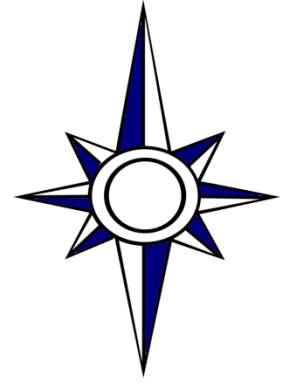


# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## South Korea-North Korea Relations: On the Edge

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To state what in my country we call the bleedin' obvious, this was the worst quarter in inter-Korean relations of the near-decade (starting in 2001) that *Comparative Connections* has been covering this relationship. On the rare occasions when the peninsula makes global headlines, or even more rarely moves markets, it tends not to be good news. Thus it was on May 24-25, when for the first time in many years the world seriously wondered whether the two Koreas might go to war again – almost 60 years after they fatefully did so the first time. Fortunately both backed away from the brink. On closer inspection there was both more and less to this than at first met the eye. But it was a perilous moment; and though it now seems to have passed, it leaves North-South relations in a pit from which no easy exit is apparent. The cause, of course, is the sinking of the ROK corvette *Cheonan* on March 26. Yet this did not erupt as a crisis until late May. The course of those two months is fascinating in its own right, and has been under-examined in the welter of comment and controversy. It reveals, we suggest, an odd mix of tactical skill and strategic flailing by Seoul. As of early July, with ROK President Lee Myung-bak still smarting from an unexpected rebuff in local elections a month ago, one must conclude that North Korea's torpedo scored a bulls-eye. Despite delivering a remarkable economic recovery and chairing the G20, "bulldozer" Lee is now on the back foot: just as Kim Jong-il intended. It was nasty and negative, but it worked. In Pyongyang's eyes, this counts as a win – even though from any sensible perspective it is a loss for both Koreas, and their relations.

### Play it down, then build it up

Handling North Korea is never easy, let alone something as unexpected as a naval attack. But South Korea's official reaction has been striking for its variety – indeed inconsistency – over time, with at least four distinct phases. The sinking happened just before the last issue of *Comparative Connections* went to press. At that stage we were unusual in highlighting this incident, because the line from Seoul then was the exact opposite: to play it down.

We now know, as the *Financial Times*' Christian Oliver wrote on May 21, that "South Korean officials who were whisked to the president's war bunker on the night of March 26 thought war was imminent." But they did not let on. Although on Wall Street both the won and the Dow briefly dipped on news of the sinking, both swiftly recovered when Seoul at once classified this as a tragic mystery, perhaps an accident. Domestic opinion was fobbed off for a fortnight by focusing on the search for more survivors, even though there was no real chance of finding any in those cold waters. Meanwhile the actual survivors were kept well away from the press for as long as possible.

This phase will make an excellent case study for students of politics and media. On many counts this was smart. By defusing tensions, it bought time for a considered response. The risks were many. Short of the apocalypse of a new Korean war, which a hasty reaction could have risked – as it was, the *Cheonan*'s sister ship *Sokcho* did fire at something, supposedly a flock of birds – in a large open economy like the ROK even slight fears can roil markets and spook investors. Besides, at this stage there was genuine room for doubt as to the cause. The *Cheonan* might have hit a mine, or a reef; or its own ordnance could have exploded.

## **Unsustainable**

Yet this “softly softly” line also had its downside, and was unsustainable beyond the short term. The public soon grew restive, and (as so often) suspicious. In one episode guns were pointed at grieving relatives, which did not look good. Official silence had other costs too. It allowed South Korea's blogosphere – near-universal, but introverted and fetid – to spawn and canvas all manner of conspiracy theories. The military came out looking, if not furtive, then at least incompetent: how could they have let this disaster happen? (An inquiry by the Board of Audit and Inspection did indeed reveal a series of serious blunders.) The soldiers grew restive; at one point Defense Minister Kim Tae-young – himself a retired general, as always in Seoul – was told off by the Blue House for hinting that a Korean People's Army (KPA) torpedo was to blame. And the clock was ticking; the Joint Investigation Group (JIG) of civilian and military experts, both local and foreign, set up to look into the sinking, would have to report sooner or later.

Once the date for the JIG to announce its findings had been set for May 20, a second and in some ways opposite phase began. Careful leaks prepared the ground for the news that this was indeed Pyongyang's work. On May 11, South Koreans working in the North – a mixed bag, from archaeologists digging up a medieval palace in Kaesong to ships dredging sand for the South's voracious construction industry – were ordered home. The Unification Ministry (MOU) told a dozen other ministries and agencies to suspend their budgets for the North. It also ordered ROK firms to make no new visits, deliveries or investments across the Demilitarized Zone (DMZ).

The stage was thus set for a big media event on May 20. In fact it began a day early, when Foreign Minister Yu Myung-hwan jumped the gun by telling foreign journalists in Seoul that “it's obvious” whodunit. On May 20, the JIG duly reported, to headlines around the world. It found that a DPRK torpedo was responsible, and indeed it found the torpedo, or part of it – the steering mechanism, trawled from the sea bed by a fishing boat just days earlier. All this was widely reported around the globe, so there is no need to repeat the full details here; we shall focus on analysis. The world – mainly, in fact, South Korea's Western allies – rushed to support Seoul and condemn Pyongyang. The latter indignantly denied any culpability, as it had done ever since its first comment on April 17.

May 20 was a Thursday. Further drawing out and perhaps savoring the moment, Seoul let it be known that its official response would not come until after the weekend. On Monday May 24, President Lee gave a speech, while the Ministries of Defense, Foreign Affairs and Unification – MND, MOFAT, and MOU – held a joint press conference. This moved the affair into a third phase, which though mercifully short-lived caused a sharp intake of breath.

President Lee solemnly warned that in case of any further provocation Seoul would exercise its right of self-defense, i.e., retaliate militarily. In any case, it would resume propaganda broadcasts across the DMZ, silent since 2004. Declaring that “any inter-Korean trade or other cooperative activity is meaningless” now, Lee suspended most commercial and other exchanges with the North and banned DPRK vessels from ROK waters.

### **World markets worry**

This ROK reaction was widely perceived as hard line. In fact the markets heard war talk – and wobbled, worldwide. On May 24-25 there were other worries too, about Greece and the euro; but financial reports cited peninsular uncertainties as a main factor. A major Western bank, heavily invested in Korea, asked this writer to give a hastily convened teleconference to try to explain what on earth the Koreans were up to. (Note: I did not say North Koreans.)

It was a good question, if not easy to answer. I was able to reassure them on two counts. Lee Myung-bak wisely nowhere criticized Kim Jong-il by name. This may reflect uncertainty in Seoul as to whether the “dear leader” is fully in control and had personally ordered the sinking. Or it may just have been tact, giving Kim an exit strategy so that he can apologize and blame others sans loss of face personally, if and when – as will happen, however remote-seeming at the moment – the two Koreas find a way to move on and rebuild some bridges.

A second slight sign of hope was the Kaesong Industrial Zone (KIZ; the South calls this the Gaeseong Industrial Complex or GIC). The hope was itself twofold. First, Lee exempted the complex from his ban on inter-Korean trade. It is a hefty exception as the KIZ accounts for over half of North-South commerce. This of course undermines Lee’s statement that such exchanges are now “meaningless.” To the contrary, the last remaining inter-Korean joint venture, where some 110 Southern small-medium enterprises (SMEs) pay 44,000 Northern workers very little, is evidently still perceived as worth holding on to.

That was not immediately apparent on May 25. Pyongyang’s furious riposte to Seoul’s new measures included a threat that “All communication links between the north and the south will be cut off.” *In extremis*, closing the border could leave several hundred South Koreans – most of who commute daily across the DMZ from greater Seoul to work at the KIZ – as hostages, or at any rate stranded. Or if the North merely stopped answering the phone, as it explicitly threatened, that would suffice to sink the KIZ since cross-border passage depends on lists of names of those crossing each day being faxed North for the DPRK’s approval.

### **Kaesong: business as usual**

But it never happened. Throughout the crisis, even at its peak, the KIZ kept working and the commuters kept crossing the border. This was a first and welcome sign that both sides’ bark – even the North’s by now frantic baying – might be worse than their bite. Southern firms in the KIZ found their Northern workers keener than usual as if aware their livelihood may be at stake. One DPRK official told ROK managers not to take any machinery out of the zone unless it was leased or needed repair, saying it will be Seoul’s fault if the venture fails. And despite earlier

reports of labor shortages, MOU revealed in June that DPRK workers in the KIZ now number a record 44,000, up by 2,000 since January. That sounds like commitment.

The dawning and relief that it is still business as usual at the KIZ ushered in a fourth phase, which continues. In a word, the South backed down, leaving many scratching their heads as to what Lee Myung-bak's overall game-plan might be. Retreat was evident on many fronts. The propaganda loudspeakers have been readied, but have yet to start blaring their strident message. That is good; switching them back on was a bad idea, pointlessly provocative. The KPA had threatened to shoot them if they do start up. So a sensible retreat, but still a retreat.

Then there were the joint US-ROK anti-submarine drills in the West/Yellow Sea. Or rather there weren't, and probably won't be. They have been postponed several times, amid fears that they would rattle not only North Korea but also China – whose cooperation at the UN Security Council to condemn Pyongyang for the *Cheonan* Seoul still seeks, probably in vain.

The trade front too has seen back-pedaling. The KIZ is ring-fenced, but Seoul's ban affects some 800 other Southern firms, mainly small, who make a modest living trading with the North or having goods made there (this so-called processing on commission trade, or POC, was worth \$253 million last year). Naturally these companies are howling at the new peremptory freeze, which leaves many of them unable to fulfill contracts or with goods stuck in the North. Seoul has made some arbitrary-seeming exemptions for garlic and garments, and is hearing other grievances and demands for compensation. It all looks a bit of a mess, if not an own goal. For that matter, President Lee cut a contradictory figure at the Shangri-La Dialogue in Singapore on June 4 where he stressed the threat from the North and the need to tackle it, while also reassuring business and others that Korea is perfectly safe and a great place to invest.

### **Political fallout**

If the impact on business from South Korea's reaction to the *Cheonan* is messy, the political fallout both at home and abroad is worse. Presumably the whole JIG strategy was intended to convict North Korea, leaving no shred of ambiguity. But this approach has proved flawed on several fronts. An international team is all very well. But, except for some Swedes the team was drawn exclusively from the ROK's allies; all belligerents in the 1950-53 Korean War, the 60th anniversary of whose onset the South commemorated in late June with due solemnity and gratitude to those who gave their lives to repel that earlier attack by North Korea. Some critics make much of this bias and Russia complained at not being asked to take part. Had it been part of the team, Moscow might have found it harder to wriggle and temporize later on.

The full JIG report apparently remains unpublished for some reason. The five-page summary (available at [http://www.globalsecurity.org/military/library/report/2010/100520\\_jcmig-roks-cheonan/100520\\_jcmig-roks-cheonan.pdf](http://www.globalsecurity.org/military/library/report/2010/100520_jcmig-roks-cheonan/100520_jcmig-roks-cheonan.pdf) ) has not quieted critics. Apart from conspiracy theorists with lurid fantasies of 'friendly fire' – for one example, see <http://japanfocus.org/-Tanaka-Sakai/3361> – there are specific loose ends, some technical. These are beyond our scope here, but see for instance <http://japanfocus.org/-John-McGlynn/3372>, or many articles over the past quarter in the left-leaning Seoul daily *Hankyoreh*: <http://english.hani.co.kr>.

That doubts remain means the JIG strategy has backfired, but it was arguably faulty from the outset. Painting North Korea into a corner – something Pyongyang does on its own account – is ineffectual and may raise risk. A cornered rat bites back. One theory of the *Cheonan* sees it in precisely these terms – a sharp jab by a regime that feels isolated and ignored, but is too savage and stupid to see or care that sinking a ship only makes matters worse. The article we cited last time from the center-right daily *JoongAng Ilbo* on March 25 (the *Cheonan* sank next day), urging Seoul to “give the North a card to play,” was spot-on – but alas, too late.

Even those who insist it is right to nail the criminal could surely have predicted that China and Russia would find reason not to play along. Seen from Beijing, DPRK collapse remains the worst-case scenario; the priority is to reduce tensions, not to point the finger. Hence, in early July it remained unclear what joy if any Seoul will get from the UNSC. South Korea is not seeking fresh multilateral sanctions; it would be hard to devise any on top of those already imposed under previous UNSC resolutions after Pyongyang’s two nuclear tests in 2006 and 2009. But it would welcome a strong, unanimous resolution. It may have to be content with a Chairman’s statement; a damp squib, frankly.

### **Rebuff at the polls**

More damaging for President Lee was the unexpected rebuff that voters gave his ruling Grand National Party (GNP) in local elections on June 2. With South Korea posting strong growth after a swift recovery from the global financial crisis, opinion polls had predicted an easy win for the GNP – assisted by a “north wind” from the *Cheonan*. In the past, fear of the North could be relied on to scare people into voting conservative. The center-left opposition Democratic Party (DP) accused Lee of timing the release of the JIG report to boost the GNP.

If that was Lee’s aim, it backfired badly. The DP won seven of the 16 key posts of big city mayor and provincial governor to the GNP’s six, doing even better at lower levels. In Seoul, an incumbent GNP mayor with presidential ambitions, Oh Se-hoon, almost lost to ex-Prime Minister Han Myung-sook (the ROK’s only woman premier so far), who campaigned as the “peace candidate.” Oh must now cohabit with a DP-controlled city council; the opposition won 79 of the 106 seats, as well as 21 of 24 ward headships (a GNP clean sweep last time).

What does this tell us about South Korean attitudes? One should be cautious here. Voters had much on their minds besides the *Cheonan*. A mid-term rebuff for an incumbent is not unusual – Lee’s five-year term reaches its half-way point in August. It has been quite a rollercoaster. Elected by a landslide in 2007, within months his popularity plunged amid protests ostensibly against the hasty unbanning of US beef imports, but reflecting wider unease at his ‘bulldozer’ (his nickname) propensities to charge ahead without building consensus. Skilled handling of the financial crisis restored Lee’s luster, but now voters have slapped him again.

In large part, this reflects domestic issues beyond our scope here, especially two contentious and costly projects – a new administrative city, and the “restoration” of four major rivers. As to the *Cheonan*, polls suggest a quarter of South Koreans are skeptical of the official verdict. It is hard to prove, but probably a larger number felt fearful in late May – and appear to have blamed Lee

Myung-bak for rocking the boat as much as Kim Jong-il for sinking it. For a moment South Korea looked into the abyss – before hastily putting its head back in the sand.

### **Stealing from Hyundai**

While the *Cheonan* cast a dark shadow over all else, it is not the totality of inter-Korean ties. Another big ongoing story, hardly less depressing, is the standoff over Mt. Kungang. The resort in the DPRK's southeast has now been idle for two years, since one of the 1.9 million ROK tourists who visited during its first decade (1998-2008) was shot dead after she strayed off-limits on a pre-dawn stroll. The North refused to let in a Southern team to investigate, so the South suspended the tours. Neither side has budged since, so the result is deadlock – and copious red ink for the developer, Hyundai Asan, which is close to bankruptcy.

In a campaign that began in March and was covered in our last issue, Pyongyang is now carrying out its threats to freeze and confiscate Southern property – including some owned by the ROK government – at Mt Kungang. It is also expelling the remaining staff, leaving only a minimal maintenance team. Thus far these measures are mainly symbolic – covering locks, for instance – and could easily be reversed if relations improve. But that prospect, alas, appears remote.

A more serious worry is that these facilities, worth over \$300 million, might be handed over to Chinese tour operators. They may well be used by others, which Hyundai Asan (though annoyed) says is not in breach of contract. Although ready to brave Seoul's wrath by fence-sitting over the *Cheonan*, Beijing surely draws the line at its firms handling stolen property.

### **Unhappy anniversary**

Needless to say, in the current atmosphere the 10<sup>th</sup> anniversary of the first inter-Korean summit in June 2000 went largely uncelebrated, especially in Seoul. Pyongyang used it as yet more mud to sling at Lee Myung-bak for his retreat from the former “Sunshine” policy.

In a throwback to the 1980s – some will remember the Rev. Moon Ik-hwan and “flower of unification” Im Soo-kyung, back in 1989 – a radical South Korean priest, Rev. Han Song-ryeol, made an unauthorized visit to Pyongyang for the summit anniversary, having been refused permission to go by MOU. He was duly feted in the North, and plans to return home across the DMZ on Liberation Day, Aug. 15, just as Im did. One hopes Seoul will learn from the past and not make a martyr of him. But, current attempts by the ROK authorities to criminalize “*Cheonan* deniers” for spreading false rumors are not encouraging.

### **Reshuffling the deck**

Much as this journal focuses on external relations, domestic developments cannot be ignored – especially if they affect foreign policy. One of many theories as to why North Korea sank the *Cheonan* links it to the DPRK's fitful succession process and associated power plays. Many permutations are possible. Kim Jong-il may have seen this as a gift to his son and heir Kim Jong-eun, or vice versa. Perhaps a naval commander did it to curry favor with both of them. Or the

opposite, perhaps whoever did it was trying to torpedo someone else's chances, or hopes of peace on the peninsula. Either way, the succession process wants watching.

Here, the past quarter brought movement and the promise of more to come. The Supreme People's Assembly (SPA), North Korea's rubber-stamp Parliament, having met as usual in April for a single day to approve a budget with no numbers, was unexpectedly recalled on June 7. This time Kim Jong-il showed up, and proposed his brother-in-law Jang Song-taek as vice chairman of the National Defense Commission (NDC), which is the top DPRK executive organ, outranking the merely civilian Cabinet. This cements Jang's position as the *de facto* number two man in Pyongyang, and the likely regent for and protector of Kim Jong-eun. (A reported rival for that role, Ri Je-gang, died in a mysterious but well-timed car crash on June 2.)

Elsewhere, Premier Kim Yong-il – no relation – was sacked, possibly for last December's currency reform fiasco. Rather than bringing in new young blood, his successor is a veteran loyalist – Choe Yong-rim, aged 79. Three vice-premiers were dismissed and four appointed, including the incumbent ministers for electronics and machine-building. Three ministers got the sack, those for food and light industry – suggesting all is not well in these most basic of fields – and sport, though the DPRK's footballers had yet to crash out of the World Cup. In a striking reinforcement of gerontocracy, the new vice premiers are aged 82, 80, 77, and 72.

Other mysterious machinations, mostly off-stage, affected several senior figures. On May 13 the NDC relieved Vice Defense Minister Kim Il-chol of all posts, citing "his advanced age of 80." That strains credulity. Not only are many top positions held by octogenarians, as just noted, but Kim looked well enough at recent outings – including the funerals of other elite figures. An admiral whose rise began with the 1968 seizure of the USS *Pueblo*, he was defense minister from 1998 till 2009, when he was demoted to vice minister – a rare step. His sudden departure might reflect dissent at this demotion. Or given his naval background, the speculation in Seoul is that this is linked in some obscure way to the *Cheonan* affair.

But youth may yet have its day. On June 26 the official *Korean Central News Agency (KCNA)* briefly reported that "the Political Bureau of the WPK [Workers' Party of Korea] Central Committee decides to convene early in September ... a conference of the WPK for electing its highest leading body reflecting the new requirements of the WPK."

This is intriguing on several fronts. Though it is nominally North Korea's ruling communist party, and still an important tool of control at lower echelons, the WPK has seen its topmost organs atrophy under Kim Jong-il. Neither the rarely mentioned Politburo – most of whose members have died off – nor the Central Committee (CC) is known to have met at all in the 16 years since Kim Il-sung died in 1994. Kim Jong-il has favored the army, ruling through the NDC and informally via a kitchen cabinet of trusted cronies. The "dear leader" is also of course secretary general of the WPK, but he acquired that post irregularly; by acclamation at a series of local Party meetings, rather than being duly elected by the CC.

Hence, while the precise nature of September's meeting remains vague, like its exact date, it looks like a long overdue effort to restore a measure of due process to the Party. If this is in fact a full formal WPK Congress, it would be the first since the Sixth Congress 30 years ago in October

1980. It was then that Kim Jong-il, hitherto veiled behind coded references to a mysterious “Party Centre”, was finally revealed in the flesh. The speculation is that this new meeting similarly will finally give the world a glimpse of the enigmatic Kim Jong-eun.

While all rumors emanating from Seoul should be treated carefully – the more so now that the ROK’s riposte to the *Cheonan* includes a declared resumption of psychological warfare – it is hard not to link this news with reports that Kim Jong-il’s health is worsening. There are claims that on some of his reportedly numerous guidance visits, aides including his son are deceiving him with Potemkin factories to conceal from him how dire the economy really is. Yet Kim is no fool – unless perhaps, as other reports suggest, he is developing Alzheimer’s. In that case an already tardy succession can clearly brook no further delay, or else regime stability and continuity may be gravely imperiled. Watch this space, next quarter.

### **The economy shrank again last year**

If Kim Jong-il wants or is *compos mentis* enough to know how his economy is really doing, he could look at the latest estimates from the enemy. Each year the (southern) Bank of Korea (BOK) endeavors to compute North Korean national income. Quite how they go about this in the absence of any official data is obscure, and some scholars are skeptical. But at least a time series using consistent methodology may pick up changes, which is better than nothing.

BOK published its latest estimates, covering 2009, on June 24 – just in time for Seoul to crow about them as it marked the Korean War anniversary. (They can be accessed online at <http://eng.bok.or.kr/contents/total/eng/boardView.action?menuNavId=634&boardBean.brdid=7093&boardBean.menuid=634&boardBean.rnum=3>.) By this reckoning, North Korea’s real annual gross domestic product (GDP) shrank by 0.9 percent last year. Unlike most other countries – including South Korea, which just scraped positive growth of 0.2 percent – this had little to do with the global financial crisis but reflected local conditions, natural and man-made: “...decreased agricultural production due to damage from particularly severe cold weather and sluggish manufacturing production owing to a lack of raw materials and electricity.”

According to BOK, North Korea has posted negative growth in three of the past four years. Taking the longer view, the DPRK economy has yet to recover from the catastrophe of the 1990s, when GDP plunged by half after the abrupt ending of aid from Moscow and famine took perhaps a million lives in 1995-98. GDP today is probably still lower than in 1989.

As usual, BOK’s North-South comparisons make painful reading. It was not always thus. In a new book the US scholar Nicholas Eberstadt deploys a wealth of statistics to conclude that North Korea – the site of most of the peninsula’s heavy industry during the Japanese colonial era – outperformed the South economically for a quarter of a century after partition in 1945, and perhaps even into the 1970s. (Further details at <http://www.aei.org/book/100034>.) That halftime lead, so to speak, has now been definitively reversed. The Northern economy has collapsed into prolonged and profound ruination, while the South continues to forge ahead.

## The gaps just get wider

The result is a huge and ever-widening gap. Structurally, agriculture still contributes a fifth of Northern GDP as against just 2.6 percent in the South. Services make up 61 percent of Southern GDP but only 32 percent in the North. In overall size – using a slightly different measure, nominal gross national income (GNI) – North Korea's national income in 2009 was a mere 2.7 percent of the South's. BOK gives the numbers in ROK won. Converting them to US dollars at the rate BOK cites (\$1=KRW1,276.4), North Korean GNI in 2009 was \$22.4 billion, against \$837 billion for the South. True, the South has twice as many people: 48.7 as against 23.3 million. But this hardly helps – average North Korean per capita income too is a minute fraction of the South's, with the ROK topping \$17,000 while the DPRK's is a paltry \$960. (Some experts, including an ex-unification minister, think even this is too high. They posit a figure nearer \$300, putting North Korea among the poorest nations on earth.)

With trade figures we are on firmer ground – and the gap is even wider. According to BOK, North Korea's merchandise goods trade in 2009 totaled \$3.41 billion – a mere 0.5 percent or one two-hundredth of South Korea's \$686 billion. But this is untrue. Annoyingly, BOK like other ROK government sources persists in excluding inter-Korean trade, on the specious ground that this is not foreign. (One might expect Lee Myung-bak of all people to have gotten rid of this nonsense, just as one hopes that one of these years BOK will convert its figures to the normal global units of thousand, million and billion, rather than presenting them in the Korean *man-ok* system which uses 10,000 and 100 million to confuse the unwary foreigner.)

This year inter-Korean trade will fall, since Seoul has banned most of it (except the Kaesong zone, which accounts for over half) as punishment for the *Cheonan*. Peanuts to the South, this has been crucial for the North. South Korea is its largest market, taking almost half of its meager total exports. Last year inter-Korean trade like DPRK trade overall fell, from \$1.82 to \$1.68 billion. Yet Northern exports still crept up slightly, from \$932 to \$934 million.

Reassembling what BOK perversely separates, in 2009 North Korea's real trade totals were just under \$2 billion in exports and \$3.1 billion in imports. They are still dwarfed by South Korea's respective figures of \$364 and \$324 billion – and remember this was a bad year for the South, due to the downturn; Seoul's 2008 figures had been \$422 and \$435 billion.)

One could go on, and BOK does. Sector by sector, it is a similar story. Only in mining (coal, iron ore) is the North ahead, and then only because most of the peninsula's minerals lie north of the DMZ. The Chinese are busy buying them, the more so now that Seoul has withdrawn from the fray, but that is another story that we have told in the past.

Otherwise the multiples pile up. In 2009, South Korea produced five times more fertilizer, eight times more cement, 18 times more electricity, and 39 times more steel than the North. It even grew 2.6 times as much rice, and imported 219 times as much crude oil. And so on, and so on. Every year the gap widens further, yet Kim Jong-il refuses economic reform. It is hard to fathom a mindset that can inflict such disaster and tragedy on a once proud land and people – and whose idea of a way out of its self-dug hole is to fire a sneaky torpedo.

## Good losers

In a busy quarter all round, it was left to North Korea's footballers to remind the world that their country does not lack for talent and virtue. For the first time ever, both Koreas made it to the finals of the soccer World Cup, held in South Africa. Luck of the draw put the DPRK in a formidable group. They began quite credibly, going down 2:1 to Brazil on June 15 in a game far more evenly matched than most had expected, including a brilliant late goal from Ji Yun-nam. That was the high point. There followed a 7:0 trouncing by Portugal – who had also knocked their famous predecessors out of the 1966 competition, held in England – and a 3:0 defeat by Ivory Coast. (South Korea fared better in an easier group; they reached the last 16, only to be knocked out on June 26 by mighty Uruguay – population 3.5 million.)

As one would expect, North Korea were a disciplined team, a refreshing change from the petulant prima donnas who rule the modern game. Yet, as in 1966, this was not at the price of flair, at least on the field. Off-pitch was another story. The team kept to itself and avoided the press – with one striking exception. Jong Tae-se, known as the Asian Wayne Rooney, is not your average North Korean. Indeed, his biography and demeanor alike hint at complexities and subtleties on the ground which the current rulers in Pyongyang and Seoul alike – to both of which Jong has affiliations – seem to have lost sight of. Born in Japan to a South Korean father and a pro-North Korean mother, having attended schools run by Chongryun – the organization of pro-North Koreans in Japan – he elected to play for the DPRK; although he still holds ROK nationality, lives in Japan and plays in the J-League for Kawasaki Frontale.

A young man whose talk is as uninhibited as his style of play and who wears his heart on his sleeve, Jong cried when the DPRK anthem was played before the Brazil match. Yet his love for his adopted homeland is not uncritical. “Everybody thinks about our country as being closed and mysterious, so we have to change that,” he told *AFP*. “We can change for the better if we are more open with the way we talk to people and it would make a better team.” And a better country too. If North Korea's future must rest in the hands of an untried youth, the warm-hearted Jong Tae-se sounds a safer bet than the spoiled and callow Kim Jong-eun.

## Learn from Chun

Putting aside dreams and looking soberly ahead, it is not too soon to ponder how the Koreas will get past the *Cheonan*, as eventually they must and will. There is a precedent for this. It is rare to cite the rightly reviled dictator Chun Doo-hwan as a model for anything; in another grim anniversary this quarter, May marked 30 years since the Gwangju massacre in 1980, when Chun's paratroopers slaughtered hundreds who had risen to defend democracy. Not a few in South Korea would have cheered, if North Korea's notorious attempt to kill Chun in Rangoon three years later had succeeded. As it was, this flagrant act of terrorism, blowing up a sacred shrine on the soil of a friendly state – it took 20 years for DPRK-Burma relations to recover – killed 17 innocent senior South Koreans and four Burmese.

Less than a year later Pyongyang goaded Chun again. South Korea suffered serious floods, which killed 190 and left 200,000 homeless. The North loftily offered aid. With rare cunning and imagination, Chun said yes – no doubt to Kim Il-sung's consternation, as he now had to deliver

the goods. So in late 1984 Korea saw the unprecedented spectacle of Northern ships docking in Southern ports. Other goods – rice, medicine, clothes, cement – were brought by truck to Panmunjom and handed over. No matter that the medicine was judged unsafe and quietly warehoused. It was the gesture that counted. This led in 1985 to a year of dialogue, including the first ever family reunions. In the end the talks foundered, but it was a start.

A Korean proverb often heard during the “Sunshine” era (1998-2007), but no longer, is *Sijaki banida*: the first step is half the journey. Patently it is not. The long and tortuous history of inter-Korean relations has seen many a first step, but all too few second steps or sustained processes. If anything, it resembles the board game snakes and ladders. The *Cheonan* sinking is an especially long and nasty snake, taking things back almost to square one. But not quite. The Kaesong zone is still in business and behind their current standoff both sides now have over 20 years of shared experience to draw on and learn from – if they so choose.

Might soccer help? On June 16 Lee Myung-bak’s aides reported that the ROK president had got up in the small hours to watch the DPRK play Brazil in the World Cup finals in South Africa. His spokesman said that Lee “wholeheartedly supported the North Korean team and wished them good luck ... Inter-Korean relations have been worsening since the sinking of the warship *Cheonan*, but it is politics. As a compatriot, he really wanted them to win.”

That sounds like an olive branch – or perhaps a tacit admission that Lee has no clear idea of how to handle the North, as has been apparent ever since he was elected 30 months ago. The *Cheonan* makes everything harder, but Lee faces a choice. If he deems the North beyond all hope of salvation, then he must devote the rest of his term to urgently preparing South Korea for the tumult, risk, and costs of a Northern collapse – for which the South is absolutely not ready, on any level. Alternatively, if he sees any chance at all of warding off that calamity, then he and somebody in Pyongyang have to find a way to start talking again, somehow.

In the wake of June 2’s election defeat, President Lee is expected to reshuffle his Cabinet before by-elections due on July 28. The portfolios slated for change include unification, where the incumbent – Hyun In-taek, a hard line professor – has little to show for his 18 months in the post. An imaginative choice of a new helmsman at MOU – a ministry that Lee had at first sought to abolish, tellingly – would send a signal to Pyongyang of a readiness to try to move forward. Of course, the *Cheonan* must be atoned for. But if North and South are to find a way out, then sooner or later this tragic crime will also have to be transcended.

## **Chronology of North Korea-South Korea Relations** **April – June 2010**

**April 2, 2010:** Under the headline “Suspicion of N. Korean Hand in Sinking Mounts,” the Seoul daily *Chosun Ilbo* quotes military sources as citing a “60-70 percent chance” that the *Cheonan* was hit by a torpedo from a DPRK semi-submersible, rather than an old mine.

**April 4, 2010:** As senior defector Hwang Jang-yop arrives in Japan after visiting the US, the *Mainichi Shimbun* reports that in secret speeches after the former secretary of the North’s ruling

Workers' Party of Korea (WPK) defected in 1997, Kim Jong-il cursed him as "worse than a dog." A day later *Uriminzokkiri*, an official DPRK website, calls Hwang "an ugly traitor" and warns he "will never be safe." At 87 Hwang remains an active and fierce critic.

**April 4, 2010:** North Korea accuses the South of an "armed provocation" – specifically, of firing at them – in the eastern sector of the Demilitarized Zone (DMZ). Seoul denies this.

**April 5, 2010:** The Science and Technology Policy Institute (STEPI) in Seoul, an ROK state think-tank, after a technical analysis says that the DPRK's Linux-based "Red Star" computer operating system is mainly designed to monitor and control its users' access to the Internet.

**April 6, 2010:** Won Se-hoon, head of the National Intelligence Service (NIS), tells the National Assembly (NA)'s Intelligence Committee that Kim Jong-il may visit China later in the month. He also says it is difficult to conclude without further evidence that North Korea was implicated in the sinking of the *Cheonan*.

**April 8, 2010:** The DPRK freezes ROK state-owned facilities at the idled Mt Kumgang tourist resort. Locks are sealed, and four workers expelled. However the expulsion does not extend to two employees of Hyundai Asan.

**April 9, 2010:** The Supreme People's Assembly (SPA) holds its annual one-day meeting. It passes a budget without solid numbers. The Constitution is revised, but no details are published.

**April 10, 2010:** The North's *Korean Central News Agency (KCNA)* cites military officials as threatening "decisive measures" unless Seoul stops NGOs sending critical leaflets across the DMZ by balloon. *KCNA* calls this a "despicable psychological smear campaign."

**April 10-11, 2010:** Eight officials led by Pak Rim-su, policy director of the National Defence Commission make a surprise inspection of the Kaesong Industrial Zone (KIZ). The ROK Unification Ministry (MOU) reports that the inspectors' questions ranged from the productivity of the KIZ's 42,000 Northern workers to the capacity of its sewage system.

**April 12, 2010:** At the inaugural Nuclear Security Summit (NSS) held in Washington, President Lee calls on North Korea to dismantle its nuclear weapons program. If it does so, Lee offers to invite the DPRK to the next NSS in Seoul in 2012.

**April 12, 2010:** A 395-strong Chinese tourism delegation arrives in Pyongyang. The concern in Seoul is that the North's Mt Kumgang resort may be given to Chinese firms to use or run.

**April 13, 2010:** MOU says in a report to the NA that prices and exchange rates in the North seem now to be stabilizing after a volatile period following 2009's currency redenomination.

**April 14, 2010:** On the eve of "Sun's Day" – DPRK founder Kim Il-sung's birthday, Kim Jong-il promotes 100 general-grade military officers.

**April 15, 2010:** The *Cheonan*'s stern section is retrieved, containing many bodies. The whole process is shown live on ROK TV, with broadcasters suspending their normal programming.

**April 16, 2010:** South Korean investigators cite an external explosion as the likeliest cause of the sinking of the ROK corvette *Cheonan*.

**April 17, 2010:** In Pyongyang's first official comment on the *Cheonan*, *KCNA* denies any DPRK role in this "regretful accident." It accuses "puppet military warmongers, right-wing conservative politicians and... other traitors in south Korea" of "foolishly seeking to link the accident with the north at any cost," so as to divert attention from "the worst ruling crisis."

**April 17, 2010:** *Rodong Sinmun* dismisses Lee Myung-bak's "grand bargain" for denuclearizing the DPRK as "a childish and clumsy plot that does not even deserve a mention.... [It] makes us wonder how they will resolve all the issues ... such as the pullout of US troops, end of joint military exercises and a peace treaty between the DPRK and the US, all at the same time."

**April 20, 2010:** The Seoul Central District Prosecution says that two North Korean secret agents, who entered the South via China and Thailand disguised as defectors, have been arrested for plotting to kill the senior defector Hwang Jang-yop (see April 4).

**April 20, 2010:** Foreign Minister Yu Myung-hwan says there is no evidence that a third DPRK nuclear test is imminent. US State Department concurs. He adds that if Pyongyang is guilty of the *Cheonan*'s sinking, Six-Party Talks will not resume and "all options" will be reviewed.

**April 21, 2010:** A memorandum of the DPRK Foreign Ministry (MFA) reiterates its demand to be recognized as a nuclear arms state before joining global denuclearization efforts. In return, Pyongyang "will neither participate in a nuclear arms race nor produce more [nuclear weapons] than it feels necessary."

**April 22, 2010:** Zhang Xinsen, the newly arrived Chinese ambassador in Seoul, describes the *Cheonan* sinking as "unfortunate" but calls for "... more dialogue between South and North Korea as brothers to maintain peace on the Korean peninsula."

**April 23, 2010:** The DPRK General Guidance Bureau for the Development of Scenic Spots (GGBDSS) announces that it will "freeze all the remaining real estates of the south side in the Mt. Kumgang Tourist Zone and expel all their management personnel."

**April 24, 2010:** Chief of the KPA General Staff Ri Yong-ho attacks "the conservative ruling forces of south Korea" as "wicked sycophants, traitors and enemies of national reunification ... hell-bent on perpetuating national division and provoking a new war."

**April 25, 2010:** Kim Jong-il's visits include KPA Unit 586, thought to be the Ministry of People's Armed Forces (MPAF) reconnaissance bureau which handles anti-ROK operations.

**April 25-30, 2010:** The US-based North Korea Freedom Coalition holds its annual North Korea Freedom Week (NKFV) in Seoul for the first time, instead of Washington. It closes with a

balloon launch across the DMZ sending radios, money and messages. Je Sung-ho, the ROK government's envoy for North Korean human rights, is among the speakers.

**April 27-28, 2010:** The GGBDSS carries out its threat of April 23, unilaterally freezing facilities at Mt Kumgang including shops, a hotel, a restaurant and golf course.

**April 30, 2010:** ROK President Lee and the DPRK's titular head of state, Kim Yong-nam, each attend the opening ceremony of the Shanghai World Expo. They do not actually meet, being seated at separate dinner tables.

**May 1, 2010:** Fighters for Free North Korea (FFNK), a Seoul-based NGO, sends 500 small balloons across the DMZ for NKFV (see April 25). Their contents include 100,000 leaflets, 3,000 US\$1 notes, 200 small radios, 200 DVDs, anti-regime materials and the full text of the Universal Declaration of Human Rights. FFNK carried out a similar exercise on April 15.

**May 3, 2010:** UN Secretary General Ban Ki-moon, a former ROK foreign minister, calls on North Korea to return to the Six-Party Talks.

**May 3, 2010:** Sources in Seoul and elsewhere report that Kim Jong-il has begun a long-awaited and nominally secret visit to China: his first since 2006 and his fifth since 2000. He returns home on May 7, apparently a day earlier than planned and possibly in high dudgeon.

**May 4, 2010:** *Minju Joson*, daily paper of the DPRK Cabinet, warns of further "punitive measures" if South Korea retaliates against the seizure of Southern assets at Mt. Kumgang.

**May 3, 2010:** *Choson Sinbo*, daily paper of pro-North ethnic Koreans in Japan, warns that "befitting counteraction will be taken" if Seoul blames Pyongyang for sinking the *Cheonan* and takes action against the North in consequence.

**May 5, 2010:** The DPRK website *Uriminzokkiri* dismisses claims that the North tried to kill Hwang Jang-yop as "a groundless act of manipulation" by Seoul. (But see April 4, above.)

**May 6, 2010:** Accusing Seoul of arousing tension, *Minju Joson* warns that "if the [South] conservative faction provokes a war, it will severely taste the power of the war deterrent that our military and people have been strengthening."

**May 7, 2010:** An unnamed ROK Foreign Ministry (MOFAT) source in Seoul refutes the idea that Kim Jong-il's visit to China means that North Korea will return to the Six-Party Talks.

**May 11, 2010:** Hyundai Asan said it incurred operating losses of 32.3 billion won (\$28.4 million) last year, plus additional losses of about 2 billion won per month this year, from the South's suspension of Mt. Kumgang tourism.

**May 11, 2010:** MOU reveals that on May 1 North Korea took a 20-strong Chinese business group around the KIZ, adding: "We're not clear about what the North is trying to achieve."

**May 12, 2010:** *Rodong Sinmun* claims that the DPRK has accomplished “successful nuclear fusion.” No details are given, but outsiders are skeptical. If true this could enable Pyongyang to make a hydrogen bomb.

**May 13, 2010:** MOU tells some 200 ROK firms doing business with the North not to visit, sign new deals or supply any further materials, lest they “suffer unexpected losses under the uncertain and murky circumstances” on the peninsula. The Kaesong zone is exempted.

**May 14, 2010:** The North’s NDC relieves Kim Il-chol, an admiral and ex-defense minister demoted to vice minister last year, of all his posts, citing “his advanced age of 80.”

**May 17, 2010:** MOU says that on May 14 it formally asked 12 Cabinet ministries or agencies to suspend their budgets for exchanges with North Korea. It says humanitarian aid is exempt, but NGOs complain they are forbidden to send even milk powder and medicines for infants.

**May 17, 2010:** Veteran DPRK political figure Yang Hyong-sop, currently vice-chair of the SPA Presidium, in the first comment on the *Cheonan* by a named senior Northern official, denounces the “puppet military fascist clique” for escalating confrontation by falsely accusing the North.

**May 17, 2010:** The 13th Pyongyang Spring International Trade Fair opens, with exhibitors from 12 countries. These include “Taipei of China,” but not South Korea.

**May 18, 2010:** Two groups of South Koreans working in the North are recalled; MOU claims they returned voluntarily. 11 archaeologists quit a joint palace excavation in Kaesong three weeks early, while 64 sand collectors working off both coasts sail home.

**May 18, 2010:** South Korea’s Defense Ministry says that investigators have found evidence pointing to a North Korean attack on the *Cheonan*.

**May 18, 2010:** MOU says a Southern manager at the KIZ was questioned and expelled on May 14 after being found with a booklet of training materials for DPRK workers in the zone.

**May 19, 2010:** Foreign Minister Yu Myung-hwan says North Korea’s role in sinking the *Cheonan* is “obvious.” The same day the DPRK Committee for the Peaceful Reunification of Korea (CPRK) accuses the “puppet group” of using the sinking as a “golden opportunity to push North-South relations to a catastrophe.”

**May 20, 2010:** South Korea’s Joint Investigation Group (JIG) of local and foreign experts publishes its findings that the *Cheonan* was sunk by a DPRK torpedo. The US, Japan, and other Western allies offer support and condemn North Korea. Seoul says it will announce its retaliation after the weekend.

**May 20, 2010:** North Korea’s NDC denies culpability for the *Cheonan* and says it will send an inspection team to the south: “The group of traitors should produce before the dignified inspection group of the DPRK material evidence proving that the sinking of the warship is linked

with us.” The NDC further threatens a “sacred war”, “unpredictable sledge-hammer blows” and much more against traitors, riff-raffs, lackeys and human scum.

**May 21, 2010:** Seoul rejects Pyongyang’s demand to send inspectors, telling it to raise this at the Military Armistice Commission. In fact the MAC has been in limbo since the North unilaterally withdrew from it in the 1990s.

**May 22, 2010:** DPRK Defense Minister Kim Yong-chun repeats the demand that the South “unconditionally” allow a Northern delegation to inspect the *Cheonan* evidence.

**May 24, 2010:** The South’s state-run Korea Trade-Investment Promotion Agency (Kotra) says that North Korea’s trade volume in 2009 fell 10.5 percent from 2008 to \$3.41 billion, with UN sanctions a major cause.

**May 24, 2010:** The ROK’s response to the *Cheonan* comes in a speech by President Lee and a joint press conference of the defense, foreign affairs, and unification ministries. Seoul will complain to the UN Security Council (UNSC). Inter-Korean trade is suspended, except the KIZ. DPRK ships are barred from ROK waters. Cross-border propaganda broadcasts will be resumed, and Seoul will react militarily to any future provocation. This rattles the markets.

**May 25, 2010:** In a vehement riposte, the North’s Committee for the Peaceful Reunification of Korea (CPRK) issues a terse 8-point statement declaring *inter alia* that “all relations with the puppet authorities will be severed,” with no further contact while Lee Myung-bak is in office. “All communication links between the north and the south will be cut off” and inter-Korean relations “will be handled under a wartime law.” Markets worldwide register falls.

**May 26, 2010:** The DPRK expels eight ROK government officials from the KIZ. It repeats a threat to shoot Southern loudspeakers if propaganda broadcasts resume. Yet the KIZ remains in operation, as do cross-border traffic and the telecoms required to approve passage.

**May 26, 2010:** The South’s Korea Rural Economic Institute (KREI) publishes an analysis of North Korea’s December 2008 census. The DPRK population is tallied at 23.34 million.

**May 27, 2010:** The KPA General Staff issues a seven-point “crucial notice.” *Inter alia*, this retracts military guarantees for North-South cooperation and exchange; threatens “merciless counteractions” if the South resumes propaganda broadcasts at the DMZ; bans “entry of the group of traitors including the puppet authorities into the DPRK;” closes North Korea’s seas, airspace and territory to “warships, airplanes and other means of transportation of the group of traitors;” and declares void agreements to prevent accidental conflict in the West Sea.

**May 27, 2010:** South Korea launches an anti-submarine drill off its west coast.

**May 28, 2010:** The final declaration of the Nuclear Nonproliferation Treaty (NPT) review conference urges Pyongyang “to fulfill [its] commitments under the six-party talks, including the complete and verifiable abandonment of all nuclear weapons and existing nuclear programs in accordance with the September 2005 Joint Statement.”

**May 28, 2010:** North Korea's NDC holds a press conference to refute the South's charges that the North sank the *Cheonan*. Maj. Gen. Pak Rim-su, director of the NDC's policy department, says: "It does not make any sense militarily that a 130-ton submersible carrying a heavy 1.7-ton torpedo traveled through the open sea into the South, sank the ship and returned home." He also criticizes Seoul for not letting the North in to conduct its own investigation.

**May 30, 2010:** MND rebuts the NDC's denials from May 28 in detail.

**May 30, 2010:** A 100,000-strong mass rally in Pyongyang denounces the South for accusing the North of sinking the *Cheonan*.

**May 31, 2010:** A Seoul official says that despite Pyongyang's threats to shut the Kaesong industrial zone (KIZ), North Koreans on-site want to keep it going.

**May 31, 2010:** South Korea's National Human Rights Commission (NHRC) says it will draw up Seoul's first "road map" for improving North Korean human rights.

**June 1-5, 2010:** KCNA reports mass rallies in four northerly provinces – North Pyongan, Jagang, South Hamgyong, and Ryanggang – to denounce "the US imperialists and the Lee Myung-bak group of traitors for their smear campaign against the DPRK." June 3 sees similar rallies in southern areas: Kangwon, North and South Hwanghae, and Nampo city. South Pyongan and North Hamgyong follow suit on June 4-5, completing the line-up.

**June 2, 2010:** KCNA reports Kim Jong-il as attending a function for the first time since May 21.

**June 2, 2010:** President Lee's ruling Grand National Party (GNP) suffers an unexpected rebuff in local elections.

**June 3, 2010:** KCNA calls ROK local election results an "iron hammer" against Lee Myung-bak.

**June 4, 2010:** The ROK formally refers the *Cheonan* sinking to the UN Security Council (UNSC). North Korea urges the UNSC to demand a new probe into this, and threatens "the toughest retaliation" should the world body discuss punishing the DPRK.

**June 7, 2010:** A rare second meeting of the DPRK SPA sees Kim Jong-il's brother-in-law Jang Song-taek promoted to vice-chairman of the NDC.

**June 8, 2010:** Some 40 ROK companies doing processing on commission (POC) trade with the DPRK call on Seoul to suspend its trade ban so they can honor contracts already made.

**June 9, 2010:** MOU says it has approved two civilian shipments of baby food for DPRK infants, the first humanitarian aid since the *Cheonan* findings.

**June 9, 2010:** The ROK military says it has completed installing loudspeakers in eleven frontline locations, but has not yet decided when to resume propaganda broadcasts.

**June 9, 2010:** Sin Son-ho, DPRK permanent representative at the UN, sends a message to UNSC President Claude Heller, urging a new probe into the sinking of the *Cheonan* and again warning of “serious” consequences if punishment against Pyongyang is discussed.

**June 7, 2010:** A report by the Korea Development Institute (KDI), an ROK state think-tank, says the DPRK’s currency reform last December has led to escalating inflation, economic chaos and social unrest as the Northern won plunged in value despite its redenomination.

**June 10, 2010:** A South Korea rocket carrying a climate observation satellite explodes seconds into its flight, the country's second major space setback in less than a year.

**June 11, 2010:** KDI estimates that the South’s suspension of most mutual trade will cost North Korea about \$280 million a year.

**June 11, 2010:** A GNP lawmaker quotes ROK Defense Minister Kim Tae-young as telling the NA that “we expelled 11 North Korean ships from our waters 20 times” with “no major trouble” since Seoul decided to bar passage to DPRK vessels on May 24.

**June 11, 2010:** *KCNA* briefly reports on the ROK’s failed rocket launch.

**June 11, 2010:** At a diplomatic reception in Johannesburg for the start of the soccer World Cup, DPRK ambassador to South Africa An Hui-jong follows his ROK counterpart Kim Han-soo to the bathroom, grabs his arm from behind, and threatens that Pyongyang “will not just let go” if Seoul continues to campaign globally over the *Cheonan*.

**June 12, 2010:** The KPA General Staff issues a “crucial declaration.” This repeats a warning that it will “blow up” the South’s propaganda loudspeakers, adding the threat of a “merciless strike [to] turn Seoul, the stronghold of the group of traitors, into a sea of flame.”

**June 12, 2010:** Rev. Han Sang-ryeol, a radical South Korean priest, flies into Pyongyang to celebrate the 10th anniversary of the 2000 North-South summit.

**June 13, 2010:** *Choson Sinbo* says that North Koreans watching the soccer World Cup on TV “without exception” cheered for South Korea, who beat Greece 2-1 on June 12.

**June 14, 2010:** South Korean diplomats and technical experts from the JIG brief the UNSC on the *Cheonan* for two hours. No dissent is voiced, though China and Russia are silent. The Council then hears North Korean diplomats for one hour, who deny any involvement.

**June 14, 2010:** At a meeting in Pyongyang to mark the 10th anniversary of the North-South summit, the senior DPRK figure Yang Hyong-sop says that the only way to avoid war is to implement the June 15 joint declaration signed in 2000 by Kim Jong-il and Kim Dae-jung.

**June 14, 2010:** *KCNA* reports that the DPRK has issued a new postage stamp to mark the 10th anniversary of the historic June 15 joint declaration between the two Koreas.

**June 14, 2010:** A survey of teenage Northern defectors in South Korea finds that over half (79 out of 140) watched Southern films or dramas on DVD or videotape while still in North Korea.

**June 15, 2010:** DPRK political parties and organizations issue a joint statement on the 10th anniversary of the June 15 joint declaration. This claims that the [Southern] “puppet group’s frantic moves for confrontation and war are aimed at effacing the June 15 joint declaration from the minds of the south Korean people and leaving it forgotten for good.”

**June 15, 2010:** MOU says it has approved four more shipments of humanitarian assistance to four different regions of North Korea.

**June 18, 2010:** MOU says it is assessing claims by some 800 ROK firms that Seoul’s ban on inter-Korean trade has hurt them. It warns that this does not imply a commitment to offer any or all of them emergency funding. (See also June 8 and June 11.)

**June 18, 2010:** The United Nations Human Rights Council (UNHRC) appoints Marzuki Darusman, a former attorney general of Indonesia, as special rapporteur on human rights in North Korea.

**June 19, 2010:** *KCNA* reports an unusually full schedule for Kim Jong-il. In a single day he visited a mine, an electronics factory, a co-operative farm, a machine complex and a military training facility, all in the northwest.

**June 21, 2010:** Seoul’s Foreign Ministry confirms press reports that the gas xenon has been detected near the DMZ, but denies that this means Pyongyang has conducted a nuclear test.

**June 22, 2010:** The ROK says it has a sales brochure picturing a heavy torpedo of the same type as that which sank the *Cheonan*, and bearing the message: “Guaranteed by the DPRK.”

**June 22, 2010:** At a press conference in Pyongyang, Rev. Han Sang-ryeol denounces the Lee Myung-bak administration for turning its back on the June 2000 joint declaration.

**June 23, 2010:** MOU reports to the NA that, despite the *Cheonan* tensions, the number of North Korean workers at the Kaesong IZ in June reached an all-time high of 44,000.

**June 24, 2010:** The South’s central Bank of Korea (BOK) publishes its annual estimates of North Korean national income.

**June 24, 2010:** Won Sei-hoon, director of the National Intelligence Service (NIS), tells the National Assembly’s Intelligence Committee that Kim Jong-il’s ill health is driving him to hasten the process of installing his third son Kim Jong-eun as his successor.

**June 24, 2010:** MOU says it will allow an NGO to send anti-malaria aid worth 400 million won (US\$337,000) to North Korea.

**June 25, 2010:** Both Korea mark the 60th anniversary of the outbreak of the Korean War. In Pyongyang 120,000 people attend an anti-US rally. In Seoul President Lee thanks the ROK's UN allies for their sacrifice and demands the DPRK admit and apologise for sinking the *Cheonan*.

**June 26, 2010:** G8 leaders meeting in Canada condemn the *Cheonan*'s sinking, note that the JIG found North Korea guilty, and call on Pyongyang to refrain from provocations.

**June 26, 2010:** *KCNA* reports the WPK Political Bureau as calling a very rare meeting for early September, "for electing its highest leading body reflecting the new requirements of the WPK".

**June 27, 2010:** Pyongyang rejects as "preposterous" a proposal by the UN Command (UNC) in Korea that the Military Armistice Commission (MAC) discuss the *Cheonan*. It repeats a demand to send its own inspectors.

**June 28, 2010:** The US State Department says that while the *Cheonan* sinking violates the 1953 Korean Armistice, it does not merit North Korea's relisting as a state sponsor of terrorism.

**June 28, 2010:** The KPA's Panmunjom mission accuses USFK of bringing unspecified "heavy weapons" into the truce village, and warns of "strong military countermeasures" if they are not quickly withdrawn.

**June 28, 2010:** Pyongyang says that in face of US hostile threats it will "bolster its nuclear deterrent in a newly developed way."

**June 29, 2010:** *Minju Choson*, warning that upcoming US-ROK naval drills could lead to "armed conflict and a full-scale war," threatens to "uproot the stronghold of invaders."

**June 30, 2010:** *Choson Sinbo*, reports that the DPRK soccer team returned home stony-faced on June 29, but "regained their smiles after being welcomed by their families" and supporters crowding Pyongyang's Sunan airport.

**July 1, 2010:** An MOU official says ROK port officials are inspecting cargoes from third countries to ensure that no DPRK goods enter the country.

**July 1, 2010:** Seoul Central District Court sentences two Northern spies, who entered the South in the guise of refugees, to 10 years in jail each for plotting to assassinate the senior DPRK defector Hwang Jang-yop. Both pleaded guilty and cooperated with the investigation.

**July 5, 2010:** ROK firms operating in the KIZ say they will meet Rep. Won Hee-ryong, who chairs the NA's foreign policy committee, to press for easing of restrictions imposed in May (as retaliation for the *Cheonan*) on the number of South Koreans they are allowed to hire.