

NOVEMBER UPDATE

Below is a recap of some of the significant events that transpired during the month of November that pertain to the North Korean economy, inter-Korean trade and cooperation, the Korean Peninsula Energy Development Organization (KEDO), the Six-Party talks, U.S.-DPRK relations, and humanitarian issues in the DPRK.

North Korean Economy

A new set of guidelines spelling out tax cuts for foreign investors and tariff-free sales of goods they produce in North Korea and sell on domestic markets were issued by the (North) Korean Workers' Party in early November. Also included in the guidelines was the elimination of discriminatory higher costs for utilities and transportation. A new minimum wage of US\$35 per month for DPRK employees of joint-venture firms and other measures show North Korea's rising interest in and understanding of attracting foreign investment.

The Korea International Trade Association released figures on November 22 for inter-Korean trade over the first ten months of 2005. ROK imports from the Kaesong Industrial Complex topped US\$10 million. South Korean trade with KIC over the same time period totaled US\$142 million, or 16.2 percent of total inter-Korean trade.

A report released by the U.S. Department of Agriculture on November 28 stated that North Korea's estimated grain production for the year 2005 was approximately 3.64 million tons, the highest in ten years and up 4 percent from last year. This is inclusive of the North's corn, rice, wheat and barley.

Inter-Korean Relations

A total of 909 Koreans living in the DPRK, ROK, and the United States were reunited in the 12th round of family reunions, held from November 5-10 at the scenic Mount Kumgang.

South Korea's Hyundai Group Chairwoman Hyun Jeong-eun announced on November 10 that relations with North Korea were back on track. This followed the first of a series of trips to North Korea to discuss normalization of tours to Mount Kumgang. However, with the ousting of Hyundai Asan Vice-chairman Kim Yoon-kyu (on the suspicion of misappropriating funds) and his severing of ties with the company on November 22, it is unclear who will be chosen to coordinate with North Korea on future issues.

ROK Unification Minister Chung Dong-young announced ambitious plans this month, stating that South Korea can expect an inter-Korean economic community by 2020. He said that it was his personal vision as a politician but that he and the government share this vision.

North and South Korea have agreed to work together to find and properly bury the remains of An Chung-kun, a Korean guerilla who was executed by Japanese forces and is believed to be buried in China. This followed working level discussions held on November 22 in Kaesong.

The first-ever inter-Korean marathon was held on November 24 in Pyongyang. One-hundred-and-fifty runners from each side were reported to have competed in the event.

A new round of video conferencing between members of families separated by the Korean War was held on November 24-25. Forty families from each side got an opportunity to spend two hours talking with family members.

The South Korean government revealed contingency plans on November 29 for a wide range of emergencies, including North Korean nuclear issues, inter-Korean naval conflict, and terrorist attacks in South Korea. Also included in the plans are response procedures for natural

emergencies such as flooding as a result of the failure or opening of North Korean dams and disruption of major operating systems. Drills are being scheduled for next year.

KEDO

An announcement was made that the executive board members (the United States, South Korea, EU, and Japan) had agreed to finally terminate the project to construct two light-water reactors in North Korea. The project had been on hold for the last two years following North Korea's alleged announcement of a uranium enrichment program. No details were agreed upon and no formal statement was made. Pyongyang announced through the (North) Korean Central News Agency its displeasure and demanded the United States compensate it for causing the North "massive economic losses" due to having "completely overturned the basic agreements." On the flip side, Japan announced its plan to demand compensation from the North for Japan's investment in the now defunct project, stating that it was North Korea's failure to uphold agreements that led to the project's termination. Seoul Dong-keun, a Unification Ministry official, has attempted to ride the fence by stating that "The countries agreed to postpone the final decision until further discussion with their governments," but went on to say that all the countries, including South Korea, are of the understanding that the program needs to be terminated.

Six-Party Talks

A fifth round of six-party talks was held in Beijing from November 9-11, and then quickly adjourned prior to the opening of the APEC conference in Busan, South Korea. It ended just as it began, with the United States and DPRK as the main antagonists arguing over the order of concessions. The parties involved all agreed to continue the fifth round of talks in the near future. No specific date for resumption of the talks has been set.

Following the talks, North Korea proposed a five-step roadmap for denuclearization, which included North Korea's suspension of nuclear tests, ban on nuclear relocation, ban on further nuclear production, verifiable cessation and dismantlement, and return to the Nuclear Non-Proliferation Treaty (NPT) and International Atomic Energy Agency. The North stated, however, that before making any move to implement this plan, the United States would have to offer concessions first. The proposal was subsequently rejected by the United States.

U.S.-DPRK Relations

Despite assurances from the United States that it recognizes North Korean sovereignty, a U.S. government report released on November 13 spells out proposals to expand radio broadcasting into the DPRK as well as provisions on radios, cassette and video tapes, and literature in order to inform the North Korean population of news from outside the country. This followed statements by President Bush on November 6 that once again labeled Kim Jong Il a "tyrant." One DPRK official responded by saying that Bush had violated the spirit of the joint statement resulting from the fourth round of six-party talks. Fending off criticism that the United States was undermining trust between the two, Alexander Vershbow, U.S. ambassador to South Korea, said that the United States would be willing to open an office in Pyongyang if the North were to take concrete steps toward dismantling its nuclear project. In a speech delivered in the ROK later in the month, the U.S. ambassador also stated that if North Korea was ready to move forward on ending its nuclear ambitions, the United States was ready to respond by looking at items such as striking a peace treaty to replace the armistice that ended the 1950-1953 Korean War.

Washington again warned on November 16 that there would be severe consequences if North Korea continues to counterfeit U.S. one hundred dollar bills, known as "Supernotes." The United States and DPRK have been hurling accusations at each other regarding DPRK involvement in Irish Republican Army (IRA) distribution of the fake bills.

Humanitarian Issues

Christopher Bierwirth of the Office of the UN High Commissioner for Refugees and a team of legal experts on refugee issues held a seminar in North Korea from November 16-19. Topics ranged from definition of a refugee, protection of refugees, asylum and non-refoulement. Specific issues relating to North Korean refugees were not discussed.

The European Union-sponsored resolution on North Korea's human rights situation passed the UN General Assembly social and humanitarian committee on November 17. South Korea abstained from voting, drawing criticism both domestically and internationally. Several university student groups held conferences calling for discussion of DPRK human rights at the APEC meeting and encouraged students to become more involved in on- and off-campus groups.

The World Food Program (WFP) announced on November 18 that it had begun to shut down food production facilities throughout the North, while negotiations concerning a shift to development aid are still underway. Pyongyang also demanded that all European humanitarian aid organizations shut down their operations and leave by the end of the year. The U.S. Agency for International Development (USAID) has said that an end to WFP involvement in the DPRK could mean an end to U.S. aid to North Korea. USAID has provided approximately 50,000 tons of food per year over the last several years.