

## **ROK '09 BUDGET INCLUDES DPRK RICE, FERTILIZER**

On October 9, the ROK Ministry of Unification announced that funding in the government's budget for next year includes money for providing 400,000 tons of rice and 300,000 tons of fertilizer to North Korea as part of an inter-Korean cooperation fund.

According to the expenditure plan for the inter-Korean cooperation fund prepared by the government for 2009, based on today's prices, 352 billion won will be needed for the 400,000 tons of rice, and 291.7 billion won for the 300,000 tons of fertilizer. The amount of rice and fertilizer is similar to that provided by the Roh Moo Hyun government in 2007, but since the cost of both has risen sharply around the world, it is a relative increase of 46 percent.

Accordingly, in the expenditure plan for the inter-Korean cooperation fund, the 72 percent set aside for humanitarian tasks next year is a huge increase over the 43 percent set aside for those projects this year. On the other hand, the budget for economic cooperative projects will be reduced 51 percent, from 610.1 billion won to 300.6 billion won, based on the 'four principles of cooperation' laid out by the government, including taking into account public sentiment, public finance, economic appropriateness, and the progress in talks over the North's nuclear program.

The expenditure plan did not include funding for the implementation of the October 4 Declaration (the agreement resulting from the second inter-Korean summit), which included an agreement on the construction of the second phase of the Kaesong Industrial Complex, or funding for the construction on dormitories for workers at the site. The ministry added,

however, that 253 billion won was earmarked for flexible use in the event inter-Korean discussions led to a demand for project funding.

The expenditure plan does increase earmarks for projects related to factories currently operating in the first phase of the KIC, include funding (10.9 billion won) for a second apartment complex, as well as 5.7 billion won for construction of a fire station, while increasing funds for education, training and cooperative funding loans from 30 billion won to 35.2 billion won. Overall the budget for the 2009 inter-Korean cooperation fund totals 1.5086 trillion won, an 8.6 percent increase from the 1.3887 trillion slated for this year.

That said, due to the deadlocked relations between the two Korea's as of the end of July, a mere 9.2 percent of earmarked funds had been spent this year, and the ministry explained that spending next year, as well, will depend on the state of inter-Korean relations. The ministry added that with the expected rise in the number of North Korean defectors reaching the South next year, funding for education, training, and settlement were raised from 45.2 billion won (for 1,680 defectors) to 51 billion won (for an expected 2,500 defectors). In addition, other funds earmarked for improving North Korean human rights rose from 100 million won this year to 190 million won in the 2009 budget.