

## **JUNE UPDATE**

June has been an especially busy month for North Korea watchers. Overall, increased communications indicate progress, and it is reasonable to assume that inter-Korean and DPRK-U.S. relations did not worsen over the past thirty-one days.

June marked a number of important anniversaries, the most significant being the 5th anniversary of the June 2000 Inter-Korean Summit. This anniversary was marked by visits by delegations from both sides, and a personal indication from DPRK leader Kim Jong Il that progress in the ROK-DPRK relationship is possible. Doubts remain, however, as two other anniversaries in June -- the 55th anniversary of the beginning of the Korean War and the 3rd anniversary of the Yellow Sea naval battle between naval boats of the ROK and DPRK navies -- also reminded many of the divide that still exists between the two nations.

### **Diplomatic Overtures**

ROK Minister of Unification Chung Dong Young led a delegation of 335 government and civilian representatives to Pyongyang from June 13-17 for a joint celebration commemorating the fifth anniversary of the June 2000 summit. Minister Chung also had a private meeting with the DPRK leader, which led to agreements on specific measures for developing inter-Korean relations, and a promise to hold another round of reunions for separated families, as well as holding video conference reunions in light of the large number of aging families wishing to meet their kin. A follow-up meeting was held in Kaesong, and the Ministry of Unification announced that it plans to connect optical cables between Seoul, Busan, Daegu, and seven other South Korean cities with the North Korean cities of Pyongyang, Kaesong, and Wonsan. The first video reunions will take place on Korea's Independence Day, which falls on August 15.

North Korea, in response to Chung's overtures, also sent a high-level delegation to

Seoul as well as agreeing to consultations on resuming general-level talks between military and fishery officials in order to avoid further conflict on the West Sea. Chung and Kim also agreed to look into opening direct flights between Seoul and Pyongyang, rather than the current flight path that swerves out over the Yellow Sea in order to avoid crossing the Demilitarized Zone. Chung pushed for the North's return to the six-party talks -- the multilateral dialog created to address the North Korean nuclear issue -- and explained Seoul's "important proposal" to Kim if his nation were to return to the talks. The details of this proposal remain undisclosed.

Kim Jong Il responded with unusually positive statements to the end that the North had not rejected the six-party talks, and that the North could return as soon as July, pending change in the U.S. hard-line stance toward the North. He also expressed willingness to rejoin the Nuclear Non-Proliferation Treaty (NPT), and allow International Atomic Energy Agency (IAEA) inspectors to return to the DPRK when the current issues are resolved.

Apparently in response to President Bush's recent "Mr. Kim" reference, Kim referred to Bush as "His Excellency," and last week North Korean spectators stood in respect of the U.S. national anthem as it was played at a female boxing championship in Pyongyang. Russian news agency Interfax reported that North Korea's Ministry of Foreign Affairs has recently begun preparation for a fourth round of talks, and it appears that both the official and social circles are softening anti-U.S. rhetoric. This is, of course, not referring to the standard outcries that accompanied the North's recognition of the anniversary of the beginning of the Korean War.

There is much debate as to exactly what North Korea expects from the United States in regards to the North's demand for "recognition and respect" before it will return to talks, but Unification Minister Chung has personally met with President Roh Moo Hyun and U.S. National Security Advisor Stephen Hadley (June 30) in an effort to pull together an understanding. Minister Chung briefed the U.S. official on the outcome of his meeting

with North Korean leader Kim Jong Il and called for stronger cooperation to resume the stalled six-party talks. Also, there was an announcement that a date during the first week of July has been set for senior-level officials from North and South Korea to meet with the United States in New York in an effort to restart the six-party talks.

The ministerial talks held in Seoul on June 22 made no advances, but North Korean representative Kwon Ho Ung reiterated Kim Jong Il's remark that the North would require "not a single nuclear weapon" if Washington treats it in a friendly manner. President Roh also met with members of the delegation, showing a political thawing in inter-Korean relations, if nothing else.

## **U.S. Policy**

Naysayers, too, have quite a bit of ammunition in the events of June, as President Bush also met with North Korean defector and author of The Aquariums of Pyongyang, an account of the ten years he spent in a North Korean political prison camp. The United States also criticized the North for rejecting the Comprehensive Test Ban Treaty and not abiding by the NPT. Washington also announced its intentions to freeze assets of any company found linked to North Korea and dealing in weapons of mass destruction (WMD) (specifically, the Korea Mining Development Trading Corporation, Tanchon Commercial Bank, and the Korea Pyonbong General Corporation). The Bush administration has also disappointed officials in Seoul by once again labeling the North the "outpost of tyranny." Despite this hard-line, Washington announced that it would continue humanitarian assistance.

## **DPRK Nuclear Reactor Construction**

Bush's policy reinforces the administration's impression of North Korea as a nuclear proliferation threat, and the North answered in kind by resuming activity at the Yongbyon and Taechon reactors frozen under the 1994 Agreed Framework. As it is no

secret that the reactors are under constant satellite surveillance, experts believe that this is a power-play that the North was intentionally showing to Washington.

### **EU Commission Plan for North Korean Aid**

The EC announced on June 27 that it will provide 13.04 million USD worth of aid to North Korea's health sector. This is expected to provide supplies for eight million people, with a major component of the plan focused on child health care, but also expected to benefit other vulnerable groups such as the handicapped and the elderly.

### **South Korean Fertilizer**

Delivery of the fertilizer that South Korea promised earlier in the year was completed in time for planting, and the (North) Korea Central Broadcasting Station announced on June 16 that Kim Jong Il officially thanked the agricultural laborers, as well as the many soldiers and urbanites who were sent to the fields in order to finish planting on time, indicating the completion of this round of rice planting. In response to additional requests for assistance, Seoul announced on June 26 that the government will supply the North with an additional 150,000 tons of fertilizer in the near future.

### **DPRK Defectors**

Some speculate that worsening conditions in the North are driving the regime to improve their ties with the United States and South Korea, and an unusually large number of 'unofficial' visitors from the North this month reinforces this. Seven North Koreans who entered the Thai embassy in Vietnam were flown to Seoul as two other families took the sea route, and one lone North Korean man made his way unnoticed across the DMZ. A couple and their son boarded a boat and are now on one of South Korea's islands in the Yellow Sea after being picked up by the ROK navy, making it the second seaborne defection in a month. What is interesting is that the latest family fled

from Hwanghae, claiming that harsh living conditions drove them out. As Hwanghae is the North's main rice-growing region, the hint that families there might be suffering from harsh conditions may indicate that the DPRK food shortage is worse than expected. Another defector came directly south this month, crossing the DMZ undetected by North and South Korean troops. He was eventually found hiding in the back of a truck, living off of instant noodles and Moon Pies.

## **Kaesong**

June has shown progressive growth for Kaesong, and in light of a recent report from Qingdao, China, it may only get better. When it comes to finding cheap labor, Kaesong's main competition comes from China, where many small- and medium-sized industries have relocated since the 1990s in order to stay competitive. A report released this month shows that 63 percent of businesses moving since the Asian financial crisis have failed, as Chinese manpower costs and land prices have "skyrocketed," making Kaesong an even more attractive alternative.

This month three more businesses, Magic Micron, Bucheon Industry, and Romanson, were connected to Munsan's electrical grid and expanded the supply of power to the already-connected Living Art, Shinwon, SJTech, Samduk Training, Gaeseong Industrial Complex Management Committee, the Korea Land Corporation, and the wastewater treatment facility. By June 28, seven industries had completed construction, and four are already producing goods.

The Korean Civic Exchange Council was known to have reached an agreement with the North Korean authorities to build a golf course in Kaesong. The agreement gives the South Korean group the right to build and to operate the golf course. In return, the group agreed to provide onion seeds and agricultural equipment necessary for cultivating them, and to cooperation with the North in production and sales of the vegetables.

## **Inter-Korean Railways**

Railway connection construction continued, with South Korea providing more equipment and materials to the North on two occasions, while providing technical assistance a total of six times.

## **Mount Kumgang Tourism**

A landmark record of one million visitors has now made their way to the Hyundai group's resort in the North, leading to a number of events to celebrate the moment, including an online gift festival and a music concert. The project was lauded as a "great national undertaking" that can pave the way for more cooperation and exchange between the two Koreas. It is worth noting, however, that according to Hyundai predictions in 1999, there would have been well over five million by this time, and over one million per year since 2004.

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