

## The Roller Coaster year: North Korea in 2008

Written by Jim Hoare

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JIM HOARE, JAN 5 2009

The mantra used to be that North Korea (Democratic People's Republic of Korea – DPRK) never changed, in contrast to the dynamism of South Korea (Republic of Korea- ROK). This was always a doubtful assertion – change there was but it was slow and often barely perceived because of the DPRK's skill at concealment. Today, the mantra no longer applies. While some still bemoan the DPRK's relatively slowness to change, few would now deny that change has been taking place. Unfortunately, from most points of view, it was change in the wrong direction in 2008.

The end of 2007 indicated that there would be problems ahead. The then ROK president, Roh Moo-hyun, had made a second presidential visit to the DPRK in October, during which agreement was reached on further economic co-operation between North and South. But Roh was in the last months of his presidency and it was increasingly obvious that there would not be the same commitment to engagement with the North from his most likely successor, the businessman turned politician Lee Myung-bak. Perhaps sensing this, the atmosphere at the summit appeared somewhat less warm than during the first one in 2000, but then it is always hard to keep up the momentum of such events. As far as the ROK elections were concerned, the DPRK kept a low profile. The North Korean media did not ignore the elections but there was hardly any comment on Lee or his proposed policies. Instead, very hostile comments were directed at the most conservative of the candidates, but there was no doubt that the DPRK was concerned at a possible change in ROK policy.

Lee was duly elected and the North remained silent for many weeks after his inauguration. It was clear, however, that it would not be business as usual. Lee claimed that he wanted to continue engagement with the North, but he had an odd way of showing it. He attempted to abolish the Ministry of Unification, whose work would be absorbed by the Ministry of Foreign Affairs and Trade. The North portrayed such a move as an abandonment of the idea of Korean reunification, and there were many in the South who were also unhappy at the move; whatever the DPRK is, to older South Koreans at least, it is not a foreign country. In the event, Lee found he could not abolish the Ministry with the National Assembly's agreement, which was not forthcoming.

Lee's other proposal also proved a failure. Lee indicated that he was not interested in the projects that his predecessor had agreed just a short time before. Echoing the George W. Bush formula 'ABC' (Anything but Clinton), Lee's supporters began to talk in terms of 'ABR' (Anything but Roh), although it did not have quite the same ring about it! He suggested that the ROK would raise DPRK per capita income levels to US\$3000 – they are currently estimated at somewhere between \$600-\$1500, but given the vagaries of the DPRK's financial world, these are little more than educated guesses. The terms in which the proposal was couched, however, were patronising, treating the North almost as a colony to be exploited rather than the 'brother nation' approach that has become the norm in recent years. No doubt there were some in the ROK who felt that this was a more appropriate way of handling the DPRK but it was not one that would appeal to the DPRK leadership.

Lee had tied his economic proposal to progress on the nuclear issue, another move towards a more conservative position in regard to the North, but one that was bound to make it unpalatable to the DPRK, without doing much for the nuclear negotiations. Indeed, the decision to link co-operation with the DPRK to the nuclear issue may have actually hindered progress on that front as the North Koreans became determined not to be seen as making concessions as a result of ROK pressure. The economic package, like many other early ideas that Lee floated, eventually slipped quietly out of sight as the ROK found that it was not immune from the worldwide economic storm.

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Before the \$3000 scheme faded away, the DPRK appeared to have given up on the new ROK administration. From April onwards, earlier restraint on comments about Lee vanished, and he was condemned on a wide range of issues relating both to ROK domestic matters and inter-Korean relations. Although Lee had pledged that ROK humanitarian assistance to the DPRK would continue, and that ROK NGOs could continue their work with the North, the DPRK chose not to seek either food or fertiliser from ROK official sources. NGO work did continue, however. Before long, the verbal attacks began to be supplemented by threats to the two main areas of high-profile co-operation, the Kumgang Mountains' tourist site[i] and the Kaesong industrial complex[ii]. The former came to a halt after a South Korean tourist was shot dead for allegedly being in a prohibited zone. The North blamed the South for provocation, and refused to co-operate on an enquiry into the incident. Before long, the rhetoric on both sides had regressed to the level of threats, something that had disappeared from inter-Korean relations after the election of Kim Dae-jung as ROK president in 1997. The DPRK also demanded ROK action to stop the launching of propaganda balloons into its territory. Both sides had used such balloons in the past, but these were being organised by South Korean human rights' groups over which the government claimed to have no control.

It was widely believed that Kaesong would not be affected by the general deterioration in relations since it was a valuable source of income and a training resource for the DPRK. But this proved to be a false hope. The DPRK began to put restrictions on the number of ROK officials it would allow to stay at the complex. The cross-border train – which only began operating recently and which was used by both sides as a symbol of improving relations, even if it carried very little – was stopped, as were tourist visits. ROK businesses that had invested in the complex began to worry about their investments and sought changes in the government's policies towards the North. By the end of the year, however, it was difficult to see an early restoration of North-South contacts.

The year also saw ups and downs on the nuclear issue. The long running six party talks[iii] were in abeyance for much of the time. The talks were originally a device to allow the DPRK and the US to meet, rather than a matter of substance in themselves – although they had developed a theoretical life of their own after the 2007 agreement on ending the DPRK's nuclear weapons' programme, with the establishment of a variety of committees to discuss issues such as the DPRK's energy needs, diplomatic relations between Japan and the DPRK and others. None of these made much progress. The Japanese insisted that they would provide no assistance to the DPRK, whatever had been agreed, until they got satisfactory responses on kidnapped Japanese citizens. The Japanese also found that they could look to the new ROK government for support; the two countries were reported as having pressed for a tough line on the verification issue[iv] in December (see below).

The main purpose of the six party talks was, of course, the DPRK's nuclear weapons programme and there was much activity on this front throughout the year, as Chris Hill, the chief US negotiator, engaged in a ceaseless round of travel, struggling hard to keep up momentum, while the Chinese, for their part, struggled to keep the DPRK in the negotiations. Despite these efforts, the issue of verification failed to make progress, although the DPRK did allow both International Atomic Energy Agency and US officials onto the Yonbyon site[v]. In DPRK eyes, verification was linked with the issue of the raising of US sanctions and especially, the removal of the DPRK from the 'Terrorism List', an essential step in permitting the country access to the international financial institutes[vi]. When this failed to materialise, the DPRK tested missiles and there were even rumours of a second nuclear test. The US backed away from confrontation and in August, the remaining US sanctions, some dating to the Korean War, were lifted and the DPRK removed from the 'Terrorism List'.

Nevertheless, it proved impossible to establish a verification scheme, and at the end of the year, even the apparently ever-optimistic Hill admitted defeat. Some argued that the DPRK had never intended to reach an agreement that would mean giving up its nuclear weapons. Others thought that the more hostile ROK approach and the impending US presidential election might have been factors. The DPRK has had high hopes of the Democrats since at least Jimmy Carter's presidency, and, despite improved relations with the US in the last couple of years, had no wish to give President Bush a diplomatic coup in his last weeks in office.

There were also those who thought that the failure to reach agreement was a product of changes in the DPRK's domestic affairs, and that this too provided an explanation for the poor state of North-South relations. In this view, the experiments with change – the DPRK avoids the term 'reform' since that would indicate that there is something

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wrong with the system – of the years after 2001 were seen as mistaken and even dangerous, since they had allowed new ideas and information into the country. As far as the nuclear issue was concerned, the hardliners who were assumed to be behind the deteriorating state of North-South relations were also seen as problem. They did not want to see foreign inspectors tramping around the country and nor did they want to give up nuclear weapons.

Rumours about the health of Kim Jong Il, the effective leader of the DPRK, which surfaced in the autumn, added to the speculation about who was or was not in charge and also led to frenzied enquiries about possible successors to Kim, but did little to throw light on the issue. The North Koreans denied that there was any problem with Kim's health, and released a series of pictures to prove that he was alive and active. Many of the pictures appeared to have been doctored, which only added to the speculation. The North Koreans also claimed that the ROK was behind the rumours, but this probably reflected the overall state of inter-Korean relations rather than a serious charge.

The trouble was that the signals were very mixed. Despite claims about the end of economic reforms, there were regular reports of new international investments – small by world standards but important in North Korean terms. The companies included an Egyptian supplier of mobile phones, which also did not seem to fit in with a clampdown on access to information. The developments at Kumsong and Kaesong could be seen as a response to a tougher ROK line rather than a substantive change of direction by the North's leadership. The Kaesong developments in particular seemed designed to bring pressure on the ROK government, not to end the industrial zone.

In conclusion, there probably has been a debate in the ruling circles in the DPRK for some time about the pace and purpose of economic change and the country's relationship with the outside world. Whatever outsiders might think, even the relatively minor economic changes begun in 2002 marked a major departure for the DPRK, and there has been much concern at what similar developments did to the former Soviet Union, Eastern Europe and China. Equally, the nuclear issue has thrown up issues that are of great concern. Many in the military and security apparatus will not want to give up a nuclear capability, which they see as the deterrent that will save the country. Even those prepared to give it up will only do so at a high price and in return for security guarantees from the US, which will be difficult for any president to provide. Yet it does look as though the DPRK is pinning its hopes on a major change of US policy under Barack Obama. The 1 January 2009 joint editorial[vii], which is usually seen as setting the policy agenda for the coming year, was tough on South Korea but soft on the US. Various US academics and policy makers associated with former President Clinton and the incoming president have been invited to Pyongyang in the next few weeks. 2008's roller coaster ride seems likely to continue into 2009 but the signs are not all negative.

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[i] The site is a special administrative region, established in 2002 to manage tourist traffic to the mountain.

[ii] Kaesong industrial complex is another special administrative region, developed in collaboration with the ROK, six miles north of the demilitarised zone.

[iii] The parties are China, the ROK, the DPRK, the US, Russia and Japan.

[iv] That is, the problem of establishing an acceptable system of establishing what nuclear facilities and capabilities the DPRK actually possesses.

[v] Yonbyon is the main DPRK nuclear development site, which was capped and under IAEA inspection between the 1994 Agreed Framework (between the US and the DPRK) and the end of 2002.

[vi] The International Monetary Fund, World Bank and World Trade Organization.

[vii] The joint editorial appears at the beginning of each year in the government, party and military newspapers.

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