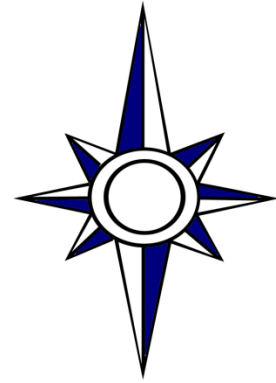


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## South Korea-North Korea Relations: Second Chance for Trustpolitik?

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So far this year, ups and downs on the Korean Peninsula have coincided conveniently with *Comparative Connections*' deadlines. Had this journal still been published quarterly, as it used to, our first report of 2013 would have come out in the middle of what we can now look back on as North Korea's spring saber-rattling. Most of that was rhetoric, albeit extreme even by DPRK standards. The main actual event, the suspension of the joint venture Kaesong Industrial Complex (KIC), broke just as we would have been going to press. But as it was, *Comparative Connections*' now thrice-yearly schedule enabled us to cover this lengthy hissy-fit in its entirety.

This time the date fit is not quite so neat, but as of early September it is a relief to report that inter-Korean relations are on the up again; they could hardly have gone lower. This has been an interesting four months. Pyongyang abruptly changed its tune, demanding the immediate reopening of the KIC no less preemptorily than it had earlier closed it. Both attitudes were exasperating and hard to explain, but at least the North's new "peace offensive" offers some hope of a more constructive approach. At the same time this challenged the South, forcing it to put flesh on the bones of President Park Geun-Hye's "trustpolitik" and make hard decisions on two levels: what principles to adopt in dealing with a now partly more pliant North and – on that basis – how precisely to respond on a whole range of immediate concrete issues. This was a steep learning curve, which the new ROK administration mostly handled with a skillful mix of firmness and flexibility – except for one mistaken and avoidable row over protocol, discussed below, which delayed the rapprochement by a month or so.

### What was that all about?

It remains unclear what Kim Jong Un sought to achieve by all that saber-rattling earlier in the year. As noted in our last issue, no objectives were specified nor did Pyongyang's professed pretexts convince. What this episode did accomplish was to annoy everyone, foe and friend alike. (As discussed elsewhere in this issue, the fact that Kim sent three separate envoys to Beijing over the summer suggests there were big fences to be mended with China.)

All that any of the DPRK's interlocutors could do, while maintaining vigilance, was to wait for this shrill nonsense to stop. In South Korea, where this prolonged episode coincided with a change of government – Park Geun-hye, elected in December and succeeded Lee Myung-bak as ROK president on Feb. 25 – the new administration responded with well-judged restraint: protesting as needed, especially over April's unilateral closure of the joint venture Kaesong Industrial Complex (KIC), but always emphasizing that the door to dialogue remained open.

From late April Pyongyang more or less switched off the lurid threats, but it took a while for it to adopt a more sensible stance. May saw various pseudo-overtures, like inviting Southern firms invested in the KIC to come and inspect their factories or even discuss the situation – and then criticizing Seoul when it forbade this divisive tactic and insisted, quite correctly, that the situation had to be negotiated and resolved officially, between the two governments.

### **From war talk to peace offensive**

By early June, for whatever reason, the North was ready for that. Indeed it took the initiative. On June 6 its Committee for the Peaceful Reunification of Korea (CPRK) – a body which, belying its name, had issued some of the fiercest threats just weeks earlier – unexpectedly proposed official inter-Korean dialogue about the KIC, and indeed more. Also mentioned was the Mount Kumgang tourist zone on North Korea's southeast coast: another joint venture shuttered, in this case for far longer and at the South's behest. Some 1.9 million Southern tourists had visited Kumgang, an historically famous beauty spot (before the developers got hold of it) during the decade 1998-2008; but none has made the trip since July 2008 when a middle-aged female tourist was shot dead while walking before dawn in a forbidden area, and the North refused to let the South send in its own investigators. The then new Lee Myung-Bak administration suspended all tours – some suspected this suited Lee's hard policy line, and his intention to end the former "Sunshine" policy of which Kumgang was a flagship – and the stalemate has continued ever since. In 2010-11 the North formally stripped Hyundai Asan of its 50-year concession to run tours to Kumgang and confiscated Hyundai's and all other ROK properties in the zone, valued at some \$400 million in total. Hence for Pyongyang to raise the Kumgang issue now hinted at a likely negotiating position: to trade one joint venture suspension for another.

The CPRK also held open the possibility of reunions of separated families, a theme dear to the South. Eighteen such events were held in the decade 2000-10, plus an early outlier in 1985, and some 22,000 individuals from 3,829 families were briefly reunited with long-lost relatives on the other side. A further 557, too frail to travel, saw each other via video link. As further bait: if the South agreed to talks, then the North would reopen the Red Cross hotline at Panmunjom – the truce village which was for decades the sole point of contact, in the Joint Security Area (JSA) within the Demilitarized Zone (DMZ) – which it had severed in April.

With Pyongyang's usual fondness for anniversaries, it linked all this to two upcoming dates. June 15 would be 13 years since the Joint Declaration which concluded the first inter-Korean summit, held in 2000 when Kim Jong Il welcomed Kim Dae-jung to Pyongyang. Pyongyang always makes much of this: on May 23 it had proposed joint celebrations, but with the Kaesong closure still unresolved Seoul was cool – and also forbade any of its own citizens who might be tempted to head north to join in. On a rarer note, in its new overture the CPRK also spoke of "jointly commemorating the 41st anniversary of the July 4 joint statement." This refers to the first ever North-South contacts back in the early 1970s. Nothing lasting came of those, but the ROK president at the time was the dictator Park Chung-hee. Hence to allude to this now looked very much like a gesture to his daughter Park Geun-hye.

Some of the accompanying persiflage must have stuck in Southern throats. Blithely ignoring its own issuing of lurid threats just a few weeks before – for details, see the previous issue of *CC*, including the chronology – the DPRK now claimed disingenuously that:

...all the sincerity and magnanimity shown by the DPRK have been denied and defiled with such sophism as “sincerity”, “contradiction among southerners” and “evasion of talks between authorities.” We have never sought to create “contradiction among southerners.” We have neither treated the south side’s authorities lightly nor approached it the way of making a fun of it [sic] as claimed by the south Korean authorities. It is none other than the south Korean authorities who are abusing north-south dialogue for the purpose of escalating confrontation in a bid to meet their strategic aims. However, we have no idea of idling away time with useless word-playing and exchange of rhetoric.

Fortunately the ROK swallowed hard, ignored all that, and swiftly accepted exploratory talks. The two Koreas’ first working-level contact in two years was held on June 9 at Panmunjom. This was quite a marathon: six sessions lasting 17 hours in total and going far into the night. Even this did not suffice to settle everything, but it was agreed to hold Cabinet-level talks in Seoul on June 12-13. The Southern delegation was to be led by Unification Minister Ryoo Kihl-Jae, a former academic who devised President Park’s ‘trustpolitik’ approach. But it was not settled who would represent the North. Unusually, Seoul let it be known whom it wanted Pyongyang to send: Kim Yang Gon. As head of the United Front Department (UFD) of the ruling Workers’ Party of Korea (WPK), Kim is indeed the North’s point man on the South, but he had never headed a ministerial delegation. As longstanding readers will know, talks at this level are not new: no fewer than 21 were held between 2001 and 2007.

### **Ranking rancor**

However, the North was not about to break precedent, nor to have the South decree the make-up of its delegation. Rather than Kim Yang Gon it proposed Kang Ji Yong, a DPRK director. Taking this as a slight, the South said it would only send a vice minister, Kim Nam-Shik. An incensed North dubbed that a provocation, and on June 11 the talks in Seoul were called off.

Who was to blame? The conservative ROK daily *Chosun Ilbo* rallied round, with an editorial headlined “Seoul Was Right to Reject N.Korea’s Insulting Demands.” Minister Ryoo described the collapse of the talks as “growing pains,” adding that “If the North wants new inter-Korean relations it has to show its sincerity.” Prime Minister Chung Hong-won chimed in, insisting – according to the semi-official news agency *Yonhap*, whose English also collapsed on this occasion – that “dialogue can be accepted by each other when two sides are on the same level. Talks made by a unilateral push would not have sincerity ... We've been made (sic) unlimited, unilateral concessions to the North so far, but now is time to meet the level (sic). Moreover, this is also a matter of “the pride of the South Korean people.”

But the real key arguably came in another *Yonhap* report, which quoted an unnamed Blue House aide as saying that, as the headline put it, “Park believes ‘format governs contents.’” The president is said to have often expressed this precept. On the record, her office accused the North

of trying to “impose submission and humiliation.” It also emphasized, according to *Yonhap*, that “matching the grades of negotiation delegations is an international standard.”

Whatever the reason for Seoul’s stance, it was arguably a mistake on several grounds. First, everyone knows North Korean hierarchies are often opaque and eccentric. To take a different example: Foreign Minister Pak Ui Chun, if not quite a figurehead like his predecessor the late Paek Nam Sun – Pak had served as ambassador in Moscow, a key posting – clearly counts for less than his nominal junior Kim Kye Gwan, the long-time nuclear negotiator who is now formally first vice foreign minister.

Then there is the precedent set at previous meetings. During 2000-07 when ministerial-level talks were regular events, the South naturally sent its unification minister, but Northern counterparts tended to be styled as senior or chief councilor to the Cabinet. It was far from clear what that meant. Two further structural asymmetries were and are that in the North the ruling Workers’ Party of Korea (WPK) looms over mere state functionaries, while under Kim Jong Il – less so with his son – the military too were a mighty power behind the throne.

Faced with a complexity and opacity which had no equivalent in their own system, previous ROK governments wisely worked on the basis that in such a top-down polity, whoever the DPRK chose to send presumably had authority – no matter what formal title they bore. It is unclear why Park’s advisors broke with that sensible practice, let alone why they would make such formalities a deal-breaker. If the president’s philosophy really is as quoted above, then the word for this is formalism and it is almost always a bad idea. In this context it might also be seen as a category-mistake. Granted, it is clear what Park is trying to do. Steering a middle course between her hardline predecessor and the one-sided giving of the “Sunshine” era, she deems it crucial to build inter-Korean trust anew on a principled basis, as discussed below.

But on this occasion she arguably mistook formalism for principle. A further substantive argument here is that the DPRK five-strong delegation was to include Won Dong Yon, Kim Yang Gon’s deputy and a major figure in inter-Korean dialogue for 20 years and well known in Seoul. If Won was on the team, then the North meant business. Pyongyang’s *cri de coeur* when the talks collapsed, shorn of the usual silly hyperbole about “the south Korean puppet authorities’ arrogant obstructions,” made some detailed points about protocol and precedent that suggest it was genuinely taken aback by Seoul’s deciding to take a stand on this issue:

The south side demanded the director of the United Front Department head the delegation as he is counterpart of the minister of Unification of the south side, a revelation of its ignorance of the social system in the DPRK. Never has there been such a precedent in which a secretary of the Central Committee of the Workers’ Party of Korea officially took part in the talks between the authorities in the decades-long history of the north-south dialogue ... In the past we sent the first vice director of the Secretariat of the CPRK in the capacity of the Cabinet chief councilor as the head of the north-south ministerial talks and the vice director of the CPRK Secretariat always dealt with the vice-minister of Unification of south Korea. This time we let the director of the CPRK Secretariat head our delegation instead of the first vice director in consideration of the face of the authorities of the south side. Nevertheless, the south side claimed that the head of our

delegation is not on a par with the head of its delegation. This is a revelation of its ignorance.

## **Second time lucky**

Fortunately this setback proved only temporary. By early July the two sides were once more discussing the KIC, the South having decided to focus just on this as the core issue in the first instance. All went well at first. On July 3 the North allowed Southern businesspersons to visit the industrial park. Next day the South proposed working talks, and the North agreed. Held at Panmunjom on July 6-7, this meeting reached agreement in principle to reopen the KIC and on its “constructive development.” At a second round of talks on July 10, the North proposed separate discussions on two further matters that it had tabled in its overture in June: resuming Mount Kumgang tourism, and separated family reunions. June’s high-level talks would have discussed all three issues had they gone ahead, but Seoul now decided to take things one at a time – the KIC first and foremost, and then family reunions. Pyongyang’s rather cross riposte was to withdraw both items, though it relented on reunions just a few weeks later.

Then the waters got choppy. Disingenuously, the North now seemed in a hurry to undo the damage it had wrought just as hastily a few months earlier, demanding early talks on Mount Kumgang and a rapid reopening of the KIC, whereas the South insisted there were lessons to learn, principles to agree, and priorities to set if inter-Korean trust and cooperation were to be rebuilt and go forward. Three more rounds saw reported progress on “internationalizing” the KIC, but none on the key issue of the safeguards insisted on by Seoul against any repetition of April’s unilateral closure. After a sixth round on July 25 remained deadlocked, the dialogue seemed to have broken down. The South warned more than once of “grave measures” unless it obtained the necessary assurances on safeguards. As July turned into August with no further word from Pyongyang, it began to look once again as if the KIC might remain closed for good, and be consigned to history. The Park administration seemed ready to let that happen, rather than have it reopen on the same unsatisfactory basis as before.

Putting the North on the spot like this was a high-risk strategy, but it paid off. On Aug. 7, the same day that the Ministry of Unification (MOU) authorized 280.9 billion won (\$251.2 million) in compensation to 109 ROK firms invested in or serving the KIC for losses sustained since April’s closure, the North called for further talks on the complex’s future. A week later, on Aug. 14, the two sides not only met again but signed a five-point agreement, and a remarkable one at that. The full text – not long; fewer than 500 words in English – is worth perusal.

South and North Korea proceeded with their seven rounds of talks to address issues involving the Kaesong Industrial Complex between July 6 and Aug. 14, and reached an agreement for the constructive normalization on the complex as follows:

1. The two Koreas will not make Kaesong suffer again from the stoppage of the complex by such things as restrictions on passage and the withdrawal of the workforce. They will guarantee the normal operation of the complex, including the stable passage of South Korean personnel, North Korean workers' normal reporting to work and the protection of corporate assets, with the complex not to be affected by inter-Korean situations under any circumstances.

The two Koreas will set up the “Inter-Korean Joint Committee on the Kaesong Complex” to discuss compensation for damages inflicted on companies during the suspension of the complex and other related issues.

2. The two Koreas will guarantee the safety of South Korean personnel coming to and going from the complex, protect businesses’ investment properties, and solve issues involving passage, communications and clearance.

1) The two will guarantee the safe passage of South Korean personnel to and from the complex, as well as their stay in the complex.

2) The two shall protect corporate properties in the complex, and work out institutional systems, including joint probes and compensation for damages, to settle disputes if illegal acts take place.

3) In order to tackle issues involving passage, communications and clearance, the two will take steps to guarantee the regular passage to and from the complex and Internet and mobile communications. They will simplify clearance procedures. The two will discuss related working issues at the Inter-Korean Joint Committee.

3. The two Koreas will guarantee conditions for international-level corporate activities for companies operating in the Kaesong Industrial Complex, and develop the complex into one with international competitiveness.

1) The two will actively promote the introduction of investment from foreign businesses.

2) The two will develop systems in relations to labor affairs, tax, wage and insurance, which are applied in the complex, into international-level ones.

3) The two will seek ways to make the complex internationally competitive, including the recognition of preferential tariffs for products from the complex in case of their export to a third country.

4) The two shall push for joint investment relations sessions abroad.

4. In order to implement the above-mentioned agreements, the two Koreas will form and operate the Inter-Korean Joint Committee on the Kaesong Industrial Complex and station subcommittees necessary under the committee.

To that end, the two will sign an “Agreement on the formation and operation of the Inter-Korean Joint Committee on the Kaesong Industrial Complex” at an early date, and start operation of the bodies.

5. The two Koreas will work out institutional systems to guarantee the safe passage and sojourn of workers and protect invested assets, and make active efforts to enforce companies to check and restart their facilities.

## **Sub-committees: bring ‘em on!**

By the look of it, Seoul got what it wanted and then some. Not only have both sides pledged to keep politics out of the KIC, but henceforth both sides will actually be running it. Hitherto there was a joint liaison committee within the zone, but North Korea had insisted on keeping sovereignty in its own territory. Formally no doubt that remains the case, but the new Inter-Korean Joint Committee created under clause 4 will be in day-to-day overall charge. Better yet, it will have sub-committees. Why is more bureaucracy a good thing in the inter-Korean context? Because, as seen in the all too brief flurry when many joint committees were set up after the 2007 summit (before the incoming Lee Myung-Bak administration let this wither on the vine, regrettably), such structures bind both sides into specific remits and concrete tasks; as opposed to one-off all-purpose meetings where the North tends to strike poses and play games. To borrow a distinction coined by the German sociologist Ferdinand Toennies in 1887, North Korea in general needs to move away from *Gemeinschaft* – the traditional (in this case neo-traditional) mode of social organization, emphasizing blood and personal loyalty; society seen as the family writ large, complete with paterfamilias – to the dull, neutral, indispensable hallmark of modern society, *Gesellschaft*, whose operating principles and sources of authority and legitimacy are entirely different: rooted as they are in shared self-interest, functional specialization, and above all written rules.

Also laudable, in a context where overall the two Koreas are merely restoring what they had before, is that in some aspects the new accord breaks fresh ground. Thus clause 2.3 speaks of internet access and mobile phones. As elsewhere in its realm, hitherto the DPRK had not allowed either of these at the KIC; an obvious nuisance for ROK investors, used to, as they are just across the DMZ, broadband speeds of which readers outside Korea should be envious. Not that the North is firmly promising such communications quite yet, but at least they are on the agenda. A precedent exists: since January foreign visitors to the DPRK – even journalists – are allowed to keep and use their cellphones. Thus, for instance, Twitter users can now send and receive Instagram photos in real time from North Korea. If even the alien “reptile press” is allowed such privileges, it is hardly logical or fair to deny them to investor compatriots.

## **Internationalizing Kaesong?**

Clause 3 also breaks new ground, with its talk of internationalizing the KIC. This looks like a ploy to make the North think harder about what globalization involves, as in the mention of competitiveness (subtext: you do not shut the place down on a whim, or else partners whose orders you were unable to fulfill as a result will never do business with you again – a problem ROK firms with factories in Kaesong are now facing.) Seoul also reckons that having foreign investors in the zone would in itself restrain the North from any future follies of this kind. They seem to mean this. When Park Geun-hye met Italy’s Prime Minister Enrico Letta on the sidelines of the G20 summit in St Petersburg on Sept. 5, she “asked the Italian government and companies to take an interest in the industrial park, which currently hosts only South Korean enterprises” – as reported by the center-right daily *JoongAng Ilbo*, which endorsed the president’s approach with the headline “Park is right on ‘global Kaesong’.”

But is she? This sounds a very long shot. Nothing stops foreigners investing in the KIC, but the only one ever to half-take the plunge (there were also Chinese whispers, but nothing came of it), the German auto parts maker Prettl, said in April they were glad they never built on the land they had leased back in 2008. If they hesitated even before April's shutdown, will the new structures and the South sharing control change their minds? Two factors suggest not. One is UN and other sanctions, which beyond their specific stipulations act as a more general tocsin discouraging any and all contact with the DPRK. This ensnares the innocent, such as Andray Abrahamian of the laudable NGO [Chosonexchange.org](http://Chosonexchange.org) which trains North Koreans in modern business methods, whose lifelong bank account Barclays abruptly terminated without explanation. If doing any kind of business with North Korea incurs the wrath of the US and most European governments and of major banks, what company operating in global markets will risk it? Asian firms, especially Chinese, may be less squeamish. But with all the rest of North Korea available to them, and a law passed in May set to create further special economic zones, it is not clear why they would flock specifically to Kaesong either.

Above all, regardless of sanctions, Kaesong is intrinsically less attractive to foreigners than it is to Koreans. For ROK firms it has three huge advantages: location, logistics, and language. It's their own people (near enough), only vastly cheaper, in their own backyard, speaking the same tongue. Non-Koreans would benefit from the cheap labor, but none of the other factors. Conceivably foreign firms already active in South Korea, like Prettl, might be interested, but they will be few and far between. If that proves correct, and if as so often the wind changes in Pyongyang, one can imagine Northern media castigating the South for making false promises.

### **Playing ball?**

Reverting to the realm of plausibility and our core topic: Though it is early days, first indications are that the North is playing ball with the new KIC structures just as keenly as back in April it set about sabotaging the old ones. At this writing a specific date for the zone to reopen is as yet unannounced, but as detailed in the chronology not only the new joint management body but also its four sub-committees have already begun meeting, and they seem mostly to be getting down to business in a constructive manner.

What remains unclear is how far or fast the new thaw will go. Soon after the agreement to put Kaesong back on the rails, the two sides also agreed to hold their first family reunion in three years, at Mount Kumgang at the end of September. But as of now where exactly these elderly South Koreans will stay is not yet settled; probably because Pyongyang is cross with Seoul for not moving faster on reopening Kumgang for tourism. The South's preference, understandably after this whirlwind of a year and the North's *volte-faces*, is to do one thing at a time and do it properly: its watchword is more haste, less speed. Besides, as Seoul has not failed to note, if Pyongyang is serious and sincere about tourism then for a start it should rescind its illegal confiscation of Southern assets at the resort, worth some \$400 million.

### **One step forward, two steps back?**

As *Comparative Connections* went to press in early September, the outlook seemed fair that the month and quadrimester ahead would actually deliver the hoped-for upturn in inter-Korean ties.



On the eve of the second KIC joint committee meeting on Sept. 10, MOU sources hinted to *Yonhap* on Sept. 9 that with the military hotline restored and the safeguards issue settled, the South was ready for the zone to restart operations and postpone other issues for discussion later. That still weighty future agenda included freeing up travel to and from the zone; mobile phone and internet access there; plus labor relations, taxes, wages, insurance, and the like.

Yet it was hard to give three cheers; maybe two, on a good day. In a board game image we have used before: If the two Koreas are now climbing back up a small ladder, this follows their having slid down a very long snake. (In the US I gather this game is more prosaically known as Chutes and Ladders.) Or as AP's Foster Klug put it, in an article with a headline calculated to deflate expectations ("N Korean Charm Offensive About Money"): North Korea's recent string of concessions ... simply puts the rival Koreas closer to where they were several years ago .... The recent optimism, albeit guarded, is a testament to the terrible state of inter-Korean relations. Whereas tangible diplomatic and security accords were once seen as the measure of a breakthrough, a simple easing of tension is now greeted as progress.

Klug also quotes Stephan Haggard's verdict that "This is about the cash flow ... From North Korea's perspective, family reunions are costless while reopening Kaesong and Kumgang is a big win." Even so, North Korea is still playing games. Having agreed to family reunions and insisted they be held at Mount Kumgang – as opposed to in Seoul and Pyongyang, which the South would prefer – the North now claims that the resort's two main hotels, always used for the reunions, are already fully booked by foreign tourists. That is most unlikely, and looks like a crude effort to press for talks on resuming regular tourism to Kumgang sooner than Oct. 2: the date already offered by the South, which prefers to tackle one thing at a time. At a time of slight hope, for the DPRK to play cynical games is dismaying, if alas hardly surprising.

In conclusion, it is poignant to revisit 2008. Then, *The New York Times* echoed the last hopes and hype of the "Sunshine" era; noting that Hyundai Asan "hopes to expand [the KIC] into a minicity over the next 12 years, with high-rise apartments and hotels, an artificial lake and three golf courses. By that time, the company hopes there will be about 2,000 factories here employing 350,000 North Koreans and producing \$20 billion worth of goods a year." Back then, there was talk of Kaesong becoming to Seoul as the former village of Shenzhen is now vis-a-vis next-door Hong Kong. All the more depressing, then, that five years later those targets not only look unachievably remote, but the two Koreas have gone backward and are in effect having to start over again. Not only North Korea in general, but already Kim Jong Un in particular, have a long way to go to convince South Korean and the world that lessons have been learned and henceforward they are ready to behave like normal, trustworthy partners. One can but hope, but more than ever this is the triumph of hope over experience.

#### *UPDATE:*

Early on Sept. 11, after talks that went late into the night, the two Koreas finally set a date to reopen the KIC. Some vagueness remains: MOU said it will reopen "next week" – that is, the week commencing Monday Sept. 16 – with a "trial run" that Monday. Full reopening may be a gradual affair, depending how quickly each of the 123 Southern SMEs invested there can get their factories up and running again – assuming they choose to, which some might not.

MOU added some further details:

\* ROK firms will be exempt from paying taxes for the rest of 2013, and also get a waiver for taxes unpaid in 2012 till the end of the year. As we reported in the past, Pyongyang suspects some companies of under-reporting profits. This tax break seems scant compensation for the losses investors have suffered from almost half a year's closure. Meanwhile the North is still demanding back pay for its workers for the first week in April, before it pulled them all out.

\* Transit to and from the KIC will be facilitated by introducing radio-frequency identification devices (RFID) within the year. Presumably this means vehicles will be electronically tagged, thus obviating the need to compile and exchange lists of those travelling every day. But there is no agreement yet on allowing mobile phone and internet use within the zone.

\* A dispute arbitration panel has been agreed, as has an accord "that calls for adherence to rules governing the rights and safety of South Koreans traveling to and staying at the [KIC]." An agreement to respect agreements is odd, maybe ominous. MOU explains that "such pacts were signed in the past but were ignored by the North." Will it be different this time?

\* A permanent secretariat for running the KIC will be set up by the end of September.

\* An "international investor relations session to highlight the merits of the Kaesong complex to potential foreign companies" will be held in October. That will be interesting to watch.

## **Chronology of North Korea-South Korea Relations May – August 2013**

*Note: The author normally compiles this chronology unaided. This busy quadrimester he appreciated a timeline by Yonhap on the Kaesong IC, which lightened his burden though it contained some errors.*

**May 2, 2013:** ROK government offers 300 billion won (\$272 million) compensation, in the form of loans, to Southern SMEs invested in the Kaesong Industrial Complex (KIC), which has not operated normally since the DPRK withdrew all 53,000 workers on April 9. There is doubt as to whether this sum suffices to cover their losses thus far in full.

**May 3, 2013:** The last seven South Koreans leave the KIC. One last truck crosses the border into the zone, and returns after delivering \$13 million to the North to pay wages and taxes.

**May 5, 2013:** Under the headline "Kaesong Workers Sent Far and Wide," the *DailyNK* – an online paper published in Seoul – claims the KIC's workers have been widely dispersed to other worksites, suggesting there is little chance that the zone will reopen any time soon.

**May 6, 2013:** Seoul press reports that the South is still supplying electricity to the KIC, albeit on a much smaller scale than before given the fall in demand. This suffices to keep a water purification plant running, which may serve part of nearby Kaesong city as well.

**May 7, 2013:** North's Korean People's Army (KPA) threatens to turn the South's Seohae Islands, which lies close to the DPRK, into a "sea of flames."

**May 3, 2013:** South Korea pulls the last seven workers from Kaesong Industrial Complex.

**May 10, 2013:** *Rodong Sinmun*, daily paper of North Korea's ruling Workers' Party (WPK), avers that "the DPRK remains steadfast in its attitude to meet any challenge of the hostile forces for aggression through an all-out action based on nuclear deterrent of justice, bring earlier the day of the final victory in the great war for national reunification and guarantee the prosperity of a reunified country and the independent dignity of the nation for all ages."

**May 13, 2013:** A report from the *Korean Central News Agency (KCNA)*, the official DPRK mouthpiece, identifies Jang Jong Nam as minister of People's Armed Forces (i.e., defense minister). This makes Jang the fourth to hold that post since April 2012.

**May 18-20, 2013:** North Korea launches a total of six short-range missiles into the East Sea (as all Koreans call it, taking offense at the globally more common Sea of Japan).

**May 23, 2013:** North Korea proposes talks with the South about jointly marking the 13th anniversary of the June 15, 2000 inter-Korean summit declaration. Seoul is cool, and on May 27 formally bans its own citizens from going to Pyongyang to take part in celebrations there.

**May 28, 2013:** The North's DPRK says it is ready to let Southern companies invested in Kaesong visit the zone. ROK Ministry of Unification (MOU) tells Pyongyang to talk to the ROK government, not to individuals.

**June 6, 2013:** South Korean President Park Geun-hye calls on the North to accept her trust-building process. North Korea calls for comprehensive government-level discussions to resolve the issues of the Kaesong IC and the Mount Kumgang tourist resort.

**June 9-10, 2013:** Working-level delegates from the two Koreas meet to arrange ministerial-level talks on a range of issues in inter-Korean relations. After 17 hours of negotiations, agreement is reached to hold such talks in Seoul on June 12-13.

**June 11, 2013:** On the eve of planned Cabinet-level talks in Seoul, these fall through after the two sides disagree on the appropriate rank of their chief negotiators. Each blames the other.

**June 25, 2013:** MOU publishes a survey showing that Southern firms invested in Kaesong had reported losses totaling 1.6 trillion won (\$1.4 billion) as of June 7.

**July 3, 2013:** North Korea says it will allow Southern businessmen invested in the KIC to visit the zone.

**July 4, 2013:** Seoul proposes working-level talks to normalize the KIC. The North agrees.

**July 6-7, 2013:** The two Koreas hold working talks at Panmunjom. The North agrees to let Southern businessmen visit the KIC on July 10 “to check and readjust equipment to reduce the damage” from the current rainy season, and also to “take finished products and raw and subsidiary materials out of the zone and carry equipment out of it.” The two sides agree in principle to reopen the KIC, and to work toward its “constructive development.”

**July 10, 2013:** At a second round of talks to normalize the KIC, North Korea proposes separate talks on resuming tourism to Mount Kumgang, and reunions of separated families. The South agrees to the latter, but not the former.

**July 11, 2013:** CPRK accuses South Korea of rejecting its proposal to resume tourism to Mount Kumgang “under an unreasonable pretext.” However, given the South’s desire to prioritize reopening the KIC, “we shelve our recent proposal for talks.” CPRK adds “We are well aware of the real intention of the south side but restrain ourselves with a high degree of patience.”

**July 15, 2013:** Third working contact is held on (and this time in) the KIC. Draft texts of an agreement on normalizing it are exchanged.

**July 15, 2013:** Through a liaison channel at Panmunjom, North Korea notifies the South that due to heavy recent rainfall it will discharge water from its Imnam dam on the upper Bukhan river, and does so the same evening.

**July 17, 2013:** Fourth round of talks on and in the KIC fails to make progress. North Korea criticizes the South’s “very dishonest and insincere attitude” in “insisting only on the blame for the crisis in the zone and unilateral assurances against reoccurrence.”

**July 18-28, 2013:** 21 players and 15 staff of North Korea’s women’s soccer team enter Seoul by air to compete in the East Asian Cup: the first DPRK team to play in the ROK since 2009.

**July 22, 2013:** Fifth round talks sees some progress on “internationalization” of the KIC, but fails to make headway on the core issues.

**July 25, 2013:** KIC talks break down at their sixth round, with no agreement on safeguards. A scuffle breaks out when the North’s chief negotiator Pak Chol Su and some 20 DPRK officials enter a room full of ROK journalists to explain their stance. Southern officials try to stop them.

**July 27, 2013:** North Korea marks what it calls “the 60th anniversary of victory in the great Fatherland Liberation War,” more accurately known as the 1953 Armistice, with a military parade and mass demonstration in Pyongyang. President Park again calls on the North to abandon its nuclear ambitions.

**July 28, 2013:** ROK Unification Minister Ryoo Kihl-Jae urges the North to clarify its stance on safeguards. Calling for “final talks” to resolve their differences, he warns that Seoul may take “grave measures” unless Pyongyang responds.

**July 28, 2013:** MOU announces \$7.3 million of aid to North Korea. The government and five NGOs will spend 1.47 billion won, while the ROK will also give \$6.04 million for DPRK children via a UNICEF program.

**Aug. 4, 2013:** MOU issues a statement emphasizing that Seoul is losing patience with the North's failure to respond to its call for decisive talks on the future of the Kaesong zone.

**Aug. 7, 2013:** Seoul approves 280.9 billion won in insurance payments to 109 companies that have factories and assets in Kaesong. On the same day Pyongyang finally responds, calling for fresh talks to resolve the KIC impasse. Seoul accepts these.

**Aug. 14, 2013:** Four months after the North *de facto* closed the KIC, the two Koreas reach a five-point agreement to reopen it.

**Aug. 22 – Sept. 3, 2013:** Three North Koreans and a minder attend a UN-sponsored Youth Leadership Program (YLP), bringing 34 young people from 19 Asian countries to Gwangju in southwestern South Korea. Gwangju will host this event annually through 2015.

**Aug. 23, 2013:** A 46-year old North Korean defects to the South's Gyodong Island, close to the DPRK and the Northern Limit Line (NLL), apparently by swimming from the mainland.

**Aug. 23, 2013:** After 11 hours of talks at Panmunjom, Red Cross officials from both Koreas agree to hold the first separated family reunions since 2010 at Mount Kumgang on Sept. 25-30. 40 families from each side who are too weak to travel will "meet" by video conferencing.

**Aug. 24, 2013:** From a pool of applicants now down to 72,000 – it was originally 120,000, but nearly half have died since the program began in 2000 – the ROK Red Cross randomly selects 500 potential candidates for upcoming family reunions. On Aug. 29 the list is halved to 250, partly based on medical check-ups, with selection of the final 100 due by Sept. 16.

**Aug. 28, 2013:** North Korea nixes the South's suggested date of Oct. 2 for talks on resuming tours to Mount Kumgang, demanding these be held at once. Seoul urges Pyongyang to repeal its confiscation of ROK assets at the resort. A 55-person ROK team from MOU, KEPCO (the ROK power utility), and Hyundai Asan enter the resort for what *Yonhap* calls "a two-day spiffing up" ahead of family reunions. MOU's people are the first ROK government officials allowed to cross into Kumgang in three years.

**Aug. 28, 2013:** The ROK National Intelligence Service (NIS), police and prosecutors raid 11 offices (including some in the National Assembly) and 7 homes of 10 officials of the far-left Unified Progressive Party (UPP), arresting three. UPP lawmaker Lee Seok-ki briefly goes on the run. The accused face a rare charge under the National Security Law (NSL) of conspiring to mount a pro-North Korean insurrection. Eighty pages of transcripts seem to support this claim.

**Aug. 28, 2013:** MOU says the two Koreas have "virtually agree[d] on how to set up the joint committee [to run the KIC]".

**Aug. 29, 2013:** The two Koreas sign an accord on a new structure to jointly run the KIC. The new committee, with a chairman and five members from each side will meet at least quarterly. Four sub-committees – on guaranteeing personal safety; protecting assets; discussing passage, communications and customs; and strengthening global competitiveness – each with a head and three members from each side, are to meet monthly. A secretariat will support all of these.

**Sept. 2, 2013:** 615 businessmen and technicians from ROK firms invested in the KIC make a day trip across the DMZ to check on their facilities and work with their DPRK employees to prepare for the complex's reopening. Next day a further group of 560 does the same.

**Sept. 2, 2013:** MOU says South Korea will give humanitarian aid worth \$6.3 million to the North via the World Health Organization (WHO). This will go to train healthcare workers, help repair medical facilities and provide essential drugs. Seoul also permits 12 civic groups to send aid worth 2.35 billion won (\$2.13 million) for 13 different projects in the North.

**Sept. 2, 2013:** The new joint committee to manage the KIC holds its first meeting, lasting 12 hours. No date to reopen the complex is set, but sub-committees will meet later this week and the full committee is to reconvene on Sept. 10. Its agenda then will include compensation for Southern investors, who claim losses totalling 1.05 trillion won (\$954 million).

**Sept. 3, 2013:** 29 South Koreans, mostly Hyundai Asan staff, cross the DMZ into the Mount Kumgang resort. They are the first Southerners to overnight there since the North expelled the last Hyundai maintenance staff in August 2011, having confiscated Southern assets worth 480 billion won. On Sept. 4, 19 others join them. Most of the 48 are expected to remain until family reunions are held at the end of the month.

**Sept. 4, 2013:** Two sub-committees of the new KIC management structure, on investment protection and global competitiveness, are held at the complex. Details are not formally published, but MOU reveals that the former agreed to establish a panel to arbitrate disputes and damages (first called for in 2003), while the latter will discuss how to have KIC-made products included in FTAs (presumably the ROK's, and arguably a sticky wicket.)

**Sept. 5, 2013:** The other two new KIC sub-committees – on passage, communications and customs, and guaranteeing personal safety – meet at the zone, with both chairmen of the full joint committee (Kim Ki-woong (ROK) and Park Chol Su (DPRK)) attending. They agree to restore the military hotline used to liaise on traffic across the DMZ, which the North cut in March.

**Sept. 6, 2013:** A test call at 1015 local time confirms that the west coast military hotline is now working again, as agreed the previous day.

**Sept. 10-11, 2013:** After talks that run on overnight, the second meeting of the new Kaesong joint management committee agrees that the KIC will reopen the following week: initially on a "trial basis" on Sept. 16. Further meetings will be held to thrash out concrete details.