

VANTAGE POINT

DEVELOPMENTS IN NORTH KOREA

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COVER PHOTO : North Korean leader Kim Jong-un is aboard a submarine during his inspection of the North's Naval Unit 167 based on the east coast. The rusty 1,800-ton Romeo-class submarine is a class of Soviet diesel-electric sub built in the 1950s. It is the largest submarine the communist North has. The North's daily, the Rodong Sinmun, released the photo in its June 16 edition. (Yonhap)

N. Korea-Japan Agreement & Trilateral Coordination

The Pyongyang-Tokyo deal came as the North has threatened to conduct a fourth nuclear test, which would further sophisticate its military nuclear capability.

■ By Lee Kwang-ho

The recent agreement between North Korea and Japan vividly illustrates that there is no permanent enemy on the diplomatic frontlines, where national interests top everything. The surprise deal between the two countries threatens to break the united front that South Korea, the United States and Japan have maintained in dealing with North Korea. Moreover, Japan's moves to improve ties with the regime are triggering concerns for the ongoing multilateral efforts to prevent Pyongyang's provocative behavior and denuclearize the socialist state.

North Korea is in dire economic straits due to multiple rounds of sanctions by the U.N. Security Council over its missile and nuclear tests. But the recent accord came as the international community, including the North's only ally China, has been pressuring Pyongyang to renounce its threat to conduct a fourth nuclear bomb test.

Japan's Move to Lift Sanctions

North Korea and Japan agreed to carry out a full-scale investigation into the decades-old issue of Pyongyang's abduction of Japanese citizens, and the latter to lift sanctions against the North, at bilateral talks held in the Swedish capital of Stockholm. The May 29 announcement came a day after the two countries ended their latest round of governmental talks, laying the groundwork for addressing a major stumbling block to normalizing ties.

Japan's Prime Minister Shinzo Abe held an unexpected press conference in the evening of May 29 to announce that Pyongyang vowed a "comprehensive full-scale investigation into tracking missing Japanese nationals" abducted to North Korea in the 1970s and 1980s. He added North Korea promised a spe-

This composite photo shows Song Il-ho (L), North Korea's envoy for talks to normalize relations with Japan, and his Japanese counterpart Junichi Ihara, head of the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau, who met in Stockholm, Sweden, for three days from May 26. (Yonhap)



cial committee would be set up to investigate the issue of abducted Japanese nationals, including those never acknowledged by Pyongyang. Abe vowed to resolve the abductee issue as one of his key campaign pledges.

Japan will start to lift some of the sanctions it imposed on North Korea over the abduction issue once the special committee is set up, said Chief Cabinet Secretary Yoshihide Suga, Japan's top government spokesman. Suga said that Tokyo will lift restrictions on travel, remittances to North Korea and an embargo on entry into Japanese ports for North Korea-flagged ships on humanitarian missions. In 2006, Tokyo denied entry to North Korea's Mangyongbong-92 ferry, which had made regular trips between the two countries carrying people and goods.

Japan might also consider providing human-

itarian assistance to Pyongyang at an "appropriate time," depending on the results of the investigation, said Suga. Pyongyang is expected to also look for the remains of Japanese who died toward the end of World War II and its colonial rule of the Korean Peninsula.

Other concessions could include lifting travel bans on officials of the General Association of Korean Residents in Japan, or Chongryon, a pro-Pyongyang organization with strong ties to North Korea. Because Japan and North Korea have no official diplomatic ties, the organization acts as a de facto embassy in Tokyo. A Tokyo court ruled in March that a Japanese real estate firm could buy the property of Chongryon. The Chongryon property was put up for auction after being seized over unpaid rent.

Senior Japanese and North Korean foreign affairs officials held three-day talks in

Stockholm, following up on their official bilateral governmental talks in Beijing on March 30 and 31. Representing the two countries were Song Il-ho, North Korea's ambassador for talks to normalize relations with Japan, and Junichi Ihara, the head of the Japanese foreign ministry's Asian and Oceanian Affairs Bureau.

North Korea's official Korean Central News Agency (KCNA) confirmed Japan's announcement and indicated that if and when surviving abductees are found, the two sides agreed to "take the necessary measures in the direction of sending them back to Japan." When the special committee is set up, Japan will lift sanctions against North Korea and give humanitarian aid to the reclusive country "at an appropriate time."

"The Japanese side voiced its intent to finally lift the sanctions against the DPRK, which it has applied independently at present," said the KCNA report. Japan has prohibited human exchanges and monetary transactions between the two countries, and banned North Korea-flagged ships from arriving at Japanese ports.

Along with the efforts to solve the abduction issue, the two nations will continue discussions on the normalization of diplomatic relations. "The Japanese side again clarified its will to settle its inglorious past, solve the pending issues and normalize the relations together with the DPRK side," said the KCNA report,

Stalemate on Abduction Issue

Tokyo and Pyongyang had been in a stalemate on the abduction issue since North Korea admitted in 2002 to having abducted 13 Japanese nationals. North Korea returned five abductees and their families to Japan and said the remaining eight were dead. Previously, it

had held the position that the abduction issue was closed.

Tokyo claims that 17 of its nationals were abducted. In 2008, North Korea promised to reinvestigate the abductions, which it did not follow through on. One of those Japanese who North Korea claimed died is Megumi Yokota, who was abducted in 1977 at the age of 13.

The Pyongyang-Tokyo agreement came as Pyongyang has threatened to conduct a fourth nuclear test, which would further sophisticate its nuclear weapons capability. The traditional security alliance among South Korea, the United States and Japan could be put to the test despite all the intermediary efforts by U.S. President Barack Obama in The Hague in March and during his visits to the two countries in April.

Seoul expressed a cautious stance over the deal between Pyongyang and Tokyo, saying it would continue to watch the developments of the agreement. Tokyo notified Seoul of the agreement through a diplomatic channel shortly before the official announcement.

"From a humanitarian standpoint, our government understands Tokyo's position about the Japanese nationals abducted (by North Korea)," said Seoul's foreign ministry in a press release.

"But regarding the denuclearization issue, South Korea, the U.S. and Japan share the view that the international cooperation (against a nuclear-armed North Korea) should continue. In this regard, we will carefully watch the developments."

For a cash-strapped Pyongyang, normalization of relations with Tokyo will be an opportunity to shore up its economy and make good on its much-trumpeted promises to enhance the livelihood of ordinary people. Pyongyang



“Chongryon,” an association of pro-Pyongyang Korean residents in Japan, holds a general assembly to discuss its future course of activities at a culture hall in Tokyo on May 24. The meeting is the first of its kind since Kim Jong-un took over North Korea in 2011. (Kyodo-Yonhap)

is looking forward to getting financial compensation for Japan’s 1910-45 colonial rule through a normalization deal. In a 1965 normalization deal, Seoul received monetary reparations that were used for national development at the time.

“As Pyongyang seeks to develop special economic zones and improve the overall economic conditions, it needs much foreign aid, and it should also address its international isolation. For these reasons, the North felt the need to take advantage of Japan,” said Cho Bong-hyun, a senior researcher at the IBK Economic Research Institute of Korea in

Seoul.

Through improved ties with Pyongyang, Tokyo also seeks to ease its regional diplomatic isolation, experts pointed out. Japan has been estranged from South Korea and China amid their escalating territorial and historical feuds.

“As Japan’s political relations with China and South Korea are deteriorating, Japan is seeking to improve relations with the North, and this will send a message to Seoul and Beijing,” said Cho.

“Japan also seeks economic cooperation with the North. It could give compensation to

the North in the form of infrastructure development, rather than cash, and then, Japan could get a competitive edge (over other nations) regarding economic development in the North.”

Observers also say that Tokyo’s push to improve ties with Pyongyang has much to do with domestic politics.

They argue that the issue of kidnapped Japanese is one of the most crucial issues affecting public opinion. The resolution of the abduction issue, along with a constitutional revision to allow Japan to have a full-fledged military, is regarded as a historical mission by Abe, they argue.

Japan had no prior consultations with South Korea and the United States about its move to lift some sanctions against

North Korea, a diplomatic source said, raising concerns about their cooperation in policy toward the communist country. South Korea and the U.S. received a notice of Japan’s move just ahead of Abe’s announcement of the outcome.

Seoul, Washington’s Response

China was reportedly not notified from either Japan or North Korea. But China’s foreign ministry spokesman Qin Gang said the deal between North Korea and Japan is “conducive to regional peace and stability.” Beijing has become cooperative on U.N. actions. For the first time for a Chinese leader, Chinese President Xi Jinping will hold a summit with his South Korean counterpart Park Geun-hye in Seoul in July without first stopping in Pyongyang.

The U.S. government also said it was notified in advance and indirectly emphasized the

need for transparency in engaging in talks with Pyongyang. “We were alerted that they are planning to engage in those discussions,” Jen Psaki, the State Department’s spokeswoman, said at a press briefing. “We continue to support Japanese efforts to resolve the abduction issues in a transparent manner.”

In a related development, Japan’s Kyodo News reported on May 31 that Japan was considering stationing diplomats and police officials in North Korea. Initially the officials would stay there for short periods, but Tokyo is considering making them resident officials and establishing a permanent office, the news agency said, quoting anonymous Japanese government sources.

It was later revealed that during the Stockholm talks North Korea asked Japan to provide it with food and medical supplies, and Tokyo agreed as long as the assistance was provided through nongovernmental organizations or private-sector entities, a Japanese government source said.

North Korea said during the negotiations that rice and medicine are needed, but the Japanese government said no humanitarian aid would be offered until tangible progress is achieved in reinvestigating the abductions, according to the source.

Japan’s response was apparently aimed at encouraging North Korea to fulfill its promise to reinvestigate past abductions of Japanese by North Korean agents. But Tokyo balked at providing government aid due to strong public sentiment against Pyongyang over the abductions of Japanese.

Due to lack of progress over the abduction issue, Japan has not provided food aid to North Korea in some years. In 2004, the government shipped some of 250,000 tons of food

aid pledged to North Korea, but the shipments were later halted due to a row over the North's handling of the abduction issue.

Currently, trade between Japan and the North is at almost zero after Tokyo banned imports from the isolated country in 2006 and exports to it in 2009 over its nuclear and missile programs.

In 2000, Japan was the North's second-largest trading partner with a trade volume of US\$438 million, accounting for 19 percent of the North's entire annual trade volume, a close second after China's \$484 million. In 2001, Japan gave the North rice and other humanitarian aid, bringing the figure to \$1.2 billion ahead of China's \$721 million.

A researcher at a think tank said given that North Korea's trade volume was \$7.3 billion last year, trade between Tokyo and Pyongyang could jump to \$1 billion if Japan partially lifts sanctions and to \$2 billion if it lifts them completely.

This would seriously undermine the sanctions imposed by other countries. International sanctions based on U.N. resolutions are restricted to luxury goods and technologies and funds related to nuclear and missile development. Japan imposed its own complete trade ban on top of that.

N. Korea-Japan Trade

Some experts say that Tokyo's initiative to improve relations with Pyongyang relates profoundly to domestic politics.

"Considering the public sentiment, the issue of the abductees outweighs North Korea's nuclear issues. It is an issue that goes beyond a foreign policy issue, given that it directly influences people's lives," said Lee Jung-

hwan, assistant professor at the School of International and Area Studies of Kookmin University.

"As Abe has sought to revitalize the Japanese economy and alter the interpretation of the war-renouncing constitution, he now wants to address the abduction issue in order to fulfill his historical mission," said Lee.

Despite all of the uncertainties in their agreement, analysts in Seoul say North Korean leader Kim Jong-un will also have a difficult time balancing his new cooperative approach to Tokyo with the regime's longtime anti-Japan propaganda. The anti-Japan politics of North Korea were established by his grandfather Kim Il-sung when he founded the regime on Sept. 9, 1948.

To cement his rule, the founding leader had to glorify and exaggerate his career as an anti-Japanese communist guerrilla fighter. But it is hard to distort some parts of the family history. Kim Jong-un's own mother, Ko Yong-hui, was born in Osaka, Japan, in 1952, the daughter of a Korean man, Ko Kyong-thaek, who was from South Korea's Jeju Island.

In the early 1960s, Ko's father decided to move to North Korea with his family and arrived at the port of Wonsan. They were among the 88,000 Korean nationals in Japan who chose to go to North Korea under an agreement between Pyongyang and Tokyo to exchange their nationals in the 1960s after the 1950-53 Korean War.

Despite her family history, Ko became an actress with the state-controlled Mansudae Art Troupe and got married to second-generation leader Kim Jong-il. She gave birth to three children, including Kim Jong-un. (Yonhap)

S. Korea's New National Security Lineup

President Park Geun-hye appointed the new national security adviser and the defense minister to avoid a leadership vacuum in national security amid North Korea's provocations and threats.

■ By Kim Tae-shik

President Park Geun-hye has completed the reshaping of her national security and diplomacy lineup along with the reshuffle in the presidential office Cheong Wa Dae and the Cabinet, picking a hard-line defense minister to head the National Security Office (NSO) and filling the seven-member National Security Council (NSC) with more diplomats than career military men.

On June 1, Park appointed Defense Minister Kim Kwan-jin as NSO chief to fill the vacancy in the top security post amid growing concern over the prolonged absence of the nation's "control tower" for security.

Kim was named to replace Kim Jang-soo, who resigned in May in the wake of his controversial remarks about April's deadly ferry sinking, presidential spokesman Min Kyung-wook said.

Park also nominated Han Min-koo, a former chairman of the Joint Chiefs of Staff (JCS), as the new defense chief to succeed Kim Kwan-jin.

The post of the NSO chief, also called national security adviser, had been vacant for 10 days since the former security adviser stepped down on May 22 after sparking public ire with his remarks that his office was not the control tower for disasters and disavowing responsibility for the handling of the April 16 sinking of the ferry Sewol that claimed more than 300 lives.

"President Park appointed the new national security adviser and the defense minister to avoid a leadership vacuum in national security and to strengthen national security amid North Korea's consistent provocations and threats that are endangering the safety of the people," Min said.

Kim Kwan-jin will concurrently serve as the defense minister until the new defense minister appointee passes through the parliament's confirmation hearing, he added.

Hard-liner

National security adviser nominee Kim has devoted his whole life to national security, holding various positions in the areas of combat operations and strategy.

His experience as minister for the past four years will help him serve as Park's top security adviser who concurrently heads the National Security Council, Min said.



Kim Kwan-jin, new head of National Security Office



Han Min-koo, defense minister nominee



Lee Byung-kee, National Intelligence Service chief nominee

Career military man Kim was appointed as defense minister in 2010 by former President Lee Myung-bak, and was retained after Park took office in 2013. The reform-minded ex-Army general has already become one of the longest-serving defense chiefs.

Taking office as the defense minister in 2010, Kim maintained a hard-line stance toward the North. His hawkish position has enraged the North which threatened that Kim was on its list of those to be “first weeded out.”

Upon nomination as the NSO head, Kim told Yonhap News Agency that he is committed to further strengthening national defense and paving the way for the peaceful unification of the Korean Peninsula.

“I am fully committed to achieving those goals, and will carry out my duty in a balanced way in order to help achieve the nation’s goal and boost the national interest,” said Kim.

Han, who served as the JCS chairman between 2010 and 2011, is widely considered an expert in military policy and strategy.

“(The presidential office) believes that Han is the right person for the position as he has knowledge in various fields of combat operations and policy, and is largely trusted by his colleagues in the military,” Spokesman Min said.

The defense minister nominee said he will do his best to ensure watertight military preparedness against any provocations from North Korea once he takes office.

“The basic duty of the defense minister is to maintain firm preparedness against North Korea’s military provocations,” Han told Yonhap by phone. “I will try to keep that preparedness.”

President Park asked her new national security adviser on June 2 to pay “full attention” to the



security situation on the Korean Peninsula amid North Korea's ongoing threats and provocations.

Park made the request during a weekly meeting with senior secretaries at the presidential office Cheong Wa Dae, one day after she named Kim to the post.

"Judging from the political situation in the region, North Korea's endless threats and provocations, and other various issues, the security situation is truly grave," Park said.

"I ask you to pay full attention to establishing the national security posture and its follow-up measures so that the people may be at ease."

Park's remarks come amid indications that North Korea is prepared to conduct its fourth nuclear test. The communist country has also carried out a series of provocations in recent weeks, firing artillery at a South Korean naval ship near the two countries' western sea border.

Pyongyang's Condemnation

North Korea has made almost daily condemnation of Park's choice of national security adviser.

A day after Park's nomination of the two top security officials, North Korea denounced the national security adviser nominee, calling him "a military gangster and a traitor," the latest in a series of diatribes against South Korean officials.

The North's main newspaper, Rodong Sinmun, claimed the nominee, Defense Minister Kim Kwan-jin, is behind South Korea's supposedly confrontational policy toward North Korea.

The North's newswire KCNA also accused President Park of having an erroneous personnel policy and threatened that there will not be any improvement in inter-Korean relations.

"Park's intention to appoint Kim Kwan-jin is a blatant challenge to the compatriots desirous of peace and security on the Korean Peninsula and the public mindset at home and abroad," the KCNA claimed, adding that Park will be held wholly responsible for all the consequences of her appointment.

The appointment of Kim as national security adviser "clearly brought to light the hypocrisy of the 'promise' Park made to the South Korean people to punish those responsible for the ferry Sewol disaster in her 'talk to the people' on May 19," the KCNA said in a commentary.

"As far as Kim is concerned, he is a special-class criminal who deserves judgment by the people after being held wholly accountable for the ferry Sewol disaster," the North's chief mouthpiece argued.

It is not the first time that the North has blasted Kim, who has repeatedly vowed to strongly retaliate against North Korea if provoked again.

Last year, North Korean soldiers chanted, "Let's tear to pieces Kim Kwan-jin," as their trained military dogs tore to pieces Kim's effigy during a training session, according to footage from North Korean state television. North Korean soldiers were also shown firing at a paper target overlapped with Kim's image.

Kim said in a recent regional security conference that uneasiness has been growing in North Korea due to its fragile politics and economy, and its leader Kim Jong-un's unpredictable ruling style.

During the 13th Shangri-La Dialogue, an annual security forum held in Singapore on May 31,



Kim said North Korea has been continuously creating tensions on the Korean Peninsula by firing various missiles, violating the western maritime border and attacking President Park Geun-hye's Dresden unification initiative.

He stressed that the North's nuclear program is the most serious threat to peace and stability not only on the Korean Peninsula but also for the whole world. He said that the international community should engage in close cooperation to let the North know that its development of nuclear weapons will cause international sanction and deepen its isolation and that its regime will face a crisis.

New NIS Chief

Park on June 10 appointed South Korean Ambassador to Japan Lee Byung-kee, one of her closest confidants, as the new director of the National Intelligence Service to fill the vacancy of another top security-related office. On May 22, the president accepted the resignation of NIS director Nam Jae-joon, who had been the main target of opposition criticism of the government over a series of scandals, including allegations that the agency meddled in the 2012 presidential election and also that it faked evidence to charge a North Korean defector with espionage.

Park's appointment of Lee, a career diplomat, has moved the center of gravity of the NSC from military men to diplomats, indicating that the council will likely exercise more flexibility in its policies of security and diplomacy. Previously, the council was led by a trio of Korea Military Academy graduates -- Kim Jang-soo, Kim Kwan-jin and Nam Jae-joon. Kim Jang-soo and Nam were excluded from the council, and there are now four members from the foreign ministry: NIS head Lee, Foreign Minister Yun Byung-se, senior presidential foreign affairs secretary Ju Chul-ki and Kim Kyou-hyun, deputy chief of the presidential office of national security.

As the NSC now has more diplomats with sense of international diplomacy than before, the government's North Korea and external policies will likely have more flexibility, observers said.

A top government source said on June 13 that it can be said there will be more flexibility in the government's policies.

Particularly the future role of new NIS chief is a matter of keen interest among those in the security-diplomacy lineup.

With Lee in top command of the NIS, there is speculation that overseas operations of the intelligence agency will be stepped up. Lee's appointment will also influence the government's North Korea policy. Observers say that Lee is a figure who can take strategic options if deemed necessary and that Lee will not stick to hard-line policies only but take flexible policies with North Korea.

There will not be any substantial change in the keynote of the government's security policies, however. The new NSC chief Kim Kwan-jin is said to be more hard-line than his predecessor. Han Min-koo, the new defense minister, is also expected to continuously carry out policies of Kim Kwan-jin after he was confirmed as the minister by the parliament. The retention of Ryoo Kihl-jae in the latest Cabinet reshuffle as unification minister, who is in charge of inter-Korean affairs, supports such presumption. (Yonhap)

OPCON Transfer and MD Controversy

Chances are high for South Korea and the U.S. to push back the timing of the condition-based OPCON transfer possibly to early 2020s.

South Korea and the United States held high-level talks from June 16 to 18 to discuss when and under what conditions to transfer wartime control of South Korean troops from Washington to Seoul. The two-day assistant secretary-level meeting held in Seoul focused on in-depth discussions to set the timing and conditions for the South's regaining of wartime operational control (OPCON).

The meeting followed an agreement in Singapore in May between Seoul's Defense Minister Kim Kwan-jin and his U.S. counterpart Chuck Hagel to fix the schedule for the transfer by October when the two sides are scheduled to hold their annual Security Consultative Meeting in Washington.

South Korea handed over control of its armed forces to the U.S. during the 1950-53 Korean War to defend against invading troops from North Korea. Peacetime control of its forces was returned in 1994, and South Korea is scheduled to get back the wartime control in December 2015. But last year, Seoul asked for a delay after the communist North conducted its third nuclear test in February.

In April this year, South Korean President Park Geun-hye and U.S. President Barack Obama decided during a summit in Seoul to consider postponing once again Korea's takeover of wartime OPCON. The two leaders

also reaffirmed the long-standing South Korea-U.S. alliance in the face of escalating security threats posed by North Korea as the regime appeared ready to conduct a fourth nuclear test. The U.S. was originally set to transfer OPCON in 2012 but pushed it back to 2015 at the request of the then Lee Myung-bak administration in June 2010.

In a move to check South Korea's measures necessary to counter North Korea's nuclear and missile threats, the allies also talked about the Korea Air and Missile Defense (KAMD) system and the Kill Chain pre-emptive strike system, according to officials. South Korea has been working to establish the systems with a goal to complete them in the early 2020s.

As key countermeasures for South Korea against a possible attack launched by its communist neighbor, the systems are one of the most crucial factors in deciding the timing of the condition-based OPCON transfer. Experts and government sources say chances are high for the two sides to push back the timing by about five to seven years, possibly to early 2020.

MD Controversy

A controversy is emerging over Washington's push to make Seoul join its missile defense (MD) system in Northeast Asia. The U.S. is

now seeking greater missile defense cooperation by its two Asian allies -- Japan and South Korea. The ongoing MD controversy is a disturbing issue because of widespread rumors that the U.S. is demanding this in return for the delay in Seoul's takeover of wartime military command from Washington.

In this connection, a top U.S. military official on May 28 called for better missile defense cooperation between Japan and South Korea in the face of strained ties between America's two closest Asia allies, as well as a belligerent North Korea. "We're encouraging our allies and partners to acquire their own missile defenses and to strengthen regional missile defense cooperation that will result in better performance than individual countries acting alone," said Adm. James Winnefeld Jr., vice chairman of the U.S. Joints Chief of Staff.

Winnefeld argued that a regional approach to missile defense could help spread the cost, noting that a single Terminal High Altitude Area Defense (THAAD) missile interceptor costs around US\$11 million compared with \$3 million for a Scud, North Korea's preferred missile.

The Pentagon continues to badger South Korea into adopting the advanced missile-defense system to deter North Korea's missile threat. "I recommended the deployment of the THAAD missiles to South Korea," said Gen. Curtis Scaparrotti, commander of South Korea-U.S. Combined Forces Command, at a forum hosted by the state-run Korea Institute for Defense Analyses in Seoul on June 3.

Scaparrotti emphasized the need to successfully bolster South Korea's defense, saying that with North Korea's evolving threats, "This system (THAAD) will provide a greater sense of security." The four-star general said



Ryu Je-seung (R), chief of the office of planning and coordination of South Korea's defense ministry, and David Helvey, deputy assistant secretary of defense for East Asia, pose prior to their talks on the transfer of the wartime operational control at the ministry in Seoul on June 16. (Photo courtesy of defense ministry) (Yonhap)

that he encourages cooperation between Seoul and Washington in regard to the deployment of the THAAD anti-ballistic missile system in Korea. But Scaparrotti pointed out that the U.S. has not yet made an official request to the South Korean government to deploy the THAAD system.

His comments on the U.S. plan to deploy the THAAD battery in South Korea are the latest in a series of signs that Washington has appeared to be pushing Seoul to join its MD system, an option rebuffed by the South as Japan also takes part in it. The U.S. aims to counter a rising China in the region.

South Korea's defense ministry spokesperson Kim Min-seok said the Seoul government "plans to review the case if the U.S. side makes an official request for cooperation." Some officials said, however, Seoul's official position is that it does not want to purchase the THAAD anti-ballistic missile system or the Standard Missile 3, both of which have a broad range and high altitude to intercept

short- and intermediate-range missiles from the North.

The U.S. House of Representatives passed in May the 2015 National Defense Authorization Act that said, “The secretary of defense shall conduct an assessment to identify opportunities for increasing missile defense cooperation among the United States, Japan and the Republic of Korea (South Korea).”

The bill states that the U.S. Congress welcomes South Korea’s ratification of a new five-year Special Measures Agreement, in which South Korea agreed to increase its annual contributions by 920 billion won (US\$898 million) toward the 28,500 U.S. troops stationed in the country.

THAAD and KAMD Systems

In the meeting in Singapore on May 31, the defense chiefs of South Korea, the U.S. and Japan also agreed to deepen their discussions on sharing their military intelligence, through which, Washington and Tokyo are trying to boost trilateral cooperation in terms of missile defense.

South Korean Defense Minister Kim Kwan-jin said that Japan could exercise its right to collective self-defense outside the theater of South Korea’s operations, a thinly veiled warning that Japanese self-defense force cannot enter South Korea unless requested by Seoul. Kim made the comments after trilateral talks with his U.S. and Japanese counterparts on the sidelines of the 13th Asia Security Summit, also known as the Shangri-La Dialogue.

Exercising the right to collective self-defense would allow Japan to fight alongside its allies, something that has been considered

beyond the scope of its current war-renouncing Constitution. South Korea as well as North Korea and China are wary of Japan’s moves in light of its past militarism. Japan ruled the Korean Peninsula as a colony from 1910-45 and controlled much of China during World War II.

Yet, the U.S. is pushing South Korea harder to adopt an advanced missile-defense system to counter the threat of North Korean missiles despite Seoul’s preference to develop its own missile-defense system. The Wall Street Journal reported May 27 that the U.S. has conducted a site survey in South Korea for possible locations for a THAAD battery, quoting unidentified defense officials. The Journal said no final decision has been made to deploy the system. A Pentagon spokesman, Col. Steven Warren, said May 28 that while THAAD is “a very capable system... as of today, there’s been no decision” by Seoul or Washington to deploy the battery in South Korea.

Kim Min-seok, spokesman for the Seoul’s defense ministry, denied the report. “Our Defense Ministry is not aware of the U.S. reviewing deployment of the THAAD system on the Korean Peninsula,” he said. “The U.S. missile-defense system is a separate system from our Army’s KAMD system.”

Launched in 2006, KAMD incorporates South Korean missile defense radar with early warning data from U.S. satellites. When a U.S. satellite detects missiles coming from North Korea, it signals a missile interceptor system called the Patriot Advanced Capability-2 (PAC-2) and other ship-based interceptors to shoot down the enemy missiles.

The Korean military plans to upgrade the PAC-2 missiles to PAC-3s and spokesman Kim said the Army is currently in the process

of purchasing PAC-3 missiles while indigenously developing a long-range surface-to-air missile (L-SAM) that will intercept missiles at an altitude of 50 to 60 kilometers by 2022.

Kim reaffirmed Seoul's official position so far that it doesn't want to purchase the THAAD anti-ballistic missile system or another system called the Standard Missile 3, which are known to have a broad range and high altitude to intercept short- or intermediate-range missiles from the North.

The widely held consensus is that the adoption of the leading systems would be a step toward integrating Korea's defense into the U.S.-led missile defense architecture -- a move that would upset both China and liberal-leaning locals who want moderate independence from the U.S. defense system. Last year, the United States deployed a THAAD battery to Guam in response to North Korean ballistic missile tests.

China, N. Korea's Reaction

Meanwhile, China voiced opposition to the possible deployment on May 28. "China's stance on the missile defense system has been consistent and clear," said a Chinese foreign ministry spokesman at a regular press briefing. China will never allow chaos or war near its doorway, said Qin Gang, who commented a day earlier that China-South Korea cooperation is in the best period since the establishment of diplomatic ties.

China's official Xinhua news agency said it is worrying that Seoul has reportedly expressed interest in buying Lockheed Martin's THAAD missile defense system, designed to intercept ballistic missiles in midair. "It would be bad news for both South



USFK Commander Gen. Curtis Scaparrotti speaks about a U.S. plan to deploy the terminal high-altitude area defense (THAAD) battery in South Korea to counter North Korea's escalating missile threats at a defense forum in Seoul on June 3. (Yonhap)

Korea and the region at large if Seoul should decide to answer the U.S. call and mount on its chariot."

Facing a very complicated and unstable situation on the Korean Peninsula, a missile defense system could become a blasting fuse rather than a guard, as it would most possibly trigger DPRK (North Korea), already feeling insecure because of the South Korea-U.S. alliance, to respond vehemently, the news agency said.

North Korea also expressed angry reaction to Seoul's discussion with Washington over joining in the U.S. missile defense system. The Rodong Sinmun, the daily of the ruling Workers' Party, said in its commentary on June 17 that Seoul and Washington are making "a dangerous provocation aimed at mounting a pre-emptive nuclear attack on the DPRK and an unpardonable criminal act of harassing peace and stability on the Korean Peninsula and in the rest of Northeast Asia, and escalating the danger of a nuclear war." (Yonhap)

North Korea to Compete in Incheon Asian Games

It is a matter of keen interest whether the North Korean participation in the Incheon Asiad will contribute to the alleviation of tension on the Korean Peninsula.

■ By Kim Tae-shik

About four months before the opening of the Asian Games in the South Korean city of Incheon, North Korea announced its decision to take part in the competition. It subsequently became a matter of keen interest whether the North's participation will contribute to the alleviation of heightened tension on the Korean Peninsula.

The North's state-run Korean Central News Agency (KCNA) said in a dispatch on May 23 that the North Korean Olympic Committee decided to send athletes to the quadrennial, multisport competition to be hosted by Incheon, a metropolitan city just west of Seoul.

"The DPRK Olympic Committee officially informed the Olympic Council of Asia (OCA) of the decision and will soon make necessary applications according to the rules set by the Council and the organizing committee of the Games," the English-language dispatch read, referring to North Korea by the acronym of its official name, the Democratic People's Republic of Korea.

The Asian Games will take place from Sept. 19 to Oct. 4. It will be the third Asiad held in South Korea, after the 1986 competition in Seoul and the 2002 edition in Busan, a southeastern port city. North Korea was absent from the 1986 Seoul Asiad but competed in the Busan games.

Incheon organizers who have made strenuous effort to invite North Korea to their Asiad immediately welcomed the North Korea's decision, expressing the hope that the North's participation would contribute to the easing of tensions between the two Koreas. The organizers also welcomed the opportunity for a "perfect" Asian Games with all OCA members' participation.

"Through our close coordination with the OCA, we confirmed the North Korean decision to take part (in the Asian Games)," the organizing committee said in a statement. "We welcome the opportunity to host the perfect Asian Games with all 45 OCA members in action, which will contribute to peace in Asia and the development of sports in the region."

Pyongyang officially informed the OCA on June 10 that it will send 150 athletes -- 70 male and 80 female -- in 14 sports to the Incheon Asiad.

According to the entry signed by Son Kwang-ho, a vice chairman of the North Korean Olympic Committee, the North Korean squad will be comprised of 38 athletes in soccer, 16 in swimming, 12 each in wrestling and gymnastics, 10 in judo and table tennis, nine in shooting, eight each in archery and rowing, five in karate, and four in track and field, Incheon organizers said on June 12.

An Incheon official said all 45 member countries of the OCA, including North Korea, are subject to send final entries bearing the names of the participating athletes between July 15 and Aug. 15.

The organizers pledged they will make their best effort to provide the North Korean visitors with necessary supports regarding their entry and lodgings and other conveniences.

Unified Team No-go

The matter of forming joint Korean teams in some sports for the Asian Games, however, will be impossible considering the tight time table and current inter-Korean tension.

Reversing an earlier position, the unification ministry which is in charge of inter-Korean affairs said on June 17 that it is "impossible" to form joint teams with North Korea for the upcoming Asian Games, given tight schedules and current inter-Korean relations.

A ministry official said earlier in the day that the ministry has willingness to discuss forming a joint team with North Korea with



This file photo shows South and North Korean athletes jointly entering an opening ceremony for the 2002 Asian Games while carrying not their national flags but a flag featuring the Korean Peninsula in South Korea's southern port city of Busan in September 2002. (Yonhap)

the city of Incheon and the organizing committee if an official request is filed, indicating a departure from its previous rejection of the idea.

Only a few hours later, the ministry said in a statement: "Our consistent stance is that forming a unified team with North Korea is impossible at the moment given current inter-Korean relations and the event's schedules."

The ministry said in April that "it is not proper to have joint South-North Korean teams, a joint parade or a joint cheering squad given the current (inter-Korean) situation."

A unification ministry official also presented a negative view after Pyongyang's announcement of participation saying that it could be difficult for athletes of the rival Koreas to form a joint team or march under a unified Korean flag at the opening ceremony, citing the same reasons.

The host city of Incheon has been pushing to form joint South and North Korean teams in some of the 36 sports during the regional

sports event.

Yoo Jeong-bok, Incheon mayor-elect, said on June 17 his city would study the formation of single Korean teams in some sports for the upcoming Games. The organizers also expressed the hope the two Koreas can jointly march in the opening ceremony under a same flag representing Korea.

The two Koreas have entered opening ceremonies of international sports events under a single flag on eight occasions, including the Sydney Summer Olympics in 2000, Winter Olympics in Turin, Italy in 2006 and the Winter Asian Games in Changchun, China in 2007.

As for a united team, the two Koreas have competed as a single team in individual sports such as soccer and table tennis before, but have never fielded a single team in general events like the Olympics or Asian Games.

The two Koreas won the women's team event of the World Table Tennis Championships held in Chiba, Japan in 1991 as a single team.

N. Korean Cheering Squad

Another matter of keen interest regarding the North's participation in the Asian Games is whether it will send a cheering team to the South as in past international events held in South Korea. North Korea has sent a cheering squad along with its athletic squad in a number of sports events held in the South before amid smooth inter-Korean relations.

In the 2002 Asiad, held in Busan in a reconciliatory mood following the historic inter-Korean summit two years before, North Korea sent a 311-member squad competing in 18 sports led by Pak Myong-chol, chairman of

the State Sports Guidance Committee, and about 300 cheerers to the South Korean port city.

The North Korean athletes and officials flew to the South via a chartered plane of the North's Air Koryo on two flights, while the cheering group arrived in Busan by ship.

It was the first time that North Korea sent its athletes to a sports event held in South Korea since the country was divided in 1945.

North Korea reaped nine gold, 11 silver and 13 bronze medals to place ninth in the overall medal standings. The North Korean cheering squad received even more spotlight than the athletes, appearing in various competition grounds and meeting South Korean audiences in five performances.

In the Summer Universiade held in the central South Korean city of Daegu in August 2003, the first year of the former President Roh Moo-hyun government, North Korea sent a cheering team composed of 200 university students and 120 brass band members, along with its 200-member squad led by Jang Ung, the North Korean member of the International Olympic Committee.

North Korea also sent about 100 high school and university students to cheer their athletes in the Asian Track and Field Championships held in Incheon in September 2005. It was later revealed that Ri Sol-ju, wife of the current North Korean leader Kim Jong-un, was among the cheering team.

The North Korean cheerers became the talk of the town by holding a number of performances in Incheon, although the North Korean team recorded a poor harvest by winning just a bronze medal in the women's 10,000-meter competition.

The latest North Korean decision to partic-

ipate in the Incheon Asiad comes amid lingering tensions on the peninsula. On May 22, South Korea's Joint Chiefs of Staff said the North fired two artillery shells near a South Korean warship on patrol in the tensely-guarded western sea border and that the South returned fire with several artillery rounds toward waters near a North Korean warship. No casualties were reported.

North Korea the next day denied launching shells toward the South Korean vessel and accused Seoul of making up the exchange.

Despite the North's repeated threats to take military action against the South, Incheon officials had long tried to secure North Korea's participation in the Asian Games, and had sought help from the International Olympic Committee (IOC) and the OCA to convince the reclusive communist regime to make the rare trip across the border.

N. Korea's New Sports Chief

Meanwhile, North Korea replaced its sports minister recently.

The KCNA on May 27 named Kim Yong-hun as the minister of Physical Culture and Sports. He was present at a ceremony to convey North Korean leader Kim Jong-un's gifts to gymnasiums and stadiums in Pyongyang's Chongchun Street.

North Korean media had named Ri Jong-mu as the sports minister in a report on the results of the first meeting of the Supreme People's Assembly on April 9.

Kim is a newly emerged figure in the Kim Jong-un regime and has been in charge of sports while serving as a vice minister of the Central Committee of the Workers' Party of Korea. Kim accompanied Kim Jong-un when



This file photo shows Ri Sol-ju waving toward South Koreans while leaving Incheon International Airport after attending the 16th Asian Athletics Championships held in the South Korean port city of Incheon in September 2005 as a member of a North Korean cheering squad. She is now the wife of North Korean leader Kim Jong-un. (Yonhap)

he watched an archery competition in March last year and when Kim Jong-un met North Korean female soccer players who won the Seoul East Asian Federation Soccer Championships in July last year.

The North's decision to participate in the Incheon Asiad and its appointment of Kim, who is considered a member of the power elite around Kim Jong-un, as sports minister are said to be in line with the leader's emphasis on building a sports power as a national task.

"The new sports minister is expected to play a role of supporting Kim Jong-un's plan to build a sports power," said Cheong Seong-chang, a senior research fellow at the Sejong Institute, a private think-tank near Seoul. (Yonhap)

Desperate Efforts to Rake in Foreign Currency

North Korea has been promoting tourism and even selling gold mining rights to China to earn as much foreign currency as possible.

■ By Lee Kwang-ho

With its economy in shambles, North Korea is desperately struggling to earn foreign currency to feed its 24 million people. As the isolated country is under constant sanctions by the international community for its nuclear and missile programs, it is now diversifying its sources of foreign currency mainly from China to other countries such as Russia and developing countries in Asia and Africa.

As the impoverished country tries to rake in U.S. dollars, Chinese yuans and Russian rubles, many North Korean workers are being sent to China, Russia, Mongolia and Middle East countries to earn as much foreign currency as possible at the risk of their lives.

North Korea is promoting tourism as part of efforts to earn foreign currency. North Korea is one of the world's most secretive and isolated nations, but Pyongyang has stepped up efforts to attract foreign tourists, particularly those from China. An expert on the North Korean economy forecast that the tourism industry will not instantly rake in big money, but the situation could vary in the near future.

Internally, the North is seeking to "mobilize" a huge amount of idle money in the

chests of drawers of organizations and individuals. This hidden money can be effectively used for economic development, according to an essay carried in a recent school journal of the North's prestigious Kim Il-sung University in Pyongyang.

Promotion of Tourism

These days North Korea has been promoting tourism and even selling gold mining rights to China, but even this is getting difficult amid strained relations with Beijing. At this juncture, North Korea has a closer relationship with Russia, once the ideological mentor of Pyongyang. Russian officials and news media say the past few months have seen genuine renaissance in Russian-North Korean relations.

Besides tourism, North Korea appears to have sought a new way of earning money -- renting out waters near the Northern Limit Line (NLL) in the Yellow Sea. It was learned recently that North Korea has signed a contract with Chinese fishermen allowing them to fish in waters near the disputed maritime border including South Korea's waters.

Seoul officials said that in return for giving the Chinese fishermen the right to work in South Korean waters, particularly during the crab and squid seasons, North Korea will be paid a certain amount of money annually. "As North Korea has expanded its joint fishery area with China to the southern waters below the NLL, some Chinese vessels are moving southward more than they did before," a South Korean government official said.

Military officials confirmed the South Korean waters allegedly being rented out to the Chinese fishermen were three areas north and east of Baengnyeong Island and north of Yeonpyeong Island. Under the alleged contract, several North Korean and Chinese vessels have recently worked together.

Starting in April, the Chinese ships gradually approached the NLL, officials said, and from mid-May, several large vessels crossed the border frequently, apparently for crab fishing. The South Korean government notified Beijing of the illegal fishing and called for them to stop.

"The Foreign Ministry and the Coast Guard told the Chinese Coast Guard officials about the contract that included our waters," another South Korean official said. Military officials in Seoul raised concerns about the purpose of the contract. They said that the regime appears to be attempting to nullify the effectiveness of the boundary as well as earn foreign currency.

Yet, the tourism industry between North Korea and China is growing rapidly. Of late, the northeastern Chinese city of Dandong has been planning to develop tours of an economic zone on a North Korean island on the border with China. The island of Hwanggumphyong in the Amnok River, also called the Yalu River in China, has long been tapped as a joint eco-

nomic development zone between North Korea and China. Pyongyang and Beijing held a groundbreaking ceremony in 2011 to build the economic zone, but little construction work has been carried out so far.

Dandong is the Chinese border city where about 70 percent of China's bilateral trade with North Korea is conducted. The Chinese city has also been hosting an annual trade fair with North Korea.

North Korea and China held their second trade fair in Dandong last October, during which North Korean companies signed a total of 93 preliminary deals worth US\$1.6 billion, according to reports by China's state media. The annual event, called the "North Korea-China Economic, Trade, Culture and Tourism Expo," came as China has been deepening its economic ties with North Korea even though Beijing appears to have become increasingly frustrated with Pyongyang's nuclear weapons program.

Chinese Tourists

In another program, North Korea is set to open its portion of the Korean Peninsula's highest mountain to Chinese tourists, a travel agency official said June 4, resuming the tour route that has been suspended since the North conducted its third nuclear test last year.

If realized, it would represent another bid by North Korea to increase tourism income by approving more tour routes that start in Chinese cities. The peninsula's highest peak, Mt. Paektu, sits on the border between North Korea and China. Tourists can visit the Chinese side of the mountain, but the tour route to the North Korean portion was halted following the North's nuclear test in February

last year.

The two-day or three-day tour to the North Korean side of the 2,744-meter mountain starts from the Chinese border city of Helong in the northeast of China. Helong is part of the Yanbian Korean Autonomous Prefecture in China's Jilin Province and a popular border town for travel to North Korea.

The official at the travel agency in Helong said the tour route will be reopened in the middle of June. "It is the only route for tourists from China to see the eastern side of Mt. Paektu," the official said, adding that the trip will only be available for Chinese tourists. The two-day trip will cost 1,100 yuan (US\$175.8) per person and the three-day trip will cost 1,350 yuan, according to the official.

Earlier in May, North Korea started a new tour program by opening its border to bicycle tourists from China for the first time, China's state-run media reported May 3. China's official Xinhua news agency said 35 Chinese tourists traveled to North Korea by taking bicycles from the northeastern city of Tumen in Jilin Province to the North Korean border city of Onsong.

China also launched its second train service to North Korea in April. The opening of regular rail services from China's northeastern city of Jian to the North Korean capital of Pyongyang makes Jian the second city offering such a service after the Chinese border city of Dandong.

North Korea and China will launch another tourist charter flight in July, China's state-run media said May 19. The charter flight service between Changchun, the capital of northeast China's Jilin Province, and Pyongyang will begin from early July. The new flight service, apparently available for mainland Chinese

people, came after North Korea's national flag carrier, Air Koryo, and the Chinese province signed a contract, according to an unnamed Chinese official.

North Korea also plans to operate direct airways between Pyongyang and the Chinese city of Shanghai for three months from July 6 to Oct. 5. Its operation is mainly to attract Chinese tourists to the North. North Korea had operated tourist charter flights from Shanghai and Yanji of Jilin Province during peak tour seasons.

More recently, North Korea and China have simplified border-crossing procedures for Chinese tourists traveling to the North, another sign that Pyongyang is eager to boost tourism income. The move allows Chinese people who take tours from China's border cities in Jilin and Liaoning provinces to get a "travel pass" to North Korea within 24 hours, compared with the previous two days, the state-run China Daily reported in May.

Recently, China resumed train operations on a route from Tumen to the North's northeastern port city of Chongjin, after a year of renovation. An official at a Chinese travel agency said that more than 2,000 tourists used the train in 2012 before the renovation. "The number is estimated to rise to 7,000 this year," the official said. The four-day train trip to North Korea costs about 1,900 yuan (US\$304).

Invitation of Foreign Diplomats

Other ways of tourism promotion for earning foreign currency are available. In January, North Korea invited diplomats of its allies to a recently completed lavish ski resort, as part of its promotion drive to lure foreign tourists.

According to North Korean media reports,



A North Korean children's art troupe performs in front of a group of Chinese tourists at a souvenir shop in the North Korean county of Onsong, North Hamgyong Province, on June 17. The county borders China's Tumen City, Jilin Province. (Yonhap)

dozens of foreign diplomats, military attaches and officials from international organizations stationed in the communist country made a trip to the Masik Pass ski resort located on the country's east coast. The lavish resort, opened in January this year, is one of the pet projects of the North's leader Kim Jong-un who reportedly enjoyed skiing while attending school in Switzerland in the early 1990s.

While few North Koreans could afford a trip to the pass, the invitation of the foreign delegation to the resort is part of Pyongyang's drive to attract more foreign tourists to earn hard currency, according to experts. "North Korea puts the focus of the management of the resort on earning dollars by attracting foreign tourists. Showing off the facilities to the diplomats appears to aim to promote not only the resort but the feats of its leader," said Cho Bong-hyun, a researcher at Seoul-based IBK

Economic Research Institute.

In April, North Korea invited foreigners to a marathon in an apparent bid to earn hard currency. According to news reports, hundreds of foreigners from some 20 countries participated for the first time ever in the "Mangyongdae International Marathon," which took place in Pyongyang on April 13, marking the birthday of North Korea's founder Kim Il-sung, which is also called "the Day of the Sun."

A six-day tour package that involves a run at the marathon and tours to Mount Myohyang and Kaesong is priced at between US\$2,100 and \$2,400 per person. A four-day tour package, priced at between \$1,650 and \$1,800, is also enjoying popularity. Andrea Lee with "Woori Tours," a travel agency specializing in North Korea tours based in the U.S. state of New Jersey, said, "More than half of the applicants are Americans."

The marathon event, which was launched in 1981 to mark the 69th birthday (April 15) of the late North Korean founder Kim Il-sung, only brought together elite runners with times of about 2 hours from China, Russia, and African countries up until last year. However, the event added a half-course marathon and a 10-km run to the program to attract ordinary foreign tourists in a bid to earn hard currency.

North Korean authorities have reportedly hired a Chinese estate agent to seek investors for land in the border town of Sinuiju. This is the first time the North has tried to sell land outside the special economic zones of Rajin-Sonbong or Hwanggumphyong Island to Chinese investors. The development shows how dependent on China the North is becoming amid international isolation and global sanctions.

Pyongyang does, however, earn hard currency in other countries. A culture and history museum that North Korea constructed at Angkor Wat in Cambodia, a world-famous tourist attraction, by investing US\$15 million reportedly opened recently.

North Korea also constructed the “Grand Panorama Museum” within the Cambodian tourism city of Siem Reap, where the ruins of Angkor are located. In return for donating the museum to Cambodia, North Korea has reportedly secured the right to operate the facility for 10 years and collect entrance fees. The museum, whose construction was spearheaded by North Korean artists’ group Mansudae Art Studio, is the largest construction project that the North has ever conducted overseas.

Mansudae Art Studio, comprised of more than 4,000 artists, signed contracts with African countries, including Angola, Namibia,

Senegal, and the Democratic Republic of Congo, and has constructed public artworks and memorial structures worth \$150 million thus far. North Korea is to receive \$5 million from Zimbabwe in return for giant statues of dictator Robert Mugabe, Radio Free Asia quoted Zimbabwean media as saying in March.

The North has earned a fair amount of hard currency from the Third World by building monumental statuary cheaper than anyone else. Dubious triumphs in the arts include the African Renaissance Monument in Senegal built in 2010.

Russia’s Debt Write-off

But most conspicuous development is taking place between North Korea and Russia. Russian news media said the economic relations between the two countries have reached a new level, as they are carrying out transactions in Russian rubles following the write-off of the bulk of North Korean debt.

Russia’s parliament has agreed to write off almost \$10 billion of North Korea’s Soviet-era debt, in a deal expected to facilitate the building of a gas pipeline to South Korea across the reclusive state. Russia has written off debts to a number of impoverished Soviet-era allies, including Cuba.

The State Duma lower house on April 18 ratified a 2012 agreement to write off the bulk of North Korea’s debt. It said the total debt stood at \$10.96 billion as of Sept. 17, 2012. The rest of the debt, \$1.09 billion, would be redeemed during the next 20 years, to be paid in equal installments every six months. The outstanding debt owed by North Korea will be managed by Russia’s state development bank,

A Russian delegation led by Yuri Trutnev (third from L), deputy prime minister and presidential envoy to the Far East Federal District of the Russian Federation, and North Korean Premier Pak Pong-ju (third from R) pose prior to their talks at the Mansudae Assembly Hall in Pyongyang on April 29. (KCNA-Yonhap)



Vnesheconombank.

Russia's Deputy Finance Minister Sergei Storchak told Russian media that the money could be used to fund mutual projects in North Korea, including a proposed gas pipeline and a railway to South Korea. Russia's state-owned top natural gas producer Gazprom has long planned to build a gas pipeline via North Korea to South Korea with a view to shipping 10 billion cubic meters of gas annually. Russia hopes to develop North Korea's mineral resources after cancelling the isolated state's debts, the minister for development of Far Eastern Russia, Alexander Galushka, said on June 5.

Galushka said the two sides "discussed concrete projects in the area of mineral resources and geological exploration." The two sides raised "the possibility of the Korean side paying either for goods supplied or as part of investment cooperation on the basis of giving Russian companies' access to North Korea's sites with mineral resources," he said. North Korea in turn agreed to offer Russian investors

Internet and cell phone access as well as simpler visa rules, Galushka said.

Russian oligarch Oleg Deripaska's Basic Element has agreed to look into reconstructing a power station in Pyongyang and is set to decide by the end of this year whether to mine copper and anthracite in North Korea, Galushka said.

Moscow has pledged to reinvest \$1 billion that Pyongyang still owes into a trans-Siberian railway through North Korea to South Korea, a project that is still in the very early stages. That, together with a pipeline, would allow Russia to export gas and electricity to South Korea, a potentially lucrative deal for all three.

An integrated railway line linking South Korea, North Korea and Russia's Trans-Siberian Railroad is destined to become an element of a huge transport bridge between the South Korean port of Busan and Western Europe. A 55-kilometer-long line linking the North Korean port of Rajin with the Russian border city of Khasan has already been built. (Yonhap)

S. Korean Government's Initiative for Peaceful Unification of Korean Peninsula

Talks for the sake of talks are neither contributing to the promotion of peace on the Korean Peninsula, nor bringing us closer to the peaceful unification.

■ By Kim Ki-woong. *assistant minister for unification policy, Ministry of Unification, South Korea*

Nearly 70 years have passed since the Korean Peninsula was divided into the South and North after the Second World War. The world already entered a post-Cold War era decades ago, has striven toward reconciliation and mutual prosperity, and is now trying to build a new international order. However, the Korean Peninsula remains an exception, still caught in the outdated framework of the Cold War. Furthermore, amidst the deteriorating stability of its regime, North Korea is openly pursuing nuclear weapons and persistently engaging in provocative actions such as test-launching of long-range missiles despite strong warnings from the international community. This is a threat which severely undermines the efforts to achieve peace and prosperity in Northeast Asia.

Regarding the inter-Korean relations, more than 630 inter-Korean dialogues, including two summit talks and 10 prime minister-level talks, have been held since 1971. Consequently, more than 230 agreements were signed, among others the Inter-Korean Basic Agreement (1992). Exchange and cooperation between the South and North has increased significantly in the course of time. However, regardless of the number of dialogues and agreements or the volume of exchange and cooperation, confrontation and antagonism continue to fester between the two Koreas and the wall of distrust is as high as ever.

In fact, these agreements not honored have led to an even higher level of distrust today. It is clear that talks for the sake of talks, broken promises, and one-time events no matter how grandly put or prettily disguised are neither contributing to the promotion of peace on the Korean Peninsula or to any tangible progress of the inter-Korean relations, nor bringing us closer to the

peaceful unification. The Park Geun-hye administration recognizes that it should not repeat the previous pattern in managing the inter-Korean relations. For this reason, it proposed the “Trust-Building Process on the Korean Peninsula” as a new policy initiative toward North Korea, based on an assessment of both strengths and weakness of previous policies.

Main Contents of Initiative

The major concept of the new North Korean Policy is as follows: First, even the smallest promise must be kept. Ensuring that promises are kept will help both Koreas build mutual trust, and forge greater cooperation once enough trust has been established. Second, any projects initiated between the two Koreas must not be temporary or turn out to be a one-time event. Projects must be consistently maintained, thereby contributing to progress toward peace and stability on the Korean Peninsula and improvement of the inter-Korean relations. Third, security reinforcement and inter-Korean exchanges and cooperation must proceed in a balanced manner. Given how the two sides are in a state of armed confrontation, facing each other across the Military Demarcation Line, achieving any progress in private-level exchanges and cooperation is difficult without progress in security. In particular, given that the international community has imposed strong sanctions against North Korea in order to deter its pursuit of nuclear weapons, any exchange or cooperation between the South and North must be conducted within the framework of international norms.

Another important idea behind the initiative

is a development from “small unification” to “big unification.” This reflects the Park Geun-hye administration’s perspective that unification is not a fixed goal of simply integrating territorial lands or institutions, but a “process” of creating a new community. In other words, gradually restoring national homogeneity in small, practicable areas and working to integrate the two societies will enable integration in larger, more complicated areas. In this aspect, the inter-Korean relations should mean more than “something to improve or proceed” and become a “process toward the unification.”

President Park’s Dresden Declaration on March 28 reflects the philosophy of the Trust-building Process on the Korean Peninsula and embodies specific projects which the two Koreas should pursue together in the coming future: resolution of humanitarian issues by taking steps such as holding regular meetings of separated families and increasing humanitarian assistance to vulnerable groups, including infants, in North Korea; construction of infrastructure that supports the livelihood of North Korean people; expansion of private-level exchange in diverse non-political fields, such as historical research, culture and the arts, and sports, in an effort to restore homogeneity between the people. At first glance, these proposals may partially overlap with those made by former governments. However, it is worth noting that they stem from a different basis of ideas and are designed as parts of the process toward the unification.

The Park Geun-hye administration shares the belief of previous administrations that the unification of the Korean Peninsula should be achieved in a peaceful and gradual manner, and calls for the following three approaches

that will be essential in achieving the goal. This is a so-called “Three Wheels Theory” for the unification of the Korean Peninsula.

Direction for Unification Preparation

First, the wheel of the inter-Korean relations must run well. Relations between the South and North Korea, the parties directly involved in the unification, must be advanced. The Park administration aims to build sound relations with the North based on its policy of Trust-building Process on the Korean Peninsula. Both sides should try to strengthen trust, enhance mutual understanding and overcome differences based on peace. Resolving the North Korean nuclear issue as soon as possible and building sustainable peace on the peninsula are top priority tasks toward achieving this end. This is because nothing can be achieved without a strong foundation of peace. Furthermore, exchanges and cooperation between the South and North must be carefully maintained in pursuit of the unification in order to restore national homogeneity and increase the common interest, in a way that helps build an economic, social, and cultural community. The South Korean government will continue to respond firmly to any wrongful actions taken by North Korea, such as the development of nuclear weapons, while also working to advance the inter-Korean relations based on trust, should North Korea eventually make the right decision.

Second, the South Korean people’s determination and capacity for the unification must be rallied and gathered to provide a basis to prepare for the unification. This will require inspiring passion for the unification and cultivating a spirit of community among the

younger generations, as well as shaping a unification-friendly Korean society. The Unification Preparation Committee soon to be launched following President Park’s proposal will play a pivotal role in garnering support for the unification within the Korean society.

The third wheel is the international cooperation. The unification of the Korean Peninsula not only requires effort on the part of our people, but also calls for support and cooperation from the international community. The Park administration believes that the international community should participate in the unification process and share the benefits of unification. Accordingly, it plans to create a model toward achieving the convergence of the inter-Korean cooperation and the international cooperation. The Rajin-Khasan logistics project to connect South Korea and Russia via North Korea through railway and roads, the “Eurasia Initiative,” and the “Northeast Asia Peace and Cooperation Initiative” are prime examples of this idea.

The unification of the Korean Peninsula will open a new window of opportunity for countries in the region and across the world. Above all, it will be a fundamental solution to not only the threats posed by North Korea’s nuclear programs and missiles, but also the risks of war and instability on the Korean Peninsula. It will contribute to establishing permanent peace in Northeast Asia by encouraging the relevant countries exert diplomatic efforts in earnest. Furthermore, connecting the land and the sea via the Korean Peninsula will create a blue ocean for the Northeast Asian economy, thus contributing significantly to the shared prosperity of regional countries and the development of the global economy. (Yonhap)

New Catchphrase 'Korean Speed'

"All service personnel and people are called upon to accelerate the building of a thriving nation under the banner of 'Korean Speed.'"

The Rodong Sinmun, North Korea's main newspaper, on June 4 urged the people to make a more dynamic drive for creating "Korean Speed" in an article to mark the first anniversary of the publication of its leader Kim Jong-un's appeal for socialist construction with a new speed.

North Korea has used various "Speeds" to drive its people to expedite state projects, including construction projects. Korean Speed is the latest one, following the "Speed on Masik Pass" or "Masikryong Speed."

The appeal, "Let Us Usher in a Fresh Heyday on All the Fronts of Socialist Construction by Creating the 'Speed on Masik Pass,'" published on June 4, 2013, serves as an engine for making the spirit of bringing about a leap forward and innovations prevail over the country, racing against time amid the hot wind of (former leader) Kim Jong-il's patriotism, the organ of the North's ruling Workers' Party of Korea said.

"His appeal serves as a militant banner for powerfully encouraging all service personnel and people in the drive to create the speed for uninterrupted great innovations and leap forward," the article said, adding that the soldier-builders of the Masikryong Ski Resort successfully completed the huge projects in a brief span of time which would take others 10

years at an ordinary pace by pushing forward nearly 60 projects at lightning speed, bearing deep in mind the historic appeal written by Kim Jong-un, foreseeing the happy people.

Kim Jong-un's Appeal

The Masik Pass Ski Resort was completed in about a year at the end of 2013 at the instruction of Kim.

The service personnel and people are now vigorously dashing ahead, surpassing the past norms and records with the same vim and vigor with which they created "Speed on Masik Pass," a new one-match-for-a-hundred speed offensive, the paper said.

The paper continued that the soldier-builders and members of shock brigades active in the construction of a stock-breeding base in the Sepho plateau in Gangwon Province are now creating the second "Speed on Masik Pass" and the speed of Sepho plateau in its reclamation, constructing a pasture and building a stock-breeding base by harnessing nature with the same strong resolution, indomitable will and persevering pluck as displayed by the soldier-builders of the ski resort on Masik Pass.

The article called upon all service personnel and people to more dynamically accelerate the building of a thriving nation under the uplift-

ing banner of “Korean Speed.”

The slogan “Korean Speed” first appeared in North Korean media on Jan. 23, when the KCNA reported that the Xinhua News Agency of China carried an article about the experience of Korean Speed at Masik Pass Ski Resort.

The catchphrase began rapidly spreading when Kim Ki-nam, secretary of the Central Committee of the Workers’ Party, used it at a Pyongyang rally to celebrate the re-election of Kim Jong-un as the first chairman of the National Defense Commission, on May 10.

Kim Ki-nam urged North Koreans to create the new word of the times (Korean Speed) to follow in the spirit of the creators of Masikryong Speed and Huichon Speed. Huichon Speed was first used in 2009 when the late North Korean leader Kim Jong-il urged the people to expedite the construction of a thermoelectric power plant in Huichon, Jagang Province.

On May 1, the Rodong Sinmun carried an editorial urging the workers to create Korean Speed under the leadership of the party to develop the economy. The editorial cited the Jan. 8 Fisheries Office, which was completed at the end of May, only four months after Kim Jong-un instructed that it be finished in early January as a good example of Korean Speed.

Korean Speed

Kim Jong-un praised the completion of the office in such a short time as a “miracle and a real Korean Speed” when he visited the office in May.

The term Korean Speed is likely to be a core catchphrase to mobilize people’s labor in various construction and economic sites.

Under Kim Jong-un’s leadership, North

Korea has boasted some major construction projects built in a very short time, including the massive ski resort in Masik Pass, or Masikryong. Kim expressed his satisfaction over the construction of the ski resort by the end of 2013 and urged all industrial sites to follow suit in the spirit of “Masikryong Speed.”

Having turned out in response to the Party’s appeal to create Masikryong Speed, the workers carried out many construction projects, like the Victorious Fatherland Liberation War Museum, Unha Scientists Street, Munsu Water Park and Masikryong Ski Resort, in a short period of time, as befitting the creations in the era of the Workers’ Party, Kim Jong-un said in this year’s New Year’s Address.

After the deadly collapse of an apartment building under construction in Pyongyang in May, it became a matter of interest whether North Korea would refrain from driving its people to expedite construction and other projects in the name of Masikryong Speed, or “Korean Speed.”

The KCNA said on May 18 that the accident occurred in the Pyongyang District on May 13 as “the construction was not done properly and officials supervised and controlled it in an irresponsible manner.”

North Korea did not elaborate on the exact cause of the collapse but North Korea watchers in Seoul speculated that the accident may have been caused by shoddy construction due to corruption and the North’s practices of building construction projects at lightning speed.

Days after the accident, Kim visited another apartment construction site in Pyongyang and stressed the need for safety on construction projects. He, however, called for speedy construction and set a deadline for the construc-

tion of the apartment for the educators of Kim Chaek University of Technology.

The KCNA said Kim encouraged the builders of the Korean People's Army 267 Unit to complete the construction of the apartment by Oct. 10, the founding anniversary of the Workers' Party of Korea.

The agency said Kim praised the 267 Unit soldiers for being obviously different (from other construction workers) as they created Masikryong Speed. The unit has engaged in building representative construction projects under the Kim Jong-un regime, like the ski resort on Masik Pass, Munsu Water Park and Mirim horse riding club on the orders of Kim.

Example of Korean Speed

Rodong Sinmun on May 28 again urged the creation of Korean Speed in an article which introduced the successful transfiguration of an abandoned mine in a remote mountain town into a modern industrial and technology district as an exemplary model of Korean Speed.

In the article titled "Let us lead the world with Korean Speed," the paper complimented the March 15 Youth Mine as an example of an astounding development of a superhigh speed in the past few years to become an up-to-date industrial development district by accumulating its properties and creating new industries.

The article noted that the March 15 Youth Mine in Jungguang County, a remote town in Jagang Province, has built North Korea's first hydrometallurgy smelter and started the construction of a steel plant. It made the lives of the people in the mining town affluent.

Praising the mine for rising high with Korean Speed, the paper urged other factories and work sites to double their efforts to follow



One of North Korea's propaganda posters stressing the importance of the "Masikryong Speed," which the (North) Korean Central News Agency (KCNA) reported in late August 2013. (KCNA-Yonhap)

suit by taking a lesson from the success case of the mine.

North Korea experts said the country seems to be using the new slogan "Korean Speed" to replace Masikryong Speed.

"The Kim Jong-un regime seems to have adopted 'Korean Speed' as a new catchphrase for economic and construction sites as the ski resort at Masik Pass has already been completed and because there is some negative image on Masikryong Speed," said Cho Bong-hyun, a researcher at Seoul-based IBK Economic Research Institute. (Yonhap)

Can N. Korea Catch Two Rabbits at Once: Nuke and Economy?

One Year of 'Byungjin Line' in N. Korea and Its Future

North Korea claims the “Byungjin Line” is indeed the “treasured sword” with which it can achieve both economic development and defense reinforcement to speed up the construction of a strong and prosperous socialist nation.

Aiming at evaluating its prospects, this study seeks to capture the main features, goals and tasks of the Byungjin Line envisioned by the Kim Jong-un regime and then assess if its empirical records over the first year of Byungjin go in the right direction as planned.

While the Byungjin Line pays more attention to the civilian economy unlike the North’s preceding policies, it has made only marginal progress short of innovation in its economy but strengthened the national defense industry reinforcing its conventional warfare capacity as well as nuclear arsenal.

Without making any dramatic changes, the Byungjin Line is unsustainable in the long term, deepening international sanctions and prolonging the country’s economic isolation.

South Korea should follow policies encouraging North Korea to prioritize economy in its own policy, reducing the North’s economic dependence on China, and adopt a pragmatic approach to the North’s nuclear ambitions.

I. Introduction

A year has passed since North Korea officially adopted its so-called “Byungjin Line,” centered on the two pillars of economic

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development and nuclear program, at the plenary session of the Central Committee of the Workers' Party on March 31, 2013. The session introduced the Byungjin Line as "the most revolutionary and popular" policy line for national success, involving the strengthening of both its nuclear arsenal, to be used for national defense, and economic development with the goal of creating "a strong and prosperous nation."

The New Year's Address, read by Kim Jong-un himself, in January 2014, declared 2013 as "the year in which North Koreans triumphed in their two-pronged battle to build a strong nation and guard socialism, with the help of the Byungjin Line." As these declarations indicate, the nuclear program stands at the center of the Kim regime's economic and defense development strategy, which effectively aims to make North Korea not only socialist but also strong and prosperous.

In her address to the U.S. Congress in May 2013, however, South Korean President Park Geun-hye dismissed the sustainability of North Korea's Byungjin Line, emphasizing, "You cannot have your cake and eat it too." Any meaningful economic growth in North Korea will be possible only with the cooperation and support of the international community.

North Korea's insistence on a nuclear program, however, will only serve to further alienate the nation from the international community, leading to the continuation of the already severe economic sanctions.

The international community agrees with Park on the Byungjin Line. There is a significant gap between North Korea's confidence in its strategy and the international assessment of that strategy.

This study begins by questioning whether

the Byungjin Line is indeed an effective strategy to create "a strong and prosperous nation," as the Kim regime claims.

This is a familiar question that appears again and again in the great number of studies that have been published to date dealing with the Byungjin Line. However, the majority of these studies derive their conclusions from deductive thinking and speculation.

This study, by contrast, assesses the empirical records related to the Byungjin Line in North Korea over the past year, and makes an inductive attempt at predicting its future.

To this end, this study first seeks to capture main features of the Byungjin Line, as envisioned by the Kim regime, and identifies the tasks that must be fulfilled in order for the strategy to succeed.

This study then analyzes the policies that North Korea has enacted, and other actions that it has taken, since it officially adopted the Byungjin Line, and attempts to determine, based on the analysis, whether the Byungjin Line has led to the progress that the Kim regime expects.

On the basis of the foregoing, this study attempts to determine, at least provisionally, whether the Byungjin Line is indeed the "treasured sword" with which North Korea can achieve both economic development and defense reinforcement, or whether it will lead them on a self-destructive path of popular delusion and self-contradiction.

This study will wrap up its conclusion with suggestions for proper responses and steps that the South Korean government should take toward the North.

II. Main Features and Tasks of Byungjin Line

1. Main Features

Kim Jong-un's New Year's Address to the public in 2013 suggested that the ideal of a "strong and prosperous nation" that North Korea aspired to become required a focus on economic development.¹⁾ Approximately one month later, on Feb. 12, 2013, the Kim regime proceeded to launch its third nuclear test.

The Workers' Party Central Committee's March 31 session officially adopted the Byungjin Line, aiming to pursue "economic development and nuclear program simultaneously." According to the Kim regime, the Byungjin Line is a strategy that "reinforces and expands North Korea's nuclear arsenal against the constant threat of nuclear attack and invasion, while also empowering the country's efforts toward economic development."²⁾

Stressing that the Byungjin Line is not a one-time pill, but "a strategic path that North Koreans ought to follow permanently," the Kim regime indicated that the Byungjin Line would be a defining long-term strategy.³⁾

In his declaration, Kim describes the new strategy as entailing the following:⁴⁾ First, the Byungjin Line inherits and expands upon the simultaneous pursuit of economic prosperity and defense capability that the late North Korean leaders Kim Il-sung and Kim Jong-il had exhaustively worked for.

Second, by focusing on economic development while also boosting national security, the strategy of the Byungjin Line aspires to create a strong and prosperous nation in which "the people can enjoy the riches and glories of socialism to the fullest." Third, the Byungjin

Line is a legitimate means to achieving "a strong and prosperous nation," as it will significantly reinforce North Korea's capacity for deterrence and also act as a catalyst for economic development. Fourth, the Byungjin Line is a "treasured sword" that accelerates the development of a strong and prosperous nation and expedites the national reunification process, as well as being the banner for safeguarding the autonomy and dignity of the North Korean people.

Fifth, it is the manifestation of the Party's firm belief and will to complete the revolutionary cause of Juche through a path of self-reliance, military-first and socialism. Sixth, the Byungjin Line is a pragmatic guideline to maximize the efficiency of economic development and strengthen national defense in accordance to the state of affairs.

Seventh, the Byungjin Line will help promote economic construction and raise living standards of the people while strengthening national defense capabilities at low cost, i.e., without increasing the defense budget. Eighth, the Byungjin Line is deemed a rational approach to enhance North Korea's nuclear capacity as well as to improve the country's power supply based on its Juche-oriented nuclear energy industry.

The Central Committee's plenary session also listed a number of specific goals and measures involved in implementing the Byungjin Line.

The Byungjin Line, specifically, aims to achieve the following goals: (1) maximizing economic output by boosting the basic manufacturing sector and concentrating national resources on agriculture and light industry; (2) achieving self-sufficient nuclear energy for industrialization, and launching a number of light-water reactor projects; (3) improving the

state of aeronautical science and technology, culminating in the launching of more satellites into space; (4) converting the national economy into a knowledge-based economy by further diversifying trading partners and attracting greater foreign investment; (5) making fundamental improvements to the economic structure, and ultimately developing the superior, “our-style economic management method.”

Regarding the nuclear program, the Byungjin Line aims “to consolidate the legal grounds for the presence of a nuclear arsenal in North Korea, and to continue to expand and improve both quality and quantity of the country’s nuclear weapons until such time when the entire world is rid of nuclear weapons.” As part of this effort, the People’s Army is to “elevate nuclear weapons to a central position

in its strategies for deterrence and warfare,” so as to “prepare the country’s nuclear weapons for application to ordinary combat situations.” Along with the Byungjin Line, the Kim regime also vowed to “make active efforts, as a responsible nuclear state, to prevent nuclear proliferation; uphold the peace and security of Asia and the world; and also achieve global denuclearization.”

In summary, the Byungjin Line not only justifies North Korea’s possession of nuclear weapons, but also effectively establishes those weapons as major components of the country’s military strategies for wartime and peacetime policies.⁵⁾

It reflects Pyongyang’s growing need to reduce the financial burden of maintaining conventional weapons and strategies and channel the freed financial resources into agricul-

Table 1. Goals and Tasks of the Byungjin Line

Goals	Tasks
(1) Strengthen the national defense industry (reinforcing nuclear arsenal)	Secure the technical and financial resources necessary to reinforce nuclear capacity and continue nuclear tests
(2) Focus on economic growth while boosting national security	Develop sources for the growth of the domestic market (foster agriculture and light industry, and overcome problems such as power shortages)
(3) Reinforce defense capability without increasing costs	Increase efficiency of conventional and nuclear defense (minimizing cost while maximizing defense)
(4) Solve power (energy) problems	Improve nuclear power technology and efficiency of existing power plants, and build new power plants
(5) Develop agriculture	Develop new farming techniques and secure sufficient supplies of fertilizers
(6) Develop light industry	Establish infrastructure, develop new sources of growth, and enhance export prospects
(7) Develop aeronautical technology and satellites	Enhance missile development capacity (through continued launch tests)
(8) Diversify trading partners	Find new trading partners and regions outside China
(9) Attract foreign investment	Encourage investment in special economic zones
(10) Perfect “our-style economic management method”	Ensure and expand early successes of economic development

ture and the national economy, directly improving the people's livelihood. The Byungjin Line, in other words, is not only about re-allocating the national budget. According to the Kim regime, it expresses North Korea's hope to secure peace through nuclear deterrence, so that it may streamline, normalize, and rationalize its economic management and planning.⁶⁾

2. Tasks of Byungjin Line

The success of the Byungjin Line will depend on its achievement of a number of specific policy goals and aims. Table 1 summarizes such goals and tasks of the Byungjin Line.

First, in order to strengthen its national defense industry and nuclear capacity, North Korea will need to ensure continuous research, development, and advancement of its own nuclear technology while also securing steady supplies of the necessary nuclear materials and continuing with its additional nuclear and missile-launch tests. North Korea will also need a reliable source of funding to support its nuclear development, but its current state of isolation from the rest of the world will make it difficult for North Korea to find such a source.

Second, in order to focus on economic development while also boosting national security, North Korea will need a strong domestic market and industrial basis.

The Kim regime appears to be aware, from the North's past experience, that military buildup without concomitant progress in the civilian economy may well turn out to be detrimental to the national economy on the whole. Yet the regime has failed to formulate clear and specific measures to promote its

domestic market.

Third, in order to enhance its national defense capacity without increasing defense spending, North Korea will need to increase the efficiency and impact of its military assets, for increasing efficiency is vital to cost reduction. North Korea seems intent on continuing to focus on the expansion of its nuclear arsenal so as to avoid the burden of increasing investment in conventional weaponry.

Fourth, overcoming the chronic power shortage problem will require improving its nuclear power technology, enhancing the efficiency of existing power plants, and building new ones. Although North Korea has suffered from chronic power and energy shortages for decades, the regime has consistently failed to solve this problem.

Therefore, we need to wait and see if the Byungjin Line will actually bring about any improvements in North Korea's power supply.

Fifth, agricultural development in North Korea will require various new initiatives, especially such as improving farming technologies, securing sufficient supplies of fertilizers, and enhancing the efficiency of land usage. Agricultural output in North Korea is still very much subject to weather, pestilence, and other environmental conditions of any given year. The North Korean regime therefore needs to develop a better system to prepare for these natural disasters in order to ensure the stability of its agricultural output.

Finally, North Korea will need to expand the range of its trading partners to include countries and regions other than China. It will also need to work harder to attract foreign investment in its special economic zones and ensure the early success of its June 28 Economic Improvement Measures.

For North Korea to achieve the intended

benefits of the Byungjin Line, it will first need to achieve systematic, thorough, and ongoing transformations of almost all aspects of its society, including the military, economy, finance, technology, energy, and trade. The Kim regime seems to be aware of the crucial importance of enhancing economic and social support in legitimizing its ongoing efforts to build up and expand the military.

As already mentioned, however, it is doubtful that North Korea will be able to achieve economic development, diversify its trading partners, and attract greater foreign investment while maintaining its insistence on nuclear development, which continues to invite international sanctions.

Keeping in mind these specific tasks that need to be achieved in order to ensure the success of the Byungjin Line in North Korea, this paper shall examine the actual conditions and trajectory of the Byungjin Line over the past year.

III. First Year of Pursuing the Byungjin Line

1. Enhancing Nuclear Capacity

Since making its Byungjin Line official, the Kim regime has been pursuing an ambitious nuclear development policy. The Supreme People's Assembly (SPA), which was held on April 1, 2013, passed a bill titled "On Reinforcing North Korea's Position as a Nuclear State for Self-Defense," thus endorsing its policy of nuclear deterrence.

The new law, consisting of a total of ten articles, marks the first official nuclear legislation in North Korea's history. It states that, so long as other countries in the world possess

nuclear weapons, North Korea will never give up its nuclear arsenal. However, it will not use nuclear weapons for preemptive strikes, but as a deterrent or for retaliatory purposes only.

The legislation also states North Korea's willingness to cooperate with international efforts toward nuclear nonproliferation and disarmament.⁷⁾ Notwithstanding the contradictory aims the legislation seems to espouse, North Korea has begun to consolidate legal grounds for its nuclear program, thus sealing off any possibility for negotiations on its possession of a nuclear arsenal.

Having legislated its nuclear program, North Korea has indicated, on numerous occasions, its plan to deepen its dependency on nuclear development. In his New Year's Address in January 2014, Kim Jong-un called the strengthening of the North's defense capabilities "the most important of all national matters," and announced a plan "to increase the production of modern weapons that are lighter, more intelligent, and more precise," as part of his pursuit of the Byungjin Line.

The wording thinly conceals the Kim regime's ambition to modernize its weapons of mass destruction (WMD) including its nuclear arsenal. In other words, the North Korean leader himself confirmed the international community's years-long suspicions regarding the country's plans for nuclear development.

For almost a year leading up to the official declaration of the Byungjin Line, North Korea showed off its expanding WMD to audiences worldwide.

For instance, on March 29, 2013, the Korean Central News Agency released photographs of Kim Jong-un visiting the North's Strategic Rocket Command with an operational chart in the background bearing the title

“Plan for Strategic Strikes against the United States Mainland.” Also, North Korea’s military parade in April revealed six Hwaseong-13 road-mobile, intercontinental ballistic missiles (ICBMs) loaded onto six transport erector launchers (TELs). These missiles have a range that covers almost the entire U.S. mainland.

In addition, during the 2014 South Korea-U.S. combined military exercises, North Korea launched four Scud-B ballistic missiles on Feb. 27, two additional ballistic missiles (Scud-D or ER) on March 3, and two more projectiles resembling Rodong missiles on March 26, all into the East Sea.

On April 2, 2013, the day after passing the first legislation supporting nuclear program, the head of the General Department of Nuclear Energy (GDNE) announced a plan to repair and reactivate all the nuclear facilities and the uranium enrichment program at Yongbyon, as well as the 5MW graphite-moderated reactor that had been suspended and neutralized since the six-party talks on ending North Korea’s nuclear program in October 2007.⁸⁾

A few days later, North Korea followed through with its promise by adding the new Ministry of Nuclear Industry (MNI) to its Cabinet. The MNI is an expansion and rearrangement of the GDNE, which had formerly overseen all the nuclear development projects in North Korea, including those for military purposes⁹⁾

In September 2013, Kim Jong-un also held a meeting with the nuclear specialists in the Supreme Military Command, the Central Military Commission, and the National Defense Commission, where he instructed them to complete the installation of new moderated reactors and lightwater reactors at Yongbyon by Oct. 10, 2015. Accordingly, North Korea is believed to be speeding up the

construction of a new graphite moderated reactor.

Furthermore, the ceremony, which was held in front of the Kumsusan Palace of the Sun on April 25, 2013, in celebration of the 81st anniversary of the establishment of the Korean People’s Army (KPA), provided an occasion for articulating the specifics of a new, nuclear-centered warfare strategy.

Vice Admiral Kim Myong-sik, the KPA Navy Commander, declared that its nuclear weapons would allow North Korea to destroy the United States’ super-sized aircraft carriers and nuclear-powered submarines.

The KPA Air and anti-Air Commander, Gen. Ri Pyong-chol also threatened to destroy the home bases of the enemy in kamikaze-style, when ordered, with planes loaded with nuclear bombs instead of fuel for a return trip. Lt. Gen. Kim Rak-gyom, the Strategic Rocket Commander, also promised to devastate the U.S. with ICBMs should the U.S. ever launch a preemptive strike against North Korea.¹⁰⁾

The North Korean Ministry of Foreign Affairs mentioned the possibility of “conducting a new kind of nuclear test” on March 30, 2014, warning the world of another additional nuclear test.

North Korea has traditionally followed a cycle consisting of first launching long-range missiles, which, in turn, provokes the United Nations Security Council to issue statements denouncing North Korea or resolutions imposing sanctions, the North Korean Foreign Ministry then makes an announcement, and then the cycle culminates in a nuclear test within a month or so following the statements.

This time, however, North Korea did launch mid-range (Rodong) missiles instead of long-range missiles. In addition, whereas North Korea waited three years between each of its

first three nuclear tests, this time it did not wait so long to announce the fourth test. Therefore, it is likely that North Korea will increase the frequency of test in commitment to the Byungjin Line, or that it will diversify the kind of its nuclear tests as the Ministry mentioned earlier.

In other words, North Korea has dedicated the past year to consolidate its preparations for its nuclear program, and appears to be faithfully implementing the Byungjin Line, at least as far as nuclear expansion is concerned. In particular, North Korea's pursuit of nuclear weapons over the past year clearly manifests one defining political purpose: namely, deterring possible military attacks from the U.S. These nuclear threats, in other words, posit the U.S. as the chief military threat, and are steadfastly targeted at the audience in Washington.

2. Expanding Conventional Military Capacity

Since 2000, North Korea seems to have switched its focus from expanding the quantity and range of its conventional weaponry -- which has already reached a saturation point -- to improving the performance of its current weapons, adopting GPS jammers and other digital devices, and enhancing the efficiency of weapons for asymmetrical warfare, such as nuclear weapons and missiles.¹¹⁾

Most of North Korea's current conventional weapons were made in the former Soviet Union, and are therefore seriously outdated. Weapons that require fuel, such as armored tanks, have been kept off the field for years due to fuel shortages.

Almost 35 percent of North Korea's troops are malnourished, lack the zeal and morale of typical soldiers, and are exposed to the market

and the temptations of money.

Some believe, however, that North Korea has actually maintained or even expanded some aspects of its conventional warfare capacity since Kim Jong-il's death.¹²⁾

The U.S. Department of Defense's March 2014 report on the North Korean military concluded that North Korea has continued to upgrade its large arsenal of conventional weapons despite economic hardships.¹³⁾ As the weapons of the Army, new tanks, artillery, and armored vehicles were observed at the last military parades.

The North Korean Air Force showed launching exercises involving new unmanned aerial vehicles (UAVs) in March 2013, and again disclosed these vehicles at the military parade in April that year, indicating that North Korea has invested and succeeded in developing UAVs. The North Korean Navy is also believed to be in the process of modernizing some of its ships and smaller submarines.

Particularly noteworthy in this regard are the increase in long-range guns (multiple rocket launchers, or MRLs) and arrangement of UAVs along the demilitarized zone (DMZ). North Korea fired six test shots from its new 300-mm MRLs in May 2013, and another eight shots from KN-09 MRLs, on Feb. 21 and March 4, 2014, respectively, into the East Sea.

The new MRLs have a range of about 180 kilometers at maximum, capable of striking the South Korean air bases in Pyeongtaek and Osan, as well as the bases in Suwon, Chungju, Seosan, and even the vicinity of Daejeon. North Korea was also found to have deployed unmanned surveillance vehicles, albeit of a poor quality, into South Korea in April 2014, confirming the suspicion that North Korea has indeed been supplementing its military capacity by developing new UAVs.

In other words, North Korea appears to have consistently pursued the expansion of its conventional military capacity, all the while outwardly declaring and pursuing its Byungjin Line. Nuclear weapons supplement, rather than replace, conventional weaponry.

No nation in the world is capable of ensuring its security with nuclear weapons alone. In order to deploy nuclear weapons in effect, missile launchers and other weapon systems are required. Also, the development and deployment of additional weapon systems that can protect nuclear weapons or operate alongside them are crucial to the actual use of nuclear weapons. According to a study by Seong Chae-gi (2013), a KIDA researcher, only about 10 percent of the nuclear development budget is spent on developing the actual nuclear weapons themselves. About 50 percent is spent on acquiring launching devices, and 25 percent on acquiring various command, information, and communication devices.¹⁴⁾

An increase in the national defense budget for 2014, which was reported in the SPA in 2014, also indirectly attests to the continuing reinforcement of North Korea's conventional arms. The report on spending in 2013 and the budget for 2014 indicate that North Korea's defense budget increased by approximately 4 percent, amounting to KPW6.1 billion.¹⁵⁾ This significantly contrasts with the earlier claim made by North Korea that its pursuit of the Byungjin Line will help the country strengthen its security at no additional defense spending.

The budget data show that, in 2013 and 2014, the Kim regime invested considerably in expanding its conventional arms as well as in its nuclear program, making no difference compared to the past.

3. Evaluation on First Year of Byungjin Line from Int'l Perspectives

The most obvious repercussion of the Byungjin Line is that its insistence on nuclear development continues to deepen North Korea's isolation from the rest of the world, inviting economic sanctions and increasing criticism. North Korea has already forced the United Nations and the international community to resort to a whole gamut of economic sanctions with its repeated nuclear and missile tests. Since the Byungjin Line perpetuates the vicious and self-contradictory cycle of nuclear development leading to economic isolation, which then leads to a lack of funds for nuclear development, the policy is unlikely to be sustained for long.

Nevertheless, since the economic sanctions of 2006, North Korea has attempted to break this cycle by deepening its dependence on China. Since the May 24 Measures of 2010 that the South Korean government decided to impose in response to North Korea's sinking of the South Korean navy corvette Cheonan, North Korea has sought to offset the losses in revenue by increasing trade with China. In just a year, between 2012 and 2013, the volume of North Korea's exports to China increased by 17.2 percent, imports from China by 5.4 percent, and overall trade volume by 10.4 percent (amounting to approximately US\$6.5 billion).¹⁶⁾ Making up around 90 percent of North Korea's total international trade, these are record-breaking figures.¹⁷⁾

The pattern noted in the immediate aftermath of the May 24 Measures, i.e., an increase in North Korea's mineral exports to China, again emerged in 2013, making China the destination of 63.3 percent of North Korea's overall mineral exports in 2013.

When Pyongyang proceeded with its third nuclear test in February 2013, Beijing expressed its strong discontent and objection via its foreign ministry. A recent report of the Chinese Academy of Social Sciences, one of the government-supported policy research institutes in China, discusses the probability of Beijing cutting its ties with Pyongyang. These outward renunciations led the international community to expect a dramatic change in China's attitude toward North Korea after the third nuclear test. However, the trade statistics from 2013 tell a different story.

North Korea's exports and imports dropped significantly in the first half of the year due to the impact of the nuclear test, but they increased dramatically in the latter half of the year.¹⁸⁾ The overall trade volume between the two countries even managed to increase by 5.4 percent from the previous year, with the most significant increases occurring in the areas of trade which had traditionally been areas of contention in South-North economic relations.¹⁹⁾

However, the abrupt execution of Jang Song-thaek in December 2013 is likely to affect relations between North Korea and China.²⁰⁾ According to the Korea International Trade Association (KITA), the trade volume between the two countries in the period of January-March 2014 has dropped by 7.4 percent from the same period of the previous year.²¹⁾

In particular, North Korea's grain imports from China decreased by more than 50 percent and its coal exports to China decreased by 10 percent in the first quarter from a year earlier.²²⁾ Also, the Korea Trade and Investment Promotion Agency (KOTRA) reported that China did not export any crude oil to North Korea in the first three consecutive months of

this year, which is unprecedented.²³⁾ This recent record is at odds with the fact that Beijing characterized the execution as a domestic affair and emphasized the need to maintain practical cooperation with Pyongyang in trade and other areas.²⁴⁾

Moreover, it turned out that Chinese companies have failed to lease piers at the Rason port of North Korea's free trade zone, raising speculations that the execution might have soured their cooperation on a number of major projects in the North's Special Economic Zones.²⁵⁾

In the meantime, relations between the two Koreas steadily deteriorated throughout 2013, with the trade volume between them dropping by 42.5 percent, amounting to only one-sixth of the trade between North Korea and China. The May 24 Measures eliminated almost all forms of economic cooperation between the two countries, with the Kaesong Industrial Complex shutdown for six months from April through September.²⁶⁾

North Korea ceased operations at the Kaesong Industrial Complex in April 2013, after its third nuclear test, raising the tension on the Korean Peninsula. It was an act intended to send a strong message to the new Park Geun-hye administration, and allow the North to assume the lead regarding North-South relations.²⁷⁾

Nevertheless, the tactic was a complete failure, and the Kaesong Industrial Park resumed operations after the dialogue held on June 6, at the proposal of Pyongyang, regarding the Park's operations and tourism at Mt. Kumgang on the North's eastern coast.

Pyongyang is continuing its search to find new trading partners other than China. For instance, North Korea's exports to Russia increased dramatically in 2013 by 48.65 percent. This change appears to reflect Russia's

participation in the development of ports and harbors in North Korea.²⁸⁾ North Korea also issued a major proposal in an address to Seoul on January 16, 2014, calling for a cease to the threats, insults, and military hostilities with one another, as well as for mutual cooperation on preventing nuclear disasters. Interestingly, North Korea emphasized, as many as four times, the sincerity of the proposal, thus indicating a strong desire to improve relations with the South.²⁹⁾

In his 2014 New Year's Address, Kim stressed the need for "all Koreans" to work together to improve the relationship between the two Koreas.

4. Sustainability of Byungjin Line

How will the Byungjin Line fare in the long term? The historical and empirical rule is that North Korea's continued insistence on pursu-

ing its nuclear program only serves to provoke and sustain economic sanctions imposed by the international community, thus prolonging the country's economic isolation and interfering with its search to find new sources of funding to continue with nuclear projects.

It is this self-contradictory characteristic of the Byungjin Line that makes it unsustainable in the long term. Table 2 summarizes the conclusion this study has reached regarding whether the means and methods of pursuing the two contradictory objectives of the Byungjin Line will remain viable in the future. As the table shows, we expect that nuclear program will invite and deepen international economic sanctions, and the resulting economic recession in North Korea will make it impossible to find sufficient funds for further nuclear and missile development. As a result, Pyongyang may attempt to break free from this vicious cycle by resorting to illicit activi-

Table 2. Sustainability of the Byungjin Line (From North Korea's Perspective)

Main Goals of Byungjin Line	Mid- to long-term prospects	Remarks
(1) Strengthen national defense industry (reinforcing nuclear arsenal)	Insignificant	Difficulty finding funds to continue nuclear development due to sanctions and economic recession
(2) Focus on economic growth while boosting national security	Insignificant	Likely to falter in the long term
(3) Reinforce defense capability without increasing cost	Failed	Increasing demand for budget for nuclear and conventional weapons alike
(4) Solve power (energy) problems	Insignificant	Fundamentally unsolvable
(5) Develop agriculture	Good/Insignificant	Subject to variables other than Byungjin Line (e.g., weather conditions, etc.)
(6) Develop light industry	Insignificant	Limited prospects due to sanctions
(7) Develop aeronautical technology and satellites	Insignificant	Difficulty finding funds for research and development due to sanctions and economic recession
(8) Diversify trading partners	Failed	
(9) Attract foreign investment	Failed	Likely to falter due to continuing sanctions against nuclear program
(10) Perfect "our-style economic management method"	Failed	

ties. In the meantime, North Korea's agriculture is a sector subject to international supplies of fertilizers and favorable weather conditions, independent of the Byungjin Line.

IV. Conclusion

Are Economic Development and a Nuclear Program Really Compatible?

This study has analyzed the main features and tasks of North Korea's Byungjin Line, and delineated its successes and limitations in comparison to the country's three preceding economic policies. This study has also reviewed the trajectory that the Byungjin Line has followed over the past year or so, and evaluated the progress North Korea has made with respect to the proposed goals and tasks. The analysis reveals that the Byungjin Line did achieve significant improvement in terms of nuclear and missile development and other elements of the civilian economy, including agriculture. The Byungjin Line, however, has not lived up to the ideals of economic reform and openness.

Moreover, it will be impossible to sustain the Byungjin Line for very long into the future, due to the vicious cycle of nuclear armament, leading to economic sanction, which will result in economic isolation, and thereby weak economy to support nuclear development. Most of the stated policy objectives, goals and means, except those concerning agriculture, will grind to a halt in the long term for budget reason, which may force Pyongyang to increase its engagement in illicit activities to fund its nuclear ambitions.

Notes:

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- 2) Seong Chae-gi, "Appraising North Korea's Economy-Nuclear Byungjin Line: Intent and Sustainability," *Northeast Asia Security Analysis*, KIDA, August 20, 2013.
- 3) "Full Transcript of Report of the Central Committee's Plenary Session to Kim Jong-un," *Korean Central News Agency*, April 1, 2013; and Cheon Seong-Whun, "The Kim Jong-un Regime's 'Byungjin' (Parallel Development) Policy of Economy and Nuclear Weapons and the 'April 1st Nuclearization Law'," *KINU Online Series CO 13.11* (2013), 1.
- 4) Kim Jin-mu et al., "North Korea's Domestic and Foreign Policies and their Prospects: Comparison to the Kim Il Sung and Kim Jong Il Eras," *KIDA Research Report Ahn 2013-3296* (December 2013), 295, re-quoted in Cheon, (2013), 1.2.
- 5) Seong, 2013.
- 6) Choson Sinbo, June 5, 2013, re-quoted in Lee Seok-gi, Lim Kang-taek, Lim Eul-chul, Bang Hyeon-ji, "General Assessment of the North Korean Economy in 2013, and Prospects for 2014," *KIET Research Reports*, November and December 2013.
- 7) Cheon (2013), 4.
- 8) The reactivation of the 5MWe graphite-moderated reactor will allow North Korea to extract plutonium from the closed fuel rods.
- 9) Lee Je-son became the head of the the GDNE in 1987 and the head of the MNI on April 10, 2014. He is a subject to UN sanctions.
- 10) Cheong Seong-chang, "An Evaluation of the Kim Jong-un Regime's Byungjin Line for Economic Development and Nuclear Armament," *State of Affairs and Policy*, Sejong Institute, May 2013.
- 11) Tak Sung-han, "Defense Industry in North Korea: Its Impact and Prospects in the North Korean Economy," *Exim Bank on the North Korean Economy*, Export-Import Bank of Korea (Summer 2012), 4.
- 12) Bruce Bechtol, "Nukes Aren't the Only Weapons in North Korea," *Asia Unbound*, Council on

- Foreign Relations, March 28, 2014; and John S. Park, "Nuclear Ambition and Tension on the Korean Peninsula," in *Strategic Asia 2013.2014: Asia in the Second Nuclear Age*, eds. Ashley J. Tellis, Abraham M. Denmark and Travis Tanner (Seattle, WA: National Bureau of Asian Research, 2013), 163.200.
- 13) Office of the Secretary of Defense, Military, and Security Developments Involving the Democratic People's Republic of Korea 2013, Annual Report to Congress Pursuant to the National Defense Authorization Act for Fiscal Year 2012 (March 2014), 9.
 - 14) This applies to the United States. See Seong, 2013.
 - 15) KPW is the code of the official currency of North Korea. North Korea no longer announces the detailed amounts of its defense budget items. Instead, it announces the defense budget's proportion of the total budget. The First Session of the Supreme People's Assembly in 2014 announced that government revenue increased by 4.3 percent from the previous year, while the proportion of the defense budget remained more or less the same (16.0 percent in 2013 and 15.9 percent in 2014). It was according to these claims that the amount and rate of increase in the North Korean defense budget were calculated and cited here.
 - 16) Seong Baeg-ung and Yang Ji-yeon, "Comparing South-North Korea Trade with North Korea-China Trade, 2013," *KITA IIT Trade Focus* 13, no. 9 (2014): 2.3.
 - 17) KOTRA, "Statistics on North Korea-China Trade, 2013," *KOTRA Overseas Business Information Portal*, March 17, 2014, www.globalwindow.org (accessed April 10, 2014); and KOTRA, "Trends in North Korea's Trade, 2012," *KOTRA Overseas Business Information Portal*, May 30, 2013 (accessed April 10, 2014). Trade with China made up 88.3 percent of all North Korea's trade in 2012, and is very likely to have exceeded the 90-percent threshold in 2013.
 - 18) KOTRA, 2014.
 - 19) For instance, as the proportion of oil and processed food imports from South Korea decreased by about 60 percent, North Korea had to increase its reliance on Chinese imports by 84.2 percent. See Seong and Yang, 2014.
 - 20) While the second-most powerful person and the uncle of Kim Jong-un, Jang had been considered an advocate of Chinese-style economic reforms and was in charge of a number of business projects with China. He was accused of selling "coal and other precious underground resources at random" and "selling off the land of the Rason economic and trade zone to a foreign country for a period of five decades under the pretext of paying those debts." "N. Korean official says no piers for China at special trade zone," *Global Post*, May 2, 2014.
 - 21) "Trade Statistics-China," *Korea International Trade Association*, <http://stat.kita.net> (accessed May 16, 2014).
 - 22) "China didn't export crude oil to N. Korea in Q1," *Voice of America (Korea)*, April 25, 2014; and "N. Korea's grain imports from China halve in Q1," *Global Post*, April 27, 2014.
 - 23) "China didn't export crude oil to N. Korea in Q1." The crude oil from China to North Korea made up 16 percent of the total exports volume in 2013, the largest as a single item. For more details on the trade record, refer to Seong and Yang (2014), 14.
 - 24) "China hopes DPRK remains stable: FM spokesman," *Chinadaily.com*, December 12, 2013.
 - 25) "N. Korean official says no piers for China at special trade zone."
 - 26) Seong and Yang (2014), 4.
 - 27) Kim Jin-mu, 2013.
 - 28) KOTRA, "An Analysis of Russia's Exports to North Korea in 2013," *KOTRA Overseas Business Information Portal*, April 1, 2014, www.globalwindow.org (accessed April 10, 2014).
 - 29) Park Dae-kwang, "North Korea's Charm Offensive toward the South and Our Proper Response," *Northeast Asia Security Analysis*, KIDA, Feb. 3, 2014.

Internal Affairs**N. Korea airs taped versions of World Cup matches**

Despite its failure to join the 2014 World Cup, North Korea broadcast the taped version of the match between England and Italy on June 16, pointing to the reclusive country's World Cup fever.

The England-Italy match was broadcast by the country's official Korean Central Television from 8:24 p.m., more than one day after it actually took place, according to the broadcaster monitored in Seoul.

The television channel earlier covered the opening ceremony of the Brazil World Cup, also about a day later, before broadcasting the opening match between Brazil and Croatia as well as games between Chile and Australia, Mexico and Cameroon as well as between Spain and the Netherlands.

The North Korean TV footage showed that Pyongyang produced the films by taping what a South Korean broadcaster had aired, with the name of the South Korean company blurred on the screen.

The unusual airing of the international matches in the reclusive country, despite its failure to win a ticket to football's quadrennial showcase, reflects the increased popularity of the sport there, watchers said.

North Korea won its way to the World Cup in 2010 for the first time in 44 years and the country's television broadcasting of the soccer matches in South Africa drew keen international media attention then because outside information and materials are strictly kept away from common North Korean citizens.

The North renewed its agreement with the Asia-Pacific Broadcasting Union to use broadcast rights for the Brazil World Cup matches in 2012 as they did for the 2010 South Africa World Cup.

Football now appears to be one of the most popular sports in the North with the Kim Jong-un regime recently opening an international soccer school and renovating stadiums in the country. (Yonhap)

N. Korean leader inspects navy submarine unit

North Korean leader Kim Jong-un inspected a navy submarine unit, and stressed the need to raise combat preparations and underwater operation capability, the country's official news wire reported on June 16.

During his visit to the Korean People's Army's Naval Unit 167, Kim inspected "various indoor trainings including the drill for launching torpedoes at the underwater comprehensive training room," the Korean Central News Agency (KCNA) said in an English-language dispatch.

Kim also toured submarine No. 748 and guided a navy drill aboard the vessel, while also teaching navigation methods to its captain, according to the KCNA.

The naval unit appears to be part of the North Korean military's Large Combined Unit 597, which

belongs to the East Sea fleet command located in the North's South Hamgyong Province.

"The Party Central Committee is attaching great importance to the combined units of submarines," the KCNA quoted Kim as saying.

Kim also set forth "the tasks to be fulfilled to round off the combat preparations of the unit and remarkably bolster up the underwater operation capability of submarines and modernize and fortify bases," according to the KCNA.

"The commanding officers and seamen should clearly see through the motives of the hateful enemies watching for a chance to invade our land and put spurs to combat preparations, thinking about battles only," the KCNA also quoted Kim as saying.

The North's main newspaper, Rodong Sinmun, also published eight photos showing the submarine and its leader on its turret to conduct the drill.

The rusty, green submarine was presumed to be a 1,800-ton Romeo-class submarine, which is a class of Soviet diesel-electric sub built in the 1950s. It is the largest submarine the communist North has.

"It is quite unusual that North Korea revealed even the inside of its submarine. It appears that Pyongyang aims to show off its submarine might," defense ministry spokesperson Kim Min-seok told a regular briefing.

"But the submarines that our Navy holds are far superior to (the North's), as ours do not make much noise and it can stay underwater far longer," he added.

Among those who accompanied Kim on the latest visit were Hwang Pyong-so, the military's top political officer, and Pyon In-son, director of the military's operations bureau, according to the KCNA report.

Two days earlier, the state media reported a similar inspection by Kim to another unit of the East Sea fleet command, in which he highlighted combat readiness. (Yonhap)

S. Korea says possible promotion of N. Korean leader's confidant

The top political officer of North Korea's military may have been promoted as a vice chairman of the Central Military Commission of the ruling Workers' Party, South Korea's unification ministry said on June 3.

The ministry, which handles inter-Korean affairs, listed Hwang Pyong-so, the director of the military's General Political Bureau, as one of 16 members of the commission, but it raised a possibility that he may have become a vice chairman of the commission.

It also presumed that Hwang, who was promoted to vice marshal in April, may also have joined the party's Political Bureau, given his title as the military's top political officer.

The speculation, if confirmed, could cement Hwang's position as a key confidant to leader Kim Jong-un, who heads the Central Military Commission.

Hwang replaced Choe Ryong-hae as the military's top political officer in May, a move that analysts see as a sign of Hwang's rising power in the North's inner circle.

Still, the ministry did not provide any details behind its speculation on Hwang's possible promo-

tion to a vice chairman of the Central Military Commission.

The ministry also listed Choe as one of two vice chairmen of the commission, but said it needs to be verified whether there was any change in Choe's position.

North Korea is one of the world's most closed societies, making it very difficult for officials in Seoul and other regional powers to independently confirm personnel changes before the North's state media makes an official announcement. (Yonhap)

WFP chief says N. Korea program at 'crucial juncture'

The head of the U.N. World Food Program (WFP) said on May 23 that its nutrition program for North Korean children and pregnant women stands at a "very crucial juncture" as a lack of funding threatens its viability.

Ertharin Cousin, the executive director of the WFP, said that the U.N. food agency has received only 20 percent of the funding required to implement the program, which is "critically underfunded."

"We are now at a very crucial juncture...If we do not receive additional funding, we'll need to make decisions about how and if we can go forward with the nutrition program... even with the reduced format," Cousin told a group of reporters in Seoul, following her visit to North Korea from May 19-21.

The North has relied on international handouts since 1995 to help feed its people suffering from chronic food shortages.

The WFP is operating the two-year nutrition program in North Korea through 2015, targeting children under the age of five at hospitals, schools and orphanages as well as pregnant women.

In her first visit to North Korea, Cousin met high-ranking officials including Kim Young-nam, president of the Supreme People's Assembly, to stress the importance of the smooth operation of the program. (Yonhap)

External Affairs

'Candid' talks on N. Korea's nuclear weapons program

The chief nuclear envoys of South Korea and China held "candid" talks in Beijing on ways to resume long-stalled nuclear talks with North Korea, a South Korean delegate who attended the meeting said on June 10.

Hwang Joon-kook, South Korea's chief envoy for the stalled six-nation talks, met his Chinese counterpart, Wu Dawei, earlier in the day during which the two sides discussed how to reopen the nuclear talks with North Korea. After the talks with Wu, Hwang also met with Chinese Foreign Minister Wang Yi.

Hwang and Wu “held an in-depth and candid consultation on ways to resume a meaningful dialogue about denuclearization of North Korea and the latest developments on the Korean Peninsula, including countermeasures against the North’s threat of an additional nuclear test,” the delegate said on condition of anonymity, declining to elaborate further.

Hwang arrived in Beijing earlier in the day for the one-day talks with Wu. Upon his arrival in Beijing by air, Hwang said South Korea, the United States and China have been seeking “various options” to resume the six-party talks, but declined to comment on prospects for their resumption.

The South Korean nuclear envoy also said the three nations would not ease pressure on North Korea until it shows a “practical progress” in taking denuclearization steps before any resumption of nuclear talks can take place.

“South Korea, the U.S. and China have been seeking for various options to resume a meaningful dialogue on denuclearization (with North Korea),” Hwang told Yonhap News Agency upon his arrival at the Beijing airport.

“The meaningful dialogue means that it must produce a practical progress in denuclearizing North Korea and preventing North Korea from advancing its nuclear capability,” Hwang said.

Asked about prospects for renewed nuclear talks with North Korea at this stage, however, Hwang replied, “I can’t comment on that.”

The June 10 talks followed his bilateral meeting in Washington with Glyn Davies, the U.S. envoy on North Korea, on June 2.

In a regular press briefing, China’s foreign ministry spokeswoman Hua Chunying told reporters that Hwang and Wu “will exchange views on the Korean Peninsula nuclear issue and a resumption of the six-party talks.”

South Korean diplomats in Beijing said the talks between Hwang and Wu are aimed at fine-tuning their policy coordination to resume the six-party talks before Chinese President Xi Jinping visits South Korea. Xi has been widely expected to visit South Korea late June or early July, during which North Korea’s nuclear weapons program will be high on the agenda. (Yonhap)

U.S. House panel OKs bill on sanctions against N. Korea

A key U.S. House committee approved a bill on May 29 calling for tougher sanctions on the North Korean regime and holding it accountable for human rights abuses there.

The legislation, titled the North Korea Sanctions Enforcement Act, strengthens existing sanctions against the communist nation by prohibiting its access to critical resources such as hard currency and other goods, according to the panel.

H.R. 1771 was introduced by Rep. Ed Royce (R-CA), chairman of the committee, a year ago.

“It is time for Congress to lead by providing a clear legislative framework for sanctions to deprive Kim Jong-un of his ability to build nuclear weapons and to repress and abuse the North Korean people,” Royce said. “The ‘North Korea Sanctions Enforcement Act’ seeks to apply the same type of pressure the Treasury Department successfully applied in 2005, when it targeted a small bank in Macao that was complicit in Pyongyang’s counterfeiting.”

The legislation denies sanctioned North Koreans and their enablers access to all U.S. property and the U.S. financial system, the committee said in a press release.

It also provides the U.S. government “the tools necessary to sanction third-country persons and banks that facilitate North Korean proliferation, smuggling, money laundering, and human rights abuses,” it added.

Although the bill contains far-reaching measures to sanction North Korea, it is widely viewed as symbolic since Pyongyang is already subject to a tough set of U.N. sanctions.

It remains unclear whether or when the legislation will be endorsed on the House floor and the Senate as the U.S. political community braces for mid-term elections. (Yonhap)

N. Korean economic delegation visit Syria, Russia

An economic delegation of North Korea’s government left on a trip to Syria and Russia on May 24 for economic cooperation talks with the two countries, the official news agency said.

The delegation, led by Trade Minister Ri Ryong-nam, plans to attend a joint economic commission meeting in Damascus and a trade, economic and science committee meeting in Russia’s Vladivostok, Pyongyang’s KCNA said.

The KCNA did not provide further details.

The trip was seen as aimed at strengthening the economic ties with the two countries that are friendly toward Pyongyang in part to lessen the country’s economic dependence on China. (Yonhap)

Inter-Korean Affairs

Seoul returns rescued N. Korean fishermen

South Korea on June 16 sent back five North Korean fishermen rescued from a sinking boat in South Korean waters the previous week, the unification ministry said.

South Korea’s Coast Guard discovered the fishing boat about 60 kilometers northeast of the easternmost islets of Dokdo on June 13 and rescued the five seamen aboard the ship.

The North Koreans were repatriated via the neutral border village of Panmunjom.

“Respecting the five North Korean crewmen’s wish, we decided to send them all back to the North and delivered our intention to repatriate them to the North Korean side, which accepted it,” unification ministry spokesman Kim Eyi-do said in a briefing.

In May, the Coast Guard rescued three other North Koreans from a ship that was found drifting off South Korea’s east coast due to engine problems.

Only one of the crew members was sent home as the other two expressed their wish to defect to the South. (Yonhap)

N. Korea blames South for ruining bilateral ties

North Korea on June 15 criticized South Korean President Park Geun-hye's policy toward the communist country that it said has led to a collapse of inter-Korean relations.

Pyongyang's denunciation was made on the 14th anniversary of a joint declaration at their landmark summit in June 2000 that paved the way for eased military tensions and economic cooperation between the sides after decades of hostility.

The summit agreement, known as the June 15 South-North Joint Declaration, came at the end of their first-ever summit. In the accord, the two sides pledged to seek greater exchanges and cooperation across one of the world's most heavily fortified borders.

The summit unleashed a flurry of economic and other cooperation projects, and the two sides held their second summit in 2007. But the reconciliation process came to a halt after former South Korean President Lee Myung-bak took office in 2008 with a hardline policy on Pyongyang. The conservative Lee administration was succeeded by Park in February 2013.

"The June 15 joint declaration is a great program for reunification common to the nation," the North's official newspaper, Rodong Sinmun, said in a front-page editorial. "However, after the anti-DPRK conservative forces came to power again in South Korea, the North-South relations were brought back to the era of confrontation and hostility."

Notably, it claimed, the Park Geun-hye regime is behaving so foolishly as to peddle such anti-reunification watchwords as "confidence-building process on the Korean Peninsula" and "Dresden declaration" in breach of the declaration and get international recognition.

The so-called Korean Peninsula trust-building process is Park's trademark North Korea policy that calls for dialogue and exchanges to build trust between the two Koreas.

During a visit to the East German city of Dresden in March, Park made the Dresden proposal, holding out the prospect of the South increasing humanitarian assistance to and building infrastructure in North Korea if trust builds between the sides.

The North Korean newspaper further said there is no change in Pyongyang's position to improve inter-Korean ties, and achieve rapprochement and national unification according to the joint summit declaration.

Inter-Korean ties are at their lowest ebb in years.

In late May, the two Koreas exchanged fire near their tense western sea border in their latest military tit-for-tat, though no casualties were reported.

In early May, the sides also traded accusations over a trio of small drones found crashed recently on the southern side of the inter-Korean border. South Korea said the North sent the drones over the border, but the North has denied any involvement and accused South Korea of fabricating the incidents.

South and North Korea remain technically in a state of war as the 1950-53 Korean War ended in a truce, not a peace treaty. (Yonhap)

Cumulative output of Kaesong park reaches US\$2.3 bln

Cumulative production of the inter-Korean industrial park has come to US\$2.3 billion as the most salient outcome of rapprochement between the Koreas marks its 10th anniversary of operations in June, the unification ministry said on June 12.

The joint factory complex in the North Korean border town of Kaesong opened a decade ago following the first inter-Korean summit meeting in 2000, in which their leaders adopted a joint declaration calling for closer cooperation and exchanges.

On June 14, 2004, a group of 15 South Korean groups signed contracts to operate factories in the then-newly built complex, inaugurating the era of the Kaesong Industrial Complex. In December that year, the joint complex saw its first batch of goods produced in its factories.

In the first full year of operations in 2005, annual output reached \$14.9 million before jumping by more than 30-fold to \$469.5 million in 2012, according to the unification ministry.

But yearly output nearly halved last year from 2012 after Pyongyang suspended operations of the Kaesong complex for five months from April amid inter-Korean tensions. The figure rose to \$168.1 million in the first quarter of this year.

The value of inter-Korean trade through the park came to an accumulated \$9.45 billion, according to the ministry.

A total of 940,000 people have visited the inter-Korean economic zone, with 125 South Korean firms currently operating in the complex designed to match deep-pocketed South Korean companies with cheap North Korean labor.

Among the firms, 73, or 58.4 percent, are textile firms, while another 24 firms are machinery or steel makers. The complex is also home to 13 electronics makers and 9 chemicals firms, the ministry noted.

The Kaesong complex also saw the number of North Korean workers grow from around 6,000 in 2005 to 52,000 as of recently, along with monthly salary more than doubling from \$50 to more than \$130.

Seoul is now making efforts to lure foreign manufacturers into the joint project, with German needle maker Groz-Beckert planning to open a branch there early July, the ministry said. (Yonhap)

N. Korea snubs South's offer of talks on detained S. Korean missionary

North Korea on June 12 rejected Seoul's proposal to hold talks on the release of a South Korean missionary detained in the communist country, the unification ministry said.

The North has been holding South Korean missionary Kim Jong-uk since November, accusing him of state subversion and espionage charges.

Seoul has repeatedly called on the North to free and repatriate him, refusing Pyongyang's claims that he is a South Korea-sent intelligence agent.

In the latest appeal, Seoul proposed on June 10 through a faxed message that the two Koreas hold working-level talks over the issue on June 17 in the southern part of the inter-Korean village of

Panmunjom, according to the Unification Ministry,

The North, however, refused the proposal in its response given to the South earlier in the day, the ministry said.

“Kim Jung-uk, under the mask of a missionary, illegally sneaked into our country to commit hostile anti-state acts, but was detected, arrested and punished in accordance with our law. So he’s not subject to an argument,” North Korea was quoted as saying.

Seoul is “very regretful” over the North’s latest rejection, the ministry said, again calling on the country to “accept our suggestion.” (Yonhap)

Daily volume of goods transported through Kaesong jumps

The daily volume of goods moving in and out of the inter-Korean industrial park in Kaesong has spiked over the past years, customs data showed on June 11.

The joint industrial park opened in 2004 in the North Korean border city as a symbol of cross-border reconciliation. It was designed to combine cheap North Korean labor with South Korean capital and technology.

According to the data provided by the Korea Customs Service, the daily average volume of goods moving in and out of the industrial park reached 840 tons this year. This is more than a four-fold rise from 198 tons in 2006, when official data started to be compiled.

The data also showed that the industrial park houses 125 labor-intensive South Korean plants where about 53,000 employees, including North Koreans, are working.

The figures compare with 2004, when the industrial park was launched. At the time, 18 companies were operating there with about 3,000 people working at the plants. (Yonhap)

Seoul urges North to stop threats over U.N. human rights office plan

South Korea on June 10 spurned the warning of North Korea to punish Seoul for hosting a United Nations field office in charge of dealing with Pyongyang’s human rights violations, calling on the communist country to resolve its human rights issues.

The North, in its statement a day earlier, vowed “merciless punishment” for Seoul’s recent acceptance of a U.N. request to set up a field office on South Korean soil to deal with North Korea’s human rights violations.

It was the second angry reaction from Pyongyang over the U.N. office plan after the foreign ministry here announced the acceptance late May.

“North Korea should no longer disregard the international community’s attention and should take it as an opportunity to improve its human rights conditions rather than issuing absurd threats or warnings,” an official at the Unification Ministry told reporters.

Seoul supports a U.N. resolution calling for the establishment of the field office in terms that it deals with the North Korean human rights issue as universal human rights and the recent acceptance of the offer reflects such stance, the official noted.

The decision to open the office came on the heels of a report by the U.N. Commission of Inquiry (COI) published in March, accusing North Korea of “systematic, widespread and grave violations of human rights.” It also suggested the U.N. refer the issue to the International Criminal Court and the field office be opened to monitor North Korean human rights conditions, calls which were reflected in the human rights resolution adopted by the U.N.’s human rights council. (Yonhap)

Seoul to raise salary of N.K. workers at Kaesong complex

South Korea will hike the salary of North Korean workers at an inter-Korean industrial complex by 5 percent from June, the unification ministry said, on June 9.

The wage hike came after the two Koreas made the agreement about three months earlier than their usual annual wage talks for July.

The countries had annually agreed to a 5 percent wage increase in July, which starts to take effect from August, but this year’s earlier-than-usual wage hike came after the workers missed their annual hike last year due to a temporary suspension of the complex in the North Korean border town of Kaesong.

Amid worsening inter-Korean tension, Pyongyang had suspended the operations of the Kaesong Industrial Complex for five months from April.

The latest 5 percent hike in the North Korean workers’ minimum wage takes effect from their May salary, to be paid in late June, according to the Unification Ministry.

The two sides “agreed to hike the North Korean workers’ wage at the Kaesong Industrial Complex to US\$70.35, an increase of 5 percent from now,” unification ministry spokesman Kim Eyi-do said in a briefing.

“So far, the minimum wage had been raised from August, but (we) decided to bring it forth by three months this year in consideration of (South Korean) companies’ opinions at the complex,” Kim said.

Citing the absence of a wage hike last year, Pyongyang had demanded a 10 percent wage hike this year.

About 52,000 North Korean laborers are employed by more than 100 South Korean companies operating in the joint factory park, a major cash cow for the communist country. Each North Korean worker receives up to \$150 in monthly wages, including social benefits and overtime. (Yonhap)

N. Korea ignores S. Korean sea border in selling fishing rights to China

North Korea included part of South Korea’s territorial waters near the inter-Korean western sea border when selling its fishing rights to China, military sources here said on May 31.

“Part of our waters in the Yellow Sea was included in the area that the North is allowing Chinese vessels to fish in,” said a military officer in Seoul, requesting anonymity.

“Upon learning this, we’ve notified China of such a fact and asked them to be careful not to cross the northern limit line (NLL) into the South,” he added.

Every year, North Korea gets paid from the Chinese side in exchange for offering China the right

to fish in the North's waters either in the East or Yellow seas. This, however, is the first time the North has expanded the region to include the South's territorial waters.

"The Coast Guard and the military have strengthened their guard against and crackdown on any illegal fishing boats that invade our side," the officer said.

After selling the right, the North has operated in tandem with the Chinese fishing boats. Since mid-May, at the height of blue crab season, more than 100 Chinese vessels have been operating near the border region per day, officers noted.

The NLL is the de facto inter-Korean western sea border, and the border region has often been a flashpoint of physical conflicts between the two Koreas.

The unusual move is seen as an attempt by the impoverished communist country to earn more money, as well as to nullify the border. Pyongyang has long demanded that the NLL be redrawn farther south, as it was drawn unilaterally by the U.S.-led United Nations Command at the end of the 1950-53 Korean War. (Yonhap)

Park expresses gratitude for U.N. report on N.K. human rights

President Park Geun-hye expressed gratitude to the former head of a U.N. investigative panel on North Korea's human rights situation on May 30, saying the probe greatly raised international awareness of the problem.

Michael Kirby, a retired Australian judge, headed the Commission of Inquiry (COI) established by the U.N. Human Rights Council last year to look into the systematic, widespread and grave violations of human rights in the communist nation.

After a year-long probe, the COI said in a report in March that North Korean leaders are responsible for "widespread, systematic and gross" violations of human rights there. It also said the International Criminal Court should handle their "crimes against humanity."

Kirby arrived in Seoul on May 29 for a three-day visit and paid a visit to Park the following day.

"International awareness of North Korea's human rights situation was heightened after the COI report was published in February," Park said, praising the panel for conducting an investigation into specific crimes against humanity and putting forth recommendations.

"I am grateful that the chairman and other members of the commission made a great deal of efforts to come up with the report," she said.

Kirby's visit also includes a meeting with the head of South Korea's National Human Rights Commission and a lecture at Seoul's Yonsei University. (Yonhap)

S. Korea to ask experts to research peace park with N. Korea

South Korea said on May 29 that it plans to ask researchers and analysts to produce reports on how to build a peace park inside the heavily fortified border with North Korea.

The government allocated 632 million won (US\$619,000) the following day for four research projects on the envisioned park, including on how to minimize environmental damage in connection

with the removal of mines laid in the Demilitarized Zone.

The DMZ is a 259-kilometer strip of rugged no-man's land stretching from coast to coast, strewn with land mines and barbed wire.

An official of the unification ministry, which handles inter-Korean affairs, did not provide a specific time frame on when researchers and analysts would be selected.

On May 28, Unification Minister Ryoo Kihl-jae said that Seoul will make gradual preparations to break ground on the park, noting that the proposed park will help bring peace to the divided peninsula.

Last year, President Park Geun-hye proposed that the two Koreas build a park inside the 4-kilometer-wide military buffer zone as part of efforts to improve their relations.

Park's pet project requires cooperation from North Korea, as well as the U.S.-led United Nations Command, which oversees the armistice that ended the 1950-53 Korean War.

Still, the North has publicly rejected the project.

Also on May 28, the North's main newspaper, the Rodong Sinmun, reported that North Korea did not expect its relations with South Korea to improve so long as Park remains in office. (Yonhap)

Investors bet money on 'unification fund' despite uncertainty

Funds investing in equities that would benefit from a unified Korea have attracted money even during times when investment trusts were selling shares to lock in gains from recent rallies, data showed on May 27, reflecting some level of confidence despite uneasy inter-Korean ties.

President Park Geun-hye, calling unification of the two Koreas a "bonanza" in her New Year's address this year, has announced various benefits that would go to North Korea when cross-border trust and relations build up. The two Koreas held their first high-level talks in many years in mid-February to allow reunions for families separated by the 1950-53 Korean War.

The warming ties quickly turned sour after South Korea and the United States held their annual military drills between March and April despite Pyongyang's warnings and provocations.

Still, investors seem to have bought into the idea, putting their money into unification-tied funds even when trust funds have recently turned to selling sprees.

According to fund evaluator KG Zerin, 34 billion won (US\$33.2 million) have flooded into the two unification funds from March 13-May 23, with 10.3 billion won being raised from May 1-23.

In the same period, 996 billion won had drained out from theme-based stock funds and 558 billion won from equity-linked investment products.

Since its debut on March 13, "Shinyoung Marathon Unification Korea Stock Fund" by Shinyoung Asset Management Co. raised 9.1 billion won until March 23.

"The fund is aimed at unification, and it bets on value shares," said Huh Nam-kwon, chief investment officer at Shinyoung Asset Management. "Under the long-term investment policy, the fund formed a portfolio with low-valuation stocks. As a result, it yielded a high return."

Its portfolio focuses on infrastructure, food and garment companies operating in the inter-Korean industrial complex in North Korean border city of Kaesong and other value shares that can benefit from expanded domestic market.

Riding the trend, Hi Asset Management Co. launched “Hi Korea Unification Renaissance Stock Fund” on May 15, which has drawn 1.1 billion won in the last seven trading days.

Launched when the benchmark KOSPI index surpassed the 2,000 mark, a point where institutional investors turn net sellers for profit-gain, the fund’s earnings rate went down to minus 0.4 percent, a little better than minus 0.95 percent for smaller stock funds in the same period.

“We plan to retain the earnings rate by investing in value shares that have long been sidelined despite their hidden values, selecting items according to stages of unification preparations,” Kim Young-jin, a senior asset manager at Hi Asset Management, said. “We aim to make profit under the mid- and long-term policy.”

While some industry watchers are cautious over the theme funds that depend heavily on government policy that can easily be swayed by political situations and external risks, other say the new products are part of financial institutions’ efforts to find future growth momentum.

“At a time when South Korea’s export market remains sluggish without clear momentum, I think the investor interest in unification funds is a positive phenomenon,” said Park Sung-hyun, a chief strategist of Hanwha Investment and Securities Co. “As North Korea, which pursues both nuclear weapons and economic development, has faced its limit, it needs to find a breakthrough. So has South Korea as it is seeking sources for economic growth. So there is room for the two Koreas seek cooperation in the future.” (Yonhap)

S. Korean consortium to survey N.K.-Russia economic project

A South Korean consortium plans to carry out a second inspection on a North Korea-Russia economic project in a bid to examine closely its business feasibility, an official of the consortium said on May 26.

“Details of the second inspection have yet to be determined, but we are in talks to visit the project site,” the official said. “The first inspection was no more than a look-through, so an additional survey is needed to assess closely the business feasibility of the project.”

The consortium consists of three South Korean companies -- the state-run railroad operator Korea Railroad Corp. (KORAIL), the country’s largest steelmaker POSCO and the No. 2 shipping company Hyundai Merchant Marine Co.

An 18-member delegation had inspected Rajin, North Korea’s No. 3 dock on its northeast coast, and the railway between Rajin and Khasan, the nearby Russian eastern border city, from Feb. 11-13.

North Korea watchers said the so-called Rajin-Khasan logistics project would make the North Korean port city a logistics hub by connecting it to Russia’s Trans-Siberian railway.

Last September, Russia reopened a 54-kilometer track linking Khasan and Rajin after a five-year renovation.

During their summit meeting in Seoul last November, South Korean President Park Geun-hye and her Russian counterpart Vladimir Putin agreed to help the South Korean firms join the project, which would make them invest indirectly in the North.

Direct investment by South Korean companies in the isolated neighbor has been banned since

May 2010 as a part of punitive measures for the deadly sinking of a South Korean navy ship blamed on the North.

Due to the 2010 sanctions, the South Korean consortium is pushing to join the project by purchasing stakes in RasonKonTrans, a North Korea-Russia joint venture for the project.

North Korea owns a 30 percent stake in the joint venture, with Russia holding the rest. The South Korean firms are considering buying a 50 percent of Russia's stake.

The project is also closely connected to the "Eurasian Initiative," aimed at expanding South Korea's economic cooperation with Eurasian countries, proposed by Park last year. The policy is built on the idea that exchanges between South Korea and Eurasian nations, especially Russia, could help induce North Korea to open up and ease tensions on the Korean Peninsula. (Yonhap)

S. Korea invites N. Korean Catholics for Pope's mass in Seoul

South Korea has invited members of North Korea's Catholic community to attend the upcoming mass to be held by Pope Francis in Seoul, officials here said on May 25.

They said representatives of the Catholic Bishops' Conference of Korea and the Archdiocese of Seoul met with members of the North Korean Catholic Church in Shenyang, China, on May 18 and 19, and invited them to attend the papal mass.

Pope Francis will celebrate the mass at Myeongdong Cathedral in Seoul on Aug. 18 and deliver a message for peace on the Korean Peninsula.

According to officials here, the North Korean representatives said they will carefully consider the invitation.

Pope Francis, who will meet with President Park Geun-hye and attend a gathering of young Catholics during his Aug. 14-18 visit, is the second pope to come to South Korea. Pope John Paul II visited here in 1984 and again in 1989.

On May 21, South Korea's Cardinal Andres Yeom Soo-jung paid an unprecedented visit to North Korea to meet with South Korean Catholics working at a joint inter-Korean factory park in Kaesong. He expressed hope for continued dialogue between the two Koreas to promote peace.

A day after Cardinal Yeom visited North Korea, Rev. Huh Young-yeop, spokesman for the Archdiocese of Seoul, said in a radio interview that officials preparing for the papal visit intended to invite North Korean Catholics to the mass. (Yonhap)

FOREIGN TIPS

Foreign investors' appetite for Kaesong to be tested by German firm

As Groz-Beckert, based in Germany, is set to become the first foreign firm to join the inter-

Korean industrial complex in Kaesong since 2008, it is expected to serve as a test case for the future of Seoul's push to draw foreign investment there, a U.S. expert said on June 10.

Earlier, South Korea approved a plan by the company supplying industrial needles to set up an office in the Kaesong zone, just north of the inter-Korean border.

It came as the South's Park Geun-hye administration is actively seeking foreign investment in the complex, the fate of which is often uncertain amid tumultuous relations between Seoul and Pyongyang.

The Park government believes foreign investors would discourage Pyongyang from using the joint venture as a political pawn.

"With Groz-Beckert setting up a sales office rather than a production facility, the level of risk seems minimal," Troy Stangarone, senior director for congressional affairs and trade at the Korea Economic Institute of America, said in a report.

Especially, its role as a first mover into Kaesong among foreign entities is important, he pointed out.

"Because of the political and economic risks of investing in Kaesong, foreign firms have been reluctant to take the plunge," Stangarone added. "However, if Groz-Beckert's investment is successful, while operations at the complex continue to normalize and progress on issues related to transportation and access to the Internet and cell phones continues, it could help to encourage additional foreign firms to consider moving forward on investments in Kaesong."

The Kaesong facilities opened in the early 2000s as a key symbol of inter-Korean reconciliation at that time.

Pyongyang shut it down in April last year by withdrawing its workers as military tensions soared on the peninsula.

The complex re-opened five months later and currently more than 50,000 North Koreans work at about 120 South Korean light industrial firms there. (Yonhap)

U.S. tour programs to N. Korea unaffected by detention of American

Western tour agencies specializing in North Korean trips will go ahead with their tour programs as scheduled despite the communist country's recent detaining of an American tourist, a U.S. report said on June 10.

North Korea announced on June 6 that it has arrested Jeffrey Edward Fowle, a 56-year-old American from Ohio, for an unspecified crime. He entered the communist country as a tourist on April 29 on a program run by Uri Tours, a U.S.-based agency specializing in trips to the North.

Fowle became the third American man now detained by the North.

Despite the recent arrest, the American tour agency plans to continue its North Korea tour programs, including one scheduled for mid-June, the Washington-based Radio Free Asia (RFA) reported.

The tour agency has not received any request to cancel travel plans to the North even after the news of Fowle's detention, the report said, citing the U.S. company.

About 10 to 20 people usually join Uri Tours' North Korea group travel program, and Miller Matthew Todd, another American man detained by the North in April, also entered the communist country through one of the firm's tour programs.

Travelers will face no safety risks if they keep to North Korea travel guidelines and recommendations, Uri Tours was quoted as saying.

RFA said another travel firm from the eastern part of the U.S., which deals with trips to North Korea, remained unaffected by the recent detention news.

Britain-based Lupine Travel, specializing in trips to the North, has also said that its U.S. client is reconsidering his previous travel plan for July, according to the report.

One more Korean-American man, Kenneth Bae, has been detained by the North since November 2012 on anti-state charges.

Pyongyang has since invited U.S. special envoy on North Korea human rights Robert King twice over Bae's possible release, but both of the invitations were called off abruptly.

North Korea has often used detained Americans as bargaining chips with the U.S., which has responded in the past by sending high-profile U.S. political figures, including former President Bill Clinton, to the North to win their release. (Yonhap)

Chinese university helps N. Korea develop trade zone

A Chinese university near the northern border with North Korea said on June 7 it has signed an agreement to help develop a North Korean free trade zone, one of high-profile joint economic projects between Pyongyang and Beijing.

The agreement calls for Yanbian University in the Yanbian Korean Autonomous Prefecture of China's Jilin province to train workers and provide technological and legal services to the Rason economic zone, the university said in a statement.

China reportedly agreed in late 2011 to invest about US\$3 billion in developing the free trade zone in a North Korean border city of Rason, formerly known as Rajin and Sonbong. The special trade zone sits across the border from Jilin province.

North Korea and China set up a joint management committee in Rason in October 2012, but it is unclear whether Chinese projects for the economic zone have remained on track since the North's third nuclear test in February last year.

The agreement was signed on June 4 between Park Young-ho, president of Yanbian University, and Wang Yonggang, a director of the Rason management committee, according to the statement.

In the statement, Park said the university "will actively provide human resources, technological innovation and legal advices to build and develop the Rason economic zone."

China has grown increasingly frustrated with the North's wayward behavior, but many analysts believe that Beijing would not suspend all economic supports for Pyongyang because it could lead to a regime collapse in North Korea. (Yonhap)

Panamanian prosecution seeks 8-yr prison term for N. Korean crew

Panamanian prosecutors have demanded an eight-year prison term for three crew members of a North Korean ship accused of shipping Cuban weapons, a U.S. radio report said on June 6.

The request was made during a trial on June 4, the Washington-based Voice of America (VOA) said, citing prosecutor Roberto Moreno of the Panamanian Attorney General's Office.

The North Korean freighter, the Chong Chon Gang, was seized by the Panamanian authorities in July 2013 while carrying Soviet-era MiG-21 fighter aircraft, surface-to-air missiles and other arms-related material hidden under sacks of sugar.

Panama released the other 32 crew members without charge after North Korea paid US\$690,000 in fines in February but indicted the three, including the captain, on charges of illegal arms deals.

The VOA added that a sitting judge is expected to deliver a ruling within a month.

A panel of experts said in a report to the United Nations Security Council in May that the shipment itself and the transaction between North Korea and Cuba were violations of sanctions imposed on North Korea.

The example of Panama and the Chong Chon Gang shows that determined action can thwart prohibited activities through existing measures, the panel said in the report published in March. (Yonhap)

N. Korea's food ration hits lowest level in 4 months

North Korea's food ration dropped to its lowest level in four months in May, a U.S. radio report said on June 3, in what could be the latest sign of chronic food shortages.

North Korea doled out 410 grams of food for each person per day in May, compared with 420 grams on average in February, the Washington-based Radio Free Asia (RFA) said, citing the U.N. World Food Programme.

The North's daily food ration is lower than the WFP's minimum recommended amount of 600 grams and the North Korean regime's target amount of 573 grams, the radio said.

North Korea reports information on its food distribution to the United Nations every month to receive international food assistance.

North Korea said it distributed food to 16 million out of 24 million people, though it could not be verified how many North Koreans receive the food ration through the public distribution system, the radio said.

In May, Ertharin Cousin, the executive director of the WFP, said her agency's nutrition program for North Korean children and pregnant women stands at a "very crucial juncture" due to a lack of funding.

She said that the U.N. food agency has received only 20 percent of the funding required to implement the program, which is "critically underfunded."

The WFP's humanitarian aid to North Korea reached US\$26.56 million last year, compared to \$86.94 million in 2012, according to the U.N. food agency.

The North has relied on international handouts since the late 1990s, when it suffered a widespread famine that was estimated to have killed 2 million people. (Yonhap)

China ships no crude oil to N. Korea in Jan.-April

China sold no crude oil to North Korea in the first four months of this year, data compiled by South Korea's government trade agency showed on May 26, in an unusual four-month absence of oil shipments amid the North's threats of a nuclear test.

The Beijing unit of the South's Korea Trade and Investment Promotion Agency (KOTRA) said in a report, citing data from China's customs authorities, that there were no oil shipments from China to North Korea from January to April this year.

A four-month absence of oil shipments from China to North Korea was also reported in 2009, when the North conducted its second nuclear test.

However, a diplomatic source in Beijing cautioned against reading too much into the official trade figures.

"The Chinese side has provided crude oil to North Korea in the form of grant aid, which is not recorded on paper," the source said on condition of anonymity.

North Korea also appears to have been trying to diversify its source of oil imports, through countries such as Russia, the source said.

Since late March, North Korea has been threatening to conduct its fourth nuclear detonation, although recent satellite images showed no immediate signs of a test. (Yonhap)

Trade report says N. Korea importing large number of digital TVs

North Korea's imports of digital television sets from China have more than quadrupled this year, a South Korean trade group said on May 25, amid reports that the country is moving to introduce digital TV broadcasting.

In the first four months of the year, China shipped digital TVs amounting to some US\$17.66 million to North Korea, up 338 percent from \$4.02 million during the same period last year, according to the Korea International Trade Association.

The figure is the fifth-largest amount for any single item shipped from China to North Korea in the January-April period. Gasoline topped the list.

The North earlier said on a state-run website that it was moving to introduce digital TV broadcasting. The country also asked the U.N. International Telecommunication Union in 2011 for assistance in switching from an analog to a digital broadcasting system.

"The move by the North Korean government to switch to a digital broadcasting system appears to be an effort to win greater public support by showing that the people's lives are improving," said Cho Bong-hyun, an analyst at the IBK Economic Research Institute. (Yonhap)

PEOPLE

Kim Jong-un : Supreme Commander of the (North) Korean People's Army (KPA), First Secretary of the Workers' Party of (North) Korea (WPK), First Chairman of the National Defense Commission (NDC)

- May 19 visits the Taesongsan General Hospital.
 21 looks around the construction site of apartment houses for educators of Kim Chaek University of Technology.
 25 provides field guidance to the Chonma Electrical Machine Plant.
 26 gives field guidance to the Taegwan Glass Factory in North Phyongan Province.
 27 gives field guidance to the machine plant managed by Ho Chol-yong.
 28 provides field guidance to the Ryongmun Liquor Factory in North Phyongan Province.
- June 2 gives on-the-spot guidance to the work of developing Ssuk Islet on the Taedong River in Pyongyang.
 2 visits the Pyongyang Orphanage on the International Children's Day.
 5 sends a congratulatory message to Bashar Al-Assad upon his re-election as president of Syria.
 5 visits the Taedonggang Combined Fruit Farm and Taedonggang Combined Fruit Processing Factory.
 7 visits the Mangyongdae Revolutionary School on the occasion of the 68th anniversary of the Korean Children's Union founding.

Kim Yong-nam: President of the Presidium of the Supreme People's Assembly (SPA)

- May 20 talks with Ertharin Cousin, executive director of the World Food Programme (WFP), at the Mansudae Assembly Hall.
 22 talks with the delegation of the Mongolian People's Party led by Secretary General Munkhbat Jamiyan.
 24 sends a message of sympathy to Goodluck Ebele Jonathan, president of Nigeria, in connection with bomb explosions in Nigeria that caused many casualties and property loss.
- June 3 sends a congratulatory message to Abdel Fattah al-Sisi on his election as president of the Arab Republic of Egypt.

Pak Pong-ju: Premier

- May 23 sends a message of sympathy to Li Keqiang, premier of the State Council of China, regarding a recent terrorist bombing attack in Urumuqi, Xinjiang Uygur Autonomous Region, which claimed many casualties.
- June 5 sends a congratulatory message to Rami Hamdallah upon his election as prime minister of

the State of Palestine and the recent formation of the national unity government in Palestine.

CHRONOLOGICAL REVIEW

(Local Events)

- May 16 The Pakyon-Ryongthong temple tourist highway opens to traffic.
 17 The ninth national meeting of artists opens in Pyongyang.
 18 The Korean Central News Agency (KCNA) reports a serious accident at a construction site in Pyongyang took place on May 13.
 21 The Sinwon Cement Factory and the Haeju Unjong Beer Factory go into operation in South Hwanghae Province.
 23 The Olympic Committee of the DPRK (North Korea) decides to participate in the 17th Asian Games slated to take place in Incheon, South Korea, from Sept. 19 to Oct. 4.
 26 The Archaeological Institute of the DPRK Academy of Social Sciences has recently discovered a tomb with mural paintings, which dates back to the Koguryo Dynasty (277 B.C.-668 A.D.), the KCNA says.
 29 Im Chol-ung is appointed as vice premier.
- June 4 North Korea marks the 77th anniversary of victory in the battle of Pochonbo, which was commanded by Kim Il-sung in the period of the anti-Japanese armed struggle.
 9 The 17th National Taekwon-Do Championship for the Jongilbong Prize opens at the Taekwon-Do Hall.
 15 North Korean papers dedicate editorials to the 14th anniversary of the publication of the June 15 joint declaration adopted in the historic inter-Korean summit talks in 2000.

(Foreign Events)

- May 16 A delegation of the Spanish Ministry of Foreign Affairs and Cooperation led by Director General Ernesto de Zulueta y Habsburgo-Lorena arrives in Pyongyang.
 16 Pak Chang-yul is appointed as DPRK ambassador to Cuba.
 20 The DPRK Red Cross Society receives a message of sympathy from the South Korean Red Cross on the accident that occurred in an apartment construction site in Pyongyang on May 13, claiming casualties.
 21 South Korea's Cardinal Andrew Yeom Soo-jung crosses the border into North Korea to meet with South Korean Catholics working in a joint inter-Korean industrial complex in the North's border city of Kaesong.
 21 The Command of the Southwestern Front of the KPA threatens "KPA will wipe out Park Geun-hye-led military hooligans down to the last one," referring to the recent warning shots by the South Korean Navy on three North Korean ships that violated the western maritime border on May 20.

- May 22 North Korea fires two artillery shells near a South Korean warship that was on a patrol mission in the tensely guarded western sea, the South's Joint Chiefs of Staff (JCS) said.
- 24 Foreign Minister Ri Su-yong leaves Pyongyang to attend a meeting of foreign ministers of the Non-aligned Movement to be held in El Djazair, Algeria, and visit African and Arab countries.
- 24 An economic delegation led by Minister of Foreign Trade Ri Ryong-nam leaves Pyongyang to take part in the ninth meeting of the DPRK-Syria Joint Economic Committee in Damascus.
- 28 A delegation of the Ministry of Railways headed by Minister Jon Kil-su leaves Pyongyang to take part in the 42nd ministerial meeting of the Organization of Railways Cooperation in Lithuania.
- 30 The KCNA says the Supreme Court held a trial of South Korean Kim Jong-uk, who had been arrested while infiltrating into Pyongyang to commit hostile acts against the DPRK after crossing the border illegally.
- June 4 The KCNA in a commentary slams South Korean President Park Geun-hye's appointment of Kim Kwan-jin as her new national security adviser.
- 6 The KCNA says American citizen Jeffrey Edward Fowle, who entered the DPRK as a tourist on April 29 and acted in violation of the DPRK law, is being investigated by a relevant organ of the country.
- 14 The KCNA claims the way for improved inter-Korean relations lies in implementation of June 15 Joint Declaration signed in 2000 between the two Koreas. (Yonhap)

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