

NK RECAP: NOVEMBER

Nuclear Diplomacy

November started off with high hopes that North Korea's October nuclear test had not derailed six-party talks, and that a diplomatic solution was still in sight. U.S. President Bush stated on November 1 that he hoped to see talks resume as soon as possible, and North Korea confirmed that it, too, was committed to returning to the talks.

North Korea's former stance that the U.S. must remove financial restrictions before talks resume has softened, with the (North) Korean Central News Agency reporting the DPRK's willingness to return to Beijing on the premise that the issue "will be discussed and settled between the DPRK and the U.S. within the framework of the six-party talks."

North Korea called on the exclusion of Japan from future talks after Tokyo refused to recognize the DPRK's nuclear status, calling Japanese officials "political imbeciles". The United States and South Korea have also refused to recognize the North as a nuclear power.

Official and unofficial dialog has been ongoing both in Beijing and at the recent APEC forum in Hanoi, with the United States poised to offer new incentives for the North's denuclearization, and North Korea likely to make much more stringent demands in the wake of its nuclear test. It has been reported that President Bush has indicated a willingness to sign a peace treaty with North Korea, ending the Korean War in return for the dismantlement of the DPRK nuclear program.

Despite many predictions that the sixth round of six-party talks would open in early December, the latest meeting of Christopher Hill and his North Korean counterpart ended on November 30 in Beijing with no further agreement. It was reported that an offer from Washington to resume shipments of fuel oil in return for the shutdown of the Yongbyon reactor was received positively, but that economic sanctions are still preventing North Korean cooperation.

Inter-Korean Issues

South Korean golf course developer Emerson Pacific is hoping economic sanctions don't crimp its latest project -- Diamond Country Club and golf course -- set to open in North Korea late next year. The developer is spending 74.12 million USD on the course, and is offering memberships for the low cost of just over 21,000 USD. Recent UN sanctions are aimed at the elite, but whether that will handicap South Korean golfers has not yet been announced.

President Roh Moo Hyun stated again that South Korea would continue with tourism and industrial investment in North Korea, but "in a way that conforms to the spirit and purport of the U.N. sanctions." This is despite a recent poll by the Korea Chamber of Commerce and Industry which revealed that a majority of ROK companies believe the projects should be scaled back or completely halted.

Kim Yong Nam, president of the DPRK Supreme People's Assembly Presidium, called for the resumption of Red Cross talks in order to restart meetings between families separated during the Korean War, according to South Korean Democratic Labor Party Representative Kwon Young Ghil as he returned from a trip to Pyongyang on November 4.

On November 15, the budget for the Inter-Korean Cooperation Fund was announced. It will be reduced next year by 3.4 percent to approximately one billion USD. In addition, 500,000 tons of food and 350,000 tons of fertilizer are slated for delivery to the North, the same amount allotted for 2006. The budget for Mount Kungang projects remained largely unchanged, while the budget for the Kaesong Industrial Complex has more than doubled for next year.

A press release from the South Korean Unification Ministry stated that there are now more than 10,000 North Koreans employed in the Kaesong Industrial Complex, 80 percent of whom are women. It also stated that the 21 firms operating in the complex pay a monthly average of 600,000 USD in wages to the North Korean workers.

DPRK Debt

Russian Deputy Finance Minister Sergei Storchak announced on November 29 that Moscow was likely to forgive 80 – 90 percent of North Korean debt. This could mean the forgiveness of up to 8 billion USD.

DPRK Counterfeiting

According to a researcher at the (U.S.) Congressional Research Service, there is no record “of any seizures of either illicit narcotics or counterfeit currency” from North Korea over the last six months.

Humanitarian Issues

A report released on November 8 showed that China has sent 20,000 tons of diesel fuel and 5 million USD in machine parts and other goods this year.

North Korea expressed “strong resentment” over the South’s decision not to continue aid while the North escalates nuclear and military tensions, according to Democratic Labor Party Representative Kwon Young Ghil as he returned from a trip to Pyongyang on November 4.

An outbreak of Scarlet Fever announced last month has continued to spread throughout North Korea. Authorities have set up clinics and training facilities for medical personnel as well as imposed travel bans in an effort to contain the outbreak, but limited and outdated supplies are proving ineffective.

South Korea announced on November 16 its intention to vote in favor of a U.N. resolution condemning DPRK humanitarian abuses. This is a first for Seoul, who has traditionally abstained from U.N. resolutions condemning the North on the pretense that such a move would hinder inter-Korean dialog. The resolution was passed on November 17.

Dr. Stephen Linton, chairman of the Eugene Bell Foundation, announced that medical equipment sent to North Korea was reaching its intend destinations “flawlessly”, and that access to inspectors had improved over 2005.

World Food Program North Korea Country Representative Jean-Pierre de Margerie stated in an interview that smaller harvests and cuts in outside aid mean that North Korea will face a 750,000 ton food shortage this year, predicting that the country will run out of food next April.

It was announced on November 24 that the International Federation of Red Cross and Red

Crescent Societies has signed what it describes as a “historic” agreement with North Korean authorities. The agreement promises some increased aid for the North, but concentrates on coordinating efforts of the many Red Cross and Red Crescent groups currently working inside North Korea.

PSI and Sanctions

The MV Omrani-II, a North Korean cargo ship, was towed to Mumbai and searched by Indian officials after straying into Indian national waters. The ship was empty and headed to Iran, but the crew offered no information as to why.

French authorities also searched a North Korean vessel under UN sanctions. The ship was held after making a port call in Mayotte, in the Indian Ocean.

A ship detained last month by Hong Kong authorities was deemed free of suspicious material, but cited for several safety violations. The ship is remanded to port until repairs are made, and a spokesman for the DPRK shipping company stated that funding for repairs was insufficient.

South Korea has decided not to fully participate in U.S.-led non-proliferation efforts, fearing the possibility that they could lead to military clashes with North Korea. Seoul will observe operations, but will not stop and inspect suspicious DPRK cargo ships.

Japan has adopted a list of 24 luxury items, including alcohol, perfume, cigarettes, beef, caviar, fatty tuna, and motorcycles, that will be banned from export to North Korea. This is in addition to a list of banned materials that could be used for military purposes. Japan’s luxury

goods-exports to the North last year were worth 9.27 million USD, or 16 percent of total exports to the country.

A Wall Street Journal Report, “South Korea Imposes Mild Penalties on Pyongyang”, on November 14 called ROK actions “mild” and “largely symbolic actions”. It went further to say that the penalties will have “little effect on the nearly one billion USD in annual trade with the DPRK.”

The European Union adopted sanctions against North Korean luxury goods and military technology in alignment with UN sanctions, and it was reported on November 20 that all goods leaving the EU for North Korea would be subject to inspection.

The list of goods banned by the U.S. was reported on November 29 to include plasma televisions, iPods, Segways, cognac, cigarettes, artwork, Harley Davidson motorcycles, and Jet Skis.

China unfroze many of North Korea’s bank accounts that had been seized in recent months due to suspected money laundering. The report issued on November 20 stated that the release of funds was “with the understanding of the United States.”