In similar vein, ex-president and Nobel peace prize laureate Kim Dae-jung, the Sunshine Policy's begetter who at 82 has re-entered public life after a period of illness, warned on Nov. 24 that pressure was not the way to change the North.

Battening down the hatches

Despite North Korea's missile and nuclear tests plus UN sanctions, South Korean NGOs continue to help their Northern brethren. One, South and North Korean Children Hand in Hand, in November sent a team for the opening of a hospital that it had sponsored in Pyongyang. The ceremony was marred by the inability to test new medical equipment, owing to one of the DPRK capital's regular electricity blackouts.

More generally and ominously, the regime seems to be readying its people for another downturn like the "march of hardship," the official term for the dire famine of the late 1980s that killed at least a million people. According to the *JoongAng Ilbo* which sent a reporter on this trip, there were "clear signs that Pyongyang viewed itself as in the midst of another ideological struggle with the outside world. Slogans boasting of the North's nuclear capability and calling on its citizens to resist the imperialist tidal wave dotted public areas, and conversations with ...officials and ordinary people took on a strident tone. Asked whether circumstances could lead to another "march of hardship," one official said: "We are confident. Even if the pressure continues, that's not the end. There is no other way but war then." If such rhetoric is not unusual, the tenor of the new campaign hardly suggests a state suing for peace.

Hacks for peace

A case can be made for private humanitarian medical and other aid to the North like this, which in any case a democratic government has no business controlling. But it is harder, especially since the nuclear test, to justify junkets like what was billed as the first joint

meeting of Northern and Southern journalists since just after the peninsula was divided in 1945, as part of Korea's liberation from Japan by the U.S. and USSR.

Held at the North's Mt. Kumgang resort on Nov. 29, this brought together 115 media persons from the South and 50 from the North. In the afternoon they went for a walk; one wonders who led whom up the garden path. Rhetoric is natural on such occasions: ROK delegation leader Chung Il-yong declared that "so far in inter-Korean history, journalists have been observers, but from now on we are also the subject of history."

Less, perhaps, is to be expected of the literati. Just three weeks after the North's nuclear test, 50 Southern literary figures joined 30 from the North at Mt. Kumgang to form the first ever pan-Korean writers' association. Yom Moo-ung, an ROK literary critic who heads the new body jointly with North Korean novelist Kim Dok-chol, called this "an epoch-making turning point in the literary history of divided Korea," adding: "Now, we'll polish our linguistic beauty in the name of national literary spirit and sing a poem of peace which will touch the heartstrings of people around the world." Maybe.

Blood and purity

As Bryan Myers put it in an excellent if acid op-ed in the *Wall Street Journal* on Dec. 24: "between soft-liners and hard-liners, sympathy can only go in one direction." The highly provocative major thesis of this article also bears quoting, at some length:

"South Koreans generally agree with Pyongyang that Koreans are a pure-blooded race whose innate goodness has made them the perennial victims of rapacious foreign powers. They share the same tendency to regard Koreans as innocent children on the world stage – and to ascribe evil to foreigners alone. Though the North expresses itself more stridently on such matters, there is no clear ideological divide such as the one that separated West and East Germany. Bonn held its nose when conducting Ostpolitik. Seoul pursues its Sunshine Policy with respect for Pyongyang. The South Koreans have compromised their nationalist principles in a quest for wealth and modernity, and while they're glad they did, they feel a nagging sense of moral inferiority to their more orthodox brethren. They often disapprove of the North's actions, but never with indignation, and always with an effort to blame the outside world for having provoked them."

An abducted fisherman as reality check

Lest anyone need reminding why this is (to put it mildly) an ostrich posture, Choi Wook-il could put them straight. From time to time an individual case highlights the realities of inter-Korean relations. Currently the media spotlight in Seoul is on Choi: a Southern fisherman, now 67, who was 36 when he and 32 other crew members of the squid trawler *Cheonwangho* were seized by North Korea while fishing in the East Sea (Sea of Japan) in August 1975. They have been held in the North ever since.

According to Seoul's unification ministry, the North abducted a total of 3,790 South Koreans since the 1953 Armistice. (A far larger number – some estimates run to over 80,000 – were taken North during the DPRK's brief occupation of most of the ROK during the 1950-53 Korean War.) Postwar abductees were mostly fishermen, and from the 1980s Pyongyang usually repatriated them after a brief detention. But as of June 2006 485 were still held, of whom 434 or 90 percent are fishermen. The North denies detaining anyone, claiming these were voluntary defections.

Abductees' families and their support groups have a far lower public profile in South Korea than their equivalents in Japan, where the numbers are tiny in comparison. But whereas in Tokyo this issue tops (and stymies) the bilateral diplomatic agenda with Pyongyang, in Seoul their complaint is that a government wedded to the Sunshine Policy has deliberately downplayed the issue. Only from 2005 did the South raise this actively in Red Cross talks: to little effect, as the North continues to stonewall. Some 17 families have been briefly reunited in regular reunions of separated families at Mt. Kumgang, but on strict condition that there is no mention of kidnapping. Last March Northern authorities tried to expel a Southern journalist for reporting that one of the families then meeting involved an abduction case. To its credit, the whole ROK press corps quit a day early in protest and solidarity with their colleague.

By contrast, in this latest case Choi's wife Yang Jeong-ja, who met him after he had escaped into China (where at this writing he remains), visited the Foreign Ministry (MOFAT) on Jan. 5 to complain at their unhelpfulness. Choi was passed from pillar to post; one ROK consular official in Shenyang indignantly asked how he had got his number. Some of this was caught on a tape released by an NGO, and posted on the Internet where it drew public anger; MOFAT issued an apology.

This is by no means the first time. Some years ago a Seoul TV station filmed an old escaped Southern prisoner of war, held for over 40 years in the North before escaping to China, as he sought help from the ROK embassy in Beijing. They put the phone down on him. In the end most – but not all – such cases do make it home at last. That said, official lukewarmness mirrors public attitudes in Seoul, which although briefly aroused by a case like Choi's, evince little sustained interest, much less outrage, at the long-running crime and scandal of their fellow-citizens being held for most of their lives by a DPRK that brazenly denies doing any such thing. In ways like this, even before October's nuclear test cast a long shadow, the ROK's Sunshine Policy signal failed to illuminate and warm several dark corners in inter-Korean relations.

MOU tallies the numbers for 2006

On Jan. 5, MOU issued its usual annual tally of North-South visits, trade and other dealings. In 2006 inter-Korean visits (not including tourists to Mt. Kumgang) passed 100,000 for the first time, reaching 101,708, up 15 percent from 2005. MOU credited most of this to economic cooperation, so commuting by ROK managers across the DMZ to the Kaesong industrial zone doubtless bumped up the figures. As MOU noted, this flow remains highly unbalanced: a mere 870 or less than 1 percent of these were North

Koreans coming South. Over a million person-journeys were made using the two reconnected cross-border roads, the vast majority being tourists to Mt. Kumgang. (By contrast the parallel railway lines remain unused, with no sign of progress even before the North's missile and nuclear tests cast their pall in the latter half of 2006.)

Despite those tests, inter-Korean trade also had a record year, rising 28 percent to \$1.35 billion. While in the past much so-called trade has really been Southern aid, MOU noted that in 2006 the genuinely commercial proportion rose by over a third (34.6 percent) to \$928 million. (The MOU site actually said \$920,000 until this writer pointed out the slip: not rare, since Koreans, who count in units of 10,000 (*ok*), quite often misplace zeroes when translating into Western systems based on 1,000. Million for billion is a similar solecism: one U.S. dollar is worth close to 1,000 ROK won. *Caveat lector.*)

MOU also noted that the number of Northern workers in the Kaesong industrial zone continues to rise, despite the missile and nuclear tests. The total passed 10,000 in November, and reached 11,189 by the year's end.

Resumed Six-Party Talks get nowhere

In a move that surprised some, but was in fact quite typical of DPRK diplomacy, Pyongyang announced Oct. 31 that it would after all deign to return to the six-party nuclear talks, which by then had been in abeyance for almost a year. It took several further weeks before what was technically (if rather absurdly) the recessed fifth round of the talks convened in Beijing on Dec. 18. After less than a week the meeting recessed again, also *sine die* with nothing resolved and no firm date to meet again – although the White House still has hopes for a resumption in January.

While no one expected an instant breakthrough, especially in the new situation since the DPRK's nuclear test, the utter lack of progress disappointed – and also surprised, since much effort had gone into preparing so that these talks would be more than a mere formality. In particular, the ever energetic Chris Hill had hinted in advance that a way had been found, as it would have to be, to move forward on financial sanctions.

In the event the latter were indeed discussed in a separate channel, but there was no progress. Contrary to earlier speculation that Pyongyang would admit counterfeiting U.S. currency in the same way as it did to kidnapping Japanese, i.e., by blaming rogue elements, Vice Foreign Minister Kim Gye-gwan took a maximalist stance: not only denying counterfeiting, but demanding that all financial sanctions be lifted upfront before anything nuclear could be discussed. As Kim Jong-il must know this is unacceptable to the U.S. (and indeed other parties), the conclusion has to be that, at least for now, he has no serious interest in negotiating away his nuclear deterrent.

On Nov. 22, DPRK Senior Vice Foreign Minister Kang Sok-ju (senior to Kim Gye-gwan) had told journalists in Beijing, en route home after a visit to Russia: "Why would we abandon nuclear weapons? ... Are you saying we conducted a nuclear test in order to

abandon them?” Decoding North Korea is supposed to be difficult – but sometimes they just might mean exactly what they say, loud and clear.

Roh rues the wreckage

In comments blunt even by his standards, Roh Moo-hyun on Dec. 21 wondered aloud what games who was playing in Washington. He told the National Unification Advisory Council that Seoul “played a key role in efforts to achieve the Sept. 19 joint statement ... Then the BDA issue came up and this is incomprehensible to me. As the statement was being signed in China, the U.S. Treasury Department already froze the BDA accounts a few days earlier. Looking back, I don’t know whether the State Department knew about it or not ... With a conspiracy view, you may say [the two departments] were playing games.” Roh wondered if the two had clashed, “with the State Department in support of flexibility while the Treasury Department sticks to the principle. We will never know.” Either way, “the Sept. 19 declaration was buried the moment it was born...” Tactless this may be, but in his puzzlement as to the exact dynamics of the Korea policy process in Washington, Roh is far from alone.

Happy new year?

The new year brought the usual mix of pious hopes and more sober appraisals. Nukes notwithstanding, the Roh administration appears determined to cling to the Sunshine Policy. New Unification Minister Lee Jae-jeong, a noted dove, said on Dec. 28 that he hoped inter-Korean dialogue will resume as soon as possible, adding that to resolve the North Korean nuclear issue requires “deeply analyzing the North’s sense of extreme urgency.” In similar vein, on Jan. 2 he called for more aid to the DPRK once it abandons its nuclear ambitions, saying that “unless we fundamentally solve the problem of poverty in North Korea, security on the Korean Peninsula will always be in danger.” That brought a riposte from the opposition Grand National Party (GNP) that insisted that the problem is nuclear weapons rather than poverty, and accused the Roh administration of “begging for the inter-Korean summit.”

A second summit?

Former ROK President Kim Dae-jung, who won the 2000 Nobel Peace Prize for his first ever inter-Korean summit with Kim Jong-il in June of that year, said Jan. 2 that “the possibility of an inter-Korean summit is higher than ever, as President Roh Moo-hyun has vowed to meet North Korean leader Kim Jong-il anytime, anywhere.” More cautiously, Lee Su-hoon, chairman of the ROK’s Presidential Committee on Northeast Asian Cooperation Initiative, suggested this would only be possible once Pyongyang begins to dismantle its nuclear weapons programs.

DJ added that any inter-Korean progress “should not be interpreted politically.” But in an election year, that is disingenuous. Roh’s successor as president will be elected next December, taking office in February 2008 for a five-year term; separate National Assembly elections follow in April 2008. As Roh becomes an ever lamer duck, there is a

real risk that if the far more canny Kim Jong-il were to throw him a bone in the form of a second inter-Korean summit, he would jump at it – whether or not this is truly positive for North-South ties (or indeed ROK-U.S. relations), much less the nuclear issue and all the many other challenges posed by the DPRK.

Despite Roh's current estrangement from his own ruling Uri Party, which looks set to split, a summit might also appeal to others on the center-left as a rabbit they could pull out of a hat in hopes of denting the GNP's seemingly unassailable lead in the opinion polls. Roh would doubtless defend any such meeting as playing a mediating role, but the risk is that it would further muddy the waters and split the alliance.

North calls for unity – behind Kim Jong-il

For its part, North Korea in its usual new year joint editorial of three daily papers – those of the party, army, and youth – called on all Koreans, north and south, to unite for independent reunification. It added that they should “staunchly support *Songun* [military-first] politics” – i.e., Kim Jong-il's policy line – which gives the game away: Pyongyang's idea of unity is for South Koreans to march to a Northern drum. Again, sometimes North Korea is crystal clear – even if they seem to neither know nor care how this will go down in the South. With the GNP (which Pyongyang excoriates) way ahead in opinion polls, DPRK intelligence – as distinct from propaganda – surely does not delude itself that sycophants like Ilsimhoe are any more than a tiny minority.

Business realism

Meanwhile a top tycoon sounded a gloomy note. Samsung group chairman Lee Kun-hee, cautiously re-entering the limelight after a bad patch in which Korea's biggest business and brand had been mired in scandal, in his new year message cited the North Korean nuclear issue as one of three reasons – the others being high oil prices and the appreciating won – why “this year, the future for us isn't that bright.”

It is noteworthy that Samsung, like every other *chaebol* (conglomerate) bar one, has shown almost no interest in a North Korea that it deems not yet seriously open for business. The exception proves the rule. A decade ago, Hyundai vied with Samsung to be Korea's top business. Since then, as noted above, the Hyundai founder Chung Ju-yung's determination to help open the North at any price – at least \$1 billion so far, and counting – has been a major cause of his empire's break-up since his death.

Ideals are noble, but in commerce even more than politics delusions are no basis for genuine progress. The day when *chaebol* flock North as Taiwanese firms have done to China, we shall know that Kim Jong-il is really ready to do business. Until then, his nuclear deterrent is just that: a deterrent to investment and prosperity as much as to peace on the peninsula.

Chronology of North Korea-South Korea Relations October-December 2006

Oct. 2, 2006: At the North's request, the first inter-Korean military talks since July's missile tests are held at Panmunjom in the Demilitarized Zone (DMZ). Pyongyang demands a halt to anti-communist activities by conservative ROK civic and religious groups, including sending messages across the border by balloon.

Oct. 2, 2006: Nine ROK lawmakers from several parties visit the DPRK's Kaesong industrial zone, just across the Demilitarized Zone (DMZ), where 15 Southern firms employ 8,700 Northern workers to make export goods worth \$6 million monthly.

Oct. 3, 2006: North Korea warns that it will carry out a nuclear test. South Korea and many others, including the U.S. and China, urge it not to.

Oct. 9, 2006: Pyongyang announces it has successfully carried out a nuclear test; the world denounces it. Seismic evidence confirms a test, but its exact size and degree of success are unclear.

Oct. 9, 2006: South Korea Foreign Minister Ban Ki-Moon is confirmed as the next United Nations secretary general, to succeed Kofi Annan on Jan. 1, 2007.

Oct. 10, 2006: ROK Unification Ministry (MOU) reports that 2,195 South Koreans visiting the North at the time of its nuclear test – 1,448 tourists at Mt Kumgang, and 625 workers at the Kaesong industrial zone – are “safe and keeping their composure.” 13 Southern ships and 805 vehicles in the North were likewise not at risk.

Oct. 10, 2006: A group of ROK firms planning to set up in Kaesong says that “private investment should not be influenced by political, national and international affairs” – but calls on the government to protect them so that investors are not scared off.

Oct. 11, 2006: The ROK Ministry of Construction and Transportation (MCT) puts off indefinitely a sale of factory sites in the Kaesong industrial complex planned for later that month, citing uncertainty caused by North Korea's nuclear test.

Oct. 12, 2006: Hyundai Asan reports that 31 percent of reservations for its tours to Mt. Kumgang were cancelled Oct. 10, the day after the North's nuclear test. On Oct. 11 this rose to 48 percent. October is usually the most popular season for these trips.

Oct. 11, 2006: A ship leaves ROK port of Incheon for the DPRK's Nampo carrying 14 containers of aid from Korea YMCA and other NGOs.

Oct. 12, 2006: Love Call, a Southern NGO, sends 50,000 coal briquettes as scheduled by truck to Kosong on North Korea's east coast. The group has sent 1.3 million briquettes to Kosong this year, and 60,000 to Kaesong.

Oct. 14, 2006: For the second time in three months the UN Security Council (UNSC) passes a unanimous resolution condemning North Korea, this time for its nuclear test. Resolution 1718 contains tougher sanctions than 1695, which followed the DPRK's missile tests in July.

Oct. 17, 2006: A 21-strong Southern group, including former foreign and unification ministers, flies to Pyongyang for a festival celebrating Yun I-sang on Oct. 18-19. (The late Yun [1917-95], Korea's leading modern composer in the Western classical idiom, hailed from the South but embraced the North after he was persecuted and tortured.) The ROK group was to have been larger, but some 40 musicians and scholars, including conductor Chung Myung-whun, pulled out after the DPRK's nuclear test.

Oct. 18, 2006: Criticism by U.S. Assistant Secretary of State Christopher Hill of South Korea's Mt. Kumgang tourism project as sustaining North Korea is rebutted by senior Blue House security adviser Song Min-soon (soon to become ROK foreign minister).

Oct. 19, 2006: MOU says it will stop subsidizing some tourists to Mt. Kumgang – war veterans, students, and the disabled – but that tours will continue. Subsidies had fallen markedly in any case, from \$22.5 million in 2002 to \$3 million in 2004.

Oct. 24, 2006: ROK Defense Minister Yoon Gwang-ung, a key promoter of President Roh Moo-hyun's military reform plans, tenders his resignation after two years in post.

Oct. 25, 2006: ROK Unification Minister Lee Jong-seok, a cornerstone of the Sunshine Policy, offers his resignation after just 10 months in office.

Oct. 25, 2006: After raids on homes and offices in Seoul, prosecutors request arrest warrants for three men (later rising to five) on charges of spying for North Korea. Two have links with the hard-left Democratic Labor Party (DLP), which has 10 of the ROK National Assembly's 299 seats. The DLP denounces this as a smear.

Oct. 27, 2006: Kim Seung-kyu, director of the National Intelligence Service (NIS), resigns abruptly. The Blue House vigorously denies that he was sacked for pursuing the aforementioned spy case.

Oct. 30, 2006: At a three-day meeting held at Mt. Kumgang, some 50 Southern and 30 Northern writers inaugurate the first joint writers' association since the 1945 partition.

Oct. 31, 2006: DLP delegation leaves for Pyongyang on the first such visit since North Korea's nuclear test.

Oct. 31, 2006: It is reported that North Korea is prepared to return to the six-party nuclear talks, in abeyance since November 2005.

Nov. 1, 2006: President Roh nominates a new security team. Presidential security adviser Song Min-soon is to be foreign minister. The new unification minister is Lee Jae-jeong. The new defense minister is Army Chief of Staff Kim Jang-soo, and Deputy NIS Director Kim Man-bok replaces Kim Seung-kyu as the ROK's intelligence supremo.

Nov. 1, 2006: Kim Geun-tae, chair of the ruling Uri Party, criticizes Kim Seung-kyu for a newspaper interview in which he did not deny reports that he had been sacked and implicitly criticized successor Kim Man-bok as being too close to the ruling camp.

Nov. 3, 2006: In Pyongyang the visiting DLP delegation meets Kim Yong-nam, who as president of the Supreme People's Assembly Presidium is North Korea's titular head of state. Kim reportedly offers to resume reunions of separated families.

Nov. 4, 2006: The DLP delegation returns from the North to much flak, not least for not revealing that they had visited Mangyongdae, the birthplace of, and now a shrine to, North Korea's founding leader Kim Il-sung.

Nov. 9, 2006: *Rodong Sinmun*, daily paper of the DPRK's ruling Workers Party of Korea (WPK), criticizes the ROK government for not allowing a radical pro-unification youth group to visit the North.

Nov. 13, 2006: South Korea says joint economic and humanitarian projects with the North will remain suspended until progress is made in talks on dismantling the DPRK's nuclear weapons program.

Nov. 14, 2006: Seoul says it will cut 2007's budget for inter-Korean cooperation by 26 percent to 1.95 billion won. However, most of this reflects the winding down of KEDO's LWR project. Stripping this out, the general budget cut will be 3.5 percent.

Nov. 17, 2006: After abstaining on such votes for the past four years, South Korea for the first time backs a UN resolution condemning North Korea's human rights record.

Nov. 18, 2006: After meeting George W. Bush at the APEC summit in Hanoi, Roh Moo-hyun confirms that South Korea is "not taking part in the full scope" of the U.S.-led Proliferation Security Initiative, but affirms that Seoul will "fully cooperate in preventing WMD (weapons of mass destruction) materiel transfer" in the region.

Nov. 24: Former president and Nobel peace prize laureate Kim Dae-jung warns that pressure is not the way to change the North.

Nov. 25, 2006: *JoongAng Ilbo* reports after visiting Pyongyang with a Southern NGO delivering aid that North Korean state propaganda is preparing its citizens for another "arduous march" like that in the 1990s.

Nov. 29, 2006: In the first such meeting for 61 years, 115 journalists from the South and 50 from the North meet at the DPRK's Mt. Kumgang resort and pledge to promote inter-Korean exchanges and reconciliation.

Dec. 1, 2006: As has become the norm in recent years, athletes from the two Koreas march together at the opening ceremonies of the 15th Asian Games in Doha, Qatar, but go on to compete as separate teams. The ROK's is 750-strong, the DPRK's 160.

Dec. 7, 2006: At the Asiad North Korea's women's football team, ranked first in Asia and seventh in the world, defeats South Korea 4-1; they go on to win the event. South Korea's men defeat the North 3-0 on Dec. 9, but go down to Iraq 1-0 in the semifinal. The DPRK also fields a 1,000-strong cheering squad of its builders working locally.

Dec. 8, 2006: The Ilsimhoe 5 (see Oct. 25) are indicted on charges of violating the ROK National Security Law (NSL) by allegedly spying for North Korea.

Dec. 11, 2006: Lee Jae-jeong (or Jae-joung), new unification minister, formally takes office, six weeks after Roh nominated him to replace Lee Jong-seok. The Grand National Party (GNP) had blocked his confirmation, claiming he is soft on Pyongyang.

Dec. 14, 2006: Former ROK FM Ban Ki-moon is sworn in as UN secretary general.

Dec. 15, 2006: DPRK's Committee for Peaceful Reunification of the Fatherland (CPRF) denounces expansion of joint U.S.-ROK *RSOI* (*Reception, Staging, Onward Movement and Integration*) military exercises as a provocation and maneuver to invade the North.

Dec. 18, 2006: The fifth round of six-party nuclear talks resumes after a 13-month gap.

Dec. 18, 2006: In the first direct inter-Korean flight since the North's nuclear test, a 97-strong delegation from the Korean Sharing Movement, an ROK NGO, flies from Seoul to Pyongyang for a ceremony opening a new neurosurgery and respiratory ward at the DPRK's Red Cross Hospital, which KSM has been aiding for three years.

Dec. 20, 2006: ROK officials say their DPRK counterparts have recently resumed work at the joint Economic Cooperation Promotion Committee (ECPC) office in the Kaesong industrial zone. They had withdrawn in July when the South suspended aid after the North's missile tests.

Dec. 20, 2006: *Chosun Sinbo* carries an evaluation of inter-Korean relations in 2006.

Dec. 21, 2006: South Korea holds a ceremony in the Demilitarized Zone (DMZ) to connect new power cables, costing \$55 million, which will increase supplies of electricity to the North's Kaesong industrial park from 15,000 to 100,000 kilowatts.

Dec. 21, 2006: President Roh wonders aloud why the U.S. State and Treasury Departments seemed not to be working in sync on North Korea policy in fall 2005.

Dec. 22, 2006: The Six-Party Talks break up with no apparent progress, nor any date agreed for a resumption, although there are hopes that this will be early in 2007.

Dec. 27, 2006: Two Korean People's Army (KPA) soldiers are returned to the North via the truce village of Panmunjom, almost three weeks after being rescued from a small boat adrift off Sokcho on South Korea's east coast on Dec. 9.

Dec. 28, 2006: Unification Minister Lee Jae-jeong says he hopes inter-Korean talks will resume as soon as possible, and that to resolve the North Korean nuclear issue requires "deeply analyzing the North's sense of extreme urgency."

Dec. 29, 2006: The ROK Defense Ministry (MND)'s biennial *White Paper* describes the DPRK as a "grave threat," more severe than last time's "direct military threat." Until 2004 MND characterized the North as the South's "main enemy," but this was deleted (over conservative protests) as un conducive to Sunshine.

Dec. 30, 2006: Seoul press reports suggest that Hyundai Asan will fall back into the red this year, as tourist numbers to Mt. Kumgang have fallen since the nuclear test.

Jan. 1, 2007: Lee Kun-hee, chairman of Samsung, Korea's largest conglomerate, in his new year address cites the DPRK nuclear issue as one of three reasons (the others being high oil prices and the appreciating won) why "this year, the future for us isn't that bright."

Jan. 2, 2007: Unification Minister Lee Jae-jeong calls for more aid to the DPRK once it abandons its nuclear ambitions, saying that "unless we fundamentally solve the problem of poverty in North Korea, security on the Korean Peninsula will always be in danger." The opposition Grand National Party (GNP) criticizes Lee, saying the problem is nuclear weapons rather than poverty and accusing the Roh administration of "begging for the inter-Korean summit."

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