

NK RECAP: March 2007

U.S.-DPRK Relations

The month of March opened with indications that a shift in Washington's position on the North Korean nuclear issue might be underway as reports out of the capitol indicated that the Bush administration was becoming more flexible, and that it was distancing itself from earlier assertions that the DPRK has an active uranium enrichment program. Intelligence behind the assertions appears to be dated, with no new information the U.S.'s decision to confront Pyongyang in 2002. While officials continue to call for full disclosure of the North's nuclear programs, Washington appears to be taking a softer approach.

As implementation of the February 13 accord continues—which spells out the initial steps toward DPRK denuclearization as agreed upon by six-party talks negotiators—Deputy Secretary of State John Negroponte warned not to expect a quick thaw of U.S.-DPRK relations, stating that, despite the February 13 accord, North Korea's removal from the U.S. list of terror-sponsor states “is not a process we would expect to move very quickly.” This was followed, however, by more optimistic events. U.S. officials announced on March 6 that two days of “very good” talks with North Korea had been concluded. Talks focused on normalization of relations between the two countries.

On March 9, however, North Korea began cranking up the rhetoric, promising to retaliate if the U.S. does not lift financial sanctions, allow the unfreezing of accounts at Banco Delta Asia (BDA), remove the North from the list of terror-sponsor states, and take other steps toward diplomatic normalization agreed upon on February 13.

On March 14, the U.S. Treasury Department banned all U.S. banks from dealing with BDA, following the conclusion of a Treasury Department probe that indicated BDA involvement in DPRK money laundering.

On March 17, North Korea responded to the U.S. Treasury announcement, saying that they would not stop nuclear activity until the United States freed 25 million USD of frozen assets in BDA. Top U.S. officials have stated that Washington has agreed, in principle, to the release of the funds, but the Chinese government has appeared wary of assisting with the transfer of funds, concerned about implicating Chinese banks in dealings that could later lead to U.S. Treasury moves against them. The latest development is a move by none other than North Korea's

Daedong Credit Bank, a majority foreign-owned bank that represents most of the DPRK's overseas business transactions. The bank is taking "whatever steps necessary" to prevent the transfer of its accounts, approximately 7 million USD, from BDA to the North Korean government.

In response to delays in unfreezing of DPRK funds at BDA, North Korea walked away from the latest scheduled round of six-party talks, in which representatives were hammering out details as to how the February 13 accord would be implemented. Despite extending talks, North Korea's refusal to participate brought an abrupt end to negotiations and cast a shadow over previously optimistic expectations.

DPRK-Russia Relations

Russian Foreign Minister Sergei Lavrov stated that, while Russia will provide aid to North Korea in line with the February 13 accord, it was also looking into sending bilateral humanitarian energy and electricity aid to Pyongyang. Russian and North Korean diplomats have also been holding consultations regarding Russian assistance in refurbishing one of North Korea's oil refineries.

DPRK-EU Relations

Two days of talks between the DPRK and EU representatives were wrapped up on March 8, with the EU stating that it will look into improving relations with Pyongyang if it implements the February 13 accord.

In the meantime, issues over Gibraltar that led to the delay in EU implementation of UN sanctions against the North have been overcome, and the EU is now in compliance with a global ban on dual-use and luxury goods to the DPRK.

DPRK-Japan Relations

On March 7, Tokyo and Pyongyang postponed the first scheduled talks in over a year as Japan continues to stress the abduction issue as its top priority. North Korea stated that it had done all it could on the issue, and therefore further talks were "meaningless." Normalization talks got underway the following day, only to end after 45 minutes.

Inter-Korean Relations

On March 2, the two Koreas released a joint statement at the close of the first cabinet-level talks in seven months. North Korea reiterated its promise to shut down nuclear facilities, while at the same time soliciting aid previously shut of by South Korea following the North's nuclear test last year. South Korea declined the aid, deciding (at the time) that aid would only be discussed following the 60-day period agreed upon in the February 13 accord for the shut down of North Korea's main nuclear facilities. Agreed upon were a test-run of inter-Korean trains and resumption of reunions for separated families.

On March 7, ROK Unification Minister Jae-joung Lee stated that South Korea was "willing in principle to resume rice and fertilizer shipments," and hinted that it was possible for this to occur before North Korea fulfilled its obligations according to the February 13 accord.

On March 15, South Korea decided to send materials for antibody induction, diagnosis kits, pasteurizers, and other equipment to help the North combat the recent outbreak of foot-and-mouth disease.

On March 28, South Korea sent 60,000 blankets to the North, resuming humanitarian flood-relief aid halted last year due to DPRK nuclear tests. Also sent to North Korea was 6,500 tons of fertilizer, shipped out of Yeosu port. 15,000 tons of rice and 70,000 tons of cement are scheduled for shipping next month, and South Korea is also planning to send more than 3.5 million USD in materials, along with over 400,000 USD in cash, for the construction of a reunion center for separated families.

On March 22, a ceremony began celebrating the opening of the first digital library at a North Korean school to use South Korea's advanced digital library system. The system was a result of a group effort by Hanyang University, the Kim Dae-jung Presidential Library, and the Korean Foundation for South-North Economic and Cultural Cooperation. It is housed in Kim Il Sung University.

On March 27, sixty citizens from each Korea gathered for the first separated-family reunions since July 2006. This was the fifth round of video reunions held since August 2005, when North and South Korea agreed to the urgency of meetings due to aging participants. This time, the oldest participant was a 102 year-old South Korean. All South Korean participants were over 90.

North Korea demanded unpaid residence fees from South Korean workers in the Kaesong Industrial Complex. South Korean officials did not disclose the amount, but said that if such fees were required, the move would pose difficulties to South Korean businesses operating in the joint economic zone.

Labor unions in the North and South have agreed to hold a joint celebration of “May Day” in the South Korean city of Ulsan. Representatives of South Korea’s Federation of Korean Trade Unions and Korean Confederation of Trade Unions met in Kaesong, DPRK on March 24 with North Korean labor leaders to discuss details.

On March 30, ROK Unification Minister Jae-joung Lee announced that South Korea will move forward on forming an organization to foster the development of North Korea’s mining and light industries. Co-development of these sectors was agreed upon earlier, on the condition that prerequisites for testing cross-border railways were completed.

PRC-DPRK Economic Relations

It was reported on March 1 that PRC exports to the DPRK rose sharply at the beginning of 2007. Rice exports were up 234 percent and wheat flour rose 41 percent, while maize fell 88 percent. A total of 13,762 tons of these three foodstuffs was exported to the North in January.

The PRC and DPRK are considering the establishment of a special economic zone on two North Korean islands bordering China, Bidan and Wihwa islands.

Chinese and North Korean officials are also discussing the construction of a bridge over the Yalu River, connecting North Korea’s Sinuiju with China’s Dandong. The bridge design has been completed by the PRC government and subcontracted to a Shanghai design company.

DPRK Humanitarian Issues

A report on March 1 announced that a group of twelve DPRK refugees reached the United States, bringing to 30 the number of defectors reaching U.S. shores since the passage of the 2004 law on North Korean human rights. The latest group was the largest to date.

It was reported on March 8 that an outbreak of foot and mouth disease has led to the slaughter

of hundreds of cows and pigs after 431 cattle became ill, further depleting the North's food supply.

United Nations' Children's Fund (UNICEF) and World Health Organization (WHO) began an immunization campaign on March 14 to immunize six million children against measles following an outbreak last November affected 3,500 people.

UN Operations

The U.N. Development Program suspended North Korea operations on March 5 following allegations that cash payments to the North Korean government were being misallocated and poorly accounted for. The suspension affects 20 projects regarding food security, biodiversity, and economic management, with a total budget of 4.4 million USD. UN World Food Program (WFP) and UNICEF operations were not affected.

On March 13, UN Atomic Agency Chief Mohamed ElBaradei arrived in North Korea to discuss the return of IAEA inspectors to the DPRK. Upon his return from Pyongyang, he stated that the visit had "opened the way to a normal relationship with the DPRK." However, he also reported that North Korea was demanding a lifting of economic sanctions prior to moving toward disarmament.

North Korea's chief negotiator Kye Gwan Kim stated on March 20 that the DPRK would resume its membership in the IAEA after shutting down nuclear facilities as agreed to in the February 13 accord.