

VANTAGE POINT

DEVELOPMENTS IN NORTH KOREA

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COVER PHOTO : The 7th Fleet flagship USS Blue Ridge docks in South Korea's largest port city of Busan on April 12 to take part in the Ulchi Freedom Guardian, an annual Seoul-Washington joint military exercise against possible North Korean provocations. North Korea vehemently condemns the drill as a prelude to war against it. Some 50,000 South Korean and 30,000 U.S. forces joined the drill that began on Aug. 18 for a 12-day run. (Yonhap)

Inter-Korean Relations at Crossroads

Pyongyang is using a two-faced strategy on Seoul. While threatening to turn the South into a “sea of fire,” North Korea sent a wreath to commemorate the fifth anniversary of the death of ex-President Kim Dae-jung.

■ By Lee Kwang-ho

While no one can predict what will happen tomorrow on the volatile Korean Peninsula, a series of recent developments indicates an optimistic outlook for a thaw in relations between the rival Koreas. However, their currently strained relations are unlikely to become warm immediately, given that the North has never ceased its bellicose rhetoric against the South and the United States. The two Koreas are at a crossroads between prolonged tension and dialogue.

Early this year, the two Koreas almost laid the groundwork to expand inter-Korean exchanges and cooperation. After rare high-level talks did not result in any tangible agreement, inter-Korean relations again became confrontational due to North Korea's continued provocations.

In August, there were significant developments. South Korea proposed the second high-level inter-Korean talks this year to discuss the current impasse; Pope Francis paid a five-day landmark visit to South Korea with a message of forgiveness and reconciliation for both Koreas; and South Korean President Park Geun-hye made some practical proposals to the North in her Liberation Day address on Aug. 15.

Pyongyang's Criticism of Joint Drill

For all the positive developments, however, things did not turn for the better. North Korea harshly criticized the South Korea-U.S. annual military exercise conducted in August. The pope's special Mass for inter-Korean rapprochement coincided with the start of the annual joint military drill called Ulchi Freedom Guardian (UFG), which North Korea denounces as a rehearsal for an invasion.

Seoul and Washington say their annual exercises are defensive in nature. South Korean officials have said North Korea -- which conducted nuclear tests



Inter-Korean talks take place at the truce village of Panmunjom between Kim Kyou-hyun (first from R), the chief of South Korea's National Security Council secretariat, and Won Tong-yon (first from L), the deputy chief of North Korea's United Front Department, on Feb. 14. The high-level meeting was the first of its kind under the leadership of Park Geun-hye of the South and her North Korean counterpart Kim Jong-un. (Photo courtesy of Unification Ministry) (Yonhap)

in 2006, 2009 and 2013 -- is ready to conduct a fourth nuclear test at any time.

While the socialist state is fiercely opposed to the Seoul-Washington military exercise, it has not shown hostility toward the inter-Korean talks. But Pyongyang has called for Seoul to roll back a set of sanctions imposed on the country. The North's Committee for the Peaceful Reunification of Korea, which handles inter-Korean relations, urged Seoul to remove the so-called May 24 Measures imposed on Pyongyang for its deadly torpedo attack on a South Korean warship in 2010.

"The South Korean authorities should remove as soon as possible unreasonable institutional mechanisms blocking contact, visits, cooperation and exchanges between the north and the south," the North's committee said in a statement carried by the official Korean Central News Agency (KCNA). It came as Pope Francis, a symbolic figure for peace on the planet, began a landmark five-day trip here on Aug. 14, a day before the anniversary of Korea's liberation from Japanese colonial rule in 1945.

The North's committee emphasized that

Koreans should bear the "liberation spirit" in mind. What's important is the two Koreas step up efforts for reunification on their own without external influence, the committee said. "The complete liberation of the nation and its sovereignty have not been achieved nationwide and the Koreans are undergoing unbearable pain and tragedy."

On Aug. 11, South Korea proposed that high-level talks take place on Aug. 19 on the reunions of aging family members separated by the 1950-53 Korean War and other issues of mutual concern. But the North has kept mum on the offer, while its propaganda media have continued to criticize the conservative Park Geun-hye administration's policy on the nuclear-armed neighbor.

As to the joint military drill, North Korea's military warned that it will "mercilessly open a preemptive strike at any time." While defining the drill as part of plans to invade North Korea, it said it will respond with the strongest possible attacks to turn the South into a "sea of fire and ash."

The aggressive rhetoric appears to come in

response to President Park's Aug. 15 Liberation Day address, which called for small, meaningful steps toward reconciliation through environmental, cultural and public aid, beginning with high-level talks to discuss an array of issues like reunions for the separated families.

Seoul has often demanded Pyongyang stop its saber-rattling immediately and be pragmatic to respond to the proposal for dialogue. Seoul has indicated that it won't limit the topics up for discussion at the high-level meeting. Seoul officials say that the two Koreas can expand the talks to political and military issues when they have built sufficient trust through workable exchanges and cooperation.

N. Korea's Double Strategy

But Pyongyang is using its well-known two-faced strategy on Seoul. While threatening to turn the South into a "sea of fire," Pyongyang sent a wreath to commemorate the fifth anniversary of the death of former South Korean President Kim Dae-jung, which falls on Aug. 18, to a South Korean delegation on Aug. 17 at the Kaesong Industrial Complex in North Korea. The wreath, sent by North Korean leader Kim Jong-un, was exchanged at the inter-Korean Kaesong park.

Kim Yang-gon, North Korea's director of the United Front Department on South Korea policy and a secretary in Pyongyang's Workers' Party, attended the event and met with a five-member South Korean delegation that included Park Jie-won, a senior lawmaker with the main opposition New Politics Alliance for Democracy, the late president's second son Kim Hong-eop, and Lim Dong-won, a former unification minister.

Park was a chief of staff for Kim Dae-jung,

the creator of the "Sunshine Policy" that advocated South Korea's engagement with Pyongyang. In an hour-long meeting, the North Korean official Kim relayed complaints about joint South Korea-U.S. military drills and requested North-South talks without any preconditions. Kim asked: "Why are the drills being conducted now when the South proposed holding talks?"

But the North Korean official did not make hostile remarks about Seoul's dialogue offer, indicating the North could again resort to its well-known tactic of showing off its military capabilities while at the same time expressing its eagerness for peace on the peninsula.

North Korea often uses the landmark June 15 joint declaration -- the outcome of the first inter-Korean summit in 2000 -- to divide opinion among liberals and conservatives in the South. While Pyongyang was firing a new type of short-range rocket into the sea off its eastern coast earlier in August, it also sent a list of its athletes who will participate in the 2014 Asian Games to be held in the South Korean city of Incheon in September.

Pope Francis wrapped up his five-day visit to South Korea on Aug. 18 with a valuable message for peace and reconciliation. During a special Mass at Myeongdong Cathedral in central Seoul, Francis urged the divided Koreas to unite as "one family, one people" in the spirit of mutual forgiveness.

Koreans should forgive each other "unreservedly" if they want peace and reconciliation on the divided peninsula, the pope said. The pope also appealed for "continued generosity in providing humanitarian assistance to those in need," in an apparent reference to North Koreans suffering from chronic food shortages.

North Korea continued to criticize the

Seoul-Washington military drill after it began on Aug. 18. The computer-aided Ulchi Freedom Guardian kicked off for a 12-day run, mobilizing some 50,000 South Korean forces and 30,000 U.S. servicemen, including some 3,000 from its homeland and other overseas bases.

This year's exercise is the first time for the allies to implement their customized deterrence plan against Pyongyang's nuclear threats and weapons of mass destruction. The bilateral strategy, drawn up during their defense ministerial meeting last year, delineates how they should work together to deter both wartime and peacetime aggression from Pyongyang, from saber-rattling to the actual use of force.

Dubbing the Seoul-Washington drills an "unpardonable military provocation" that brings the situation on the Korean Peninsula to "a hair-trigger crisis and casts dark clouds of nuclear war," the North on Aug. 18 vowed to deal "a merciless blow."

Its major newspaper Rodong Sinmun said, "All the armed forces participating in the joint military exercises and their bases are becoming targets of our powerful ultra-modern, ultra-precision strike means, including strategic and tactical rockets."

Pyongyang's foreign ministry also issued a statement, blasting the U.S. for its "arms buildup in Northeast Asia."

In response, Seoul's defense ministry expressed deep regret, vowing a "merciless counterattack" in case of any provocations. "During the UFG period, we will further strengthen reconnaissance activities to maintain a tighter defense posture against North Korea," a ministry official said.

President Park has been eager to achieve a turning point in inter-Korean relations and



A South Korean armored vehicle moves near the inter-Korean border town of Paju, north of Seoul, on Aug. 18, as Ulchi Freedom Guardian, an annual South Korea-U.S. joint military drill, kicked off for a 12-day run. (Yonhap)

break the current deadlock. But the Rodong Sinmun criticized Park's 69th Liberation Day address, saying it did not contain any intelligent solutions to resolving problems in the North and South's relationship and is simply repeating previous positions.

While President Park's speech contained neither groundbreaking declarations nor grand proposals regarding North Korea, it did offer some concrete proposals that should be acceptable to the North and that can be readily implemented. The proposed opening of a channel for environmental cooperation and joint management of the rivers and forests of the Korean Peninsula are practical measures that would benefit both the South and the North. Humanitarian assistance and cooperation for infrastructure construction in the North are aimed at improving the living conditions of North Koreans.

South Korea is also considering providing maintenance services to North Korea to help improve transportation infrastructure there, the government said on Aug. 18. This signals that Seoul is softening its stance toward its northern neighbor following President Park's proposal that South and North Korea team up to

try and restore the ecological system in the Demilitarized Zone (DMZ) during her speech on Liberation Day.

The Ministry of Unification stated in a report to the National Assembly that it is considering carrying out maintenance work on the highway between Pyongyang and the inter-Korean border town of Kaesong. It added that the government will push to carry out work on the railroad that connects Kaesong and Sinuiju, which lies on the North Korea-China border.

The proposals were included in 96 projects suggested by the unification ministry to fulfill 10 major tasks under the country's second phase of an inter-Korean relations development plan. The tasks include facilitating further inter-Korean dialogue, increasing inter-Korean collaboration, normalization of the Kaesong Industrial Complex, support for North Korean defectors, education to prepare for inter-Korean integration and expansion of international support for unification between the two Koreas.

May 24 Measures

The ministry said it will only carry out its plans under "favorable circumstances." However, its move is seen as a bid to lift the so-called May 24 sanctions against North Korea. The punitive sanctions ban all inter-Korean cooperation, including trading activities, except for those within the Kaesong Industrial Complex.

On the issues of lifting the May 24 Measures and resuming the Mount Kumgang tour program, a unification ministry official said it would be difficult for South Korea to accept the North's demand without responsible action from Pyongyang. Seoul has called on

Pyongyang to take "responsible" action such as a formal apology or expression of regret. North Korea has denied its responsibility for the torpedo attack, claiming that the South fabricated the incident.

The Mount Kumgang tour issue appears to be more complicated as it may be associated with U.N. sanctions on the North. Seoul has blocked its nationals from traveling to visit the scenic resort area along the North's east coast since a South Korean tourist there was shot dead by a North Korean soldier in 2008.

"Currently, even tougher sanctions are in place. We need to scrutinize a possible link between the Mount Kumgang tour program and the U.N. sanctions," the ministry official said.

North Korea had earned more than US\$40 million a year from the joint tour program. It is necessary to scrutinize whether the revenues from the Mount Kumgang tour program were funneled to North Korea's nuclear and missile programs, he said, adding that it is the government's position that the U.N. should make the final determination on that issue.

At this juncture, South Korea said recently it can discuss with North Korea how to create a "peace regime" on the divided Korean Peninsula. Still, South Korea said certain conditions must be put in place before holding discussions on the issue, an apparent reference to confidence-building between the militaries of the two rival Koreas that are still technically at war.

"South Korea can discuss the establishment of a peace regime if conditions mature," the presidential office said in a book that outlined President Park's national security policies. The presidential office did not elaborate on what it meant by a peace regime, though it is widely seen as a peace treaty that could replace the armistice accord that ended the 1950-53

Korean War.

Transitioning from the armistice to a “peace regime” was also proposed in some detail by the former Roh Moo-hyun administration, which released its “first plan for developing inter-Korean relations” in 2007. The Roh government proposed three steps for unification of the peninsula: First, acknowledge the two different political systems of North and South Korea; secondly, take political and military measures to guarantee inter-Korean cooperation; finally, arrange conditions to effectively launch a peace regime through the building of mutual trust.

Armistice to Peace Regime

The Roh administration proposed opening up the heavily guarded Demilitarized Zone to the public after removing mines in the border region, which has been closed off for the past six decades. Roh’s detailed plan has not been adopted by the Park Geun-hye administration. According to Park’s “second plan for developing inter-Korean relations” released in November 2013, her administration has pledged to “arrange conditions for establishing a peace regime effectively by building mutual trust,” without citing specific steps.

Chung Chong-wook, one of the two vice-chairmen of the Presidential Committee for Unification Preparation, which is chaired by President Park, said that members of the committee have been calling for a “transition” in the current inter-Korean relations. Chung told reporters, “They say if the May 24 sanctions are not lifted, it would be hard to fundamentally improve current relations.”

Raising hopes of a thaw in frosty inter-Korean ties, the North also plans to join the



North Korean leader Kim Jong-un (front) claps while watching a women’s soccer match between a military team and the national squad for the Asian Games set for the South Korean port city of Incheon from Sept. 19-Oct. 4. (Yonhap)

Asian Games. North Korea recently submitted a list of 352 delegates for the Incheon Asian Games to the Olympic Council of Asia. The list includes 150 athletes, 173 coaching staff, and 29 sports officials, referees and reporters, according to the organizing committee of the Incheon Asian Games.

The two sides have yet to narrow differences over some details, including who will pay for the cost of the North Korean delegation’s stay here. High-level talks may cover those details if they take place. Experts cautiously predict that the North will come to the dialogue table when the time is ripe after the South Korea-U.S. joint drill.

While Park has said that preparing for reunification is an urgent duty that cannot be delayed any longer, as long as inter-Korean relations are not improved, this is no more than empty rhetoric, North Korea watchers point out. If no progress is made in inter-Korean relations, it also becomes less likely that North Korea will give up its nuclear weapons. (Yonhap)

Park's Package Proposal for Inter-Korean Cooperation

“It is time for the North and South to engage in dialogue and move past our history of confrontation and suffering toward a future of peace and happiness.”

■ By Kim Tae-shik

President Park Geun-hye offered a set of inter-Korean cooperation projects to North Korea to improve the strained relations between the two sides in her Liberation Day message on Aug. 15 while pressing Pyongyang again to give up its nuclear weapons programs and accept Seoul's recent offer of high-level talks meant to improve South-North relations.

The projects that Park called practical include those for cooperation in environment, culture and infrastructure to improve people's livelihoods.

Park stressed that it is urgent to create a channel for environmental cooperation to reconnect and restore the severed ecosystem on the Korean Peninsula.

Starting from jointly managing the rivers and forests that run from the North to the South, it is necessary to expand mutually beneficial, cooperative projects, Park said in the message commemorating the 69th anniversary of Korea's liberation from Japanese colonial rule.

“To kick-start such collaboration, I hope North Korea will participate in the 12th meeting of the Conference of the Parties to the United Nations Convention on Biological Diversity to be held in PyeongChang, South Korea, in October,” she said. “I believe that the meeting will serve as a venue to seek ways to create a South-North environmental community, through in-depth discussions among professionals from both Koreas and many other nations.”

Practical Cooperation Projects

She said a channel for the livelihoods of the people has to be opened and separated families have to be given chances to meet together.

Cooperation for the building of infrastructure that supports the livelihoods needs to start in full swing so that the two Koreas can jointly improve living conditions by beginning with small villages, she said.

“If the South shares its economic development know-how with the North in the long term and uti-

lizes the North's rich resources and workforce, it will help improve the quality of living of both peoples," Park said.

Park's package proposal also includes joint excavation and preservation of cultural assets and planning and preparation of events to commemorate the 70th anniversary of the liberation next year.

"If the two Koreas jointly prepare for cultural events to commemorate the 70th anniversary of liberation next year, the significance would be great," she said.

The president said the government will set out to undertake smaller projects that the two sides can start putting into action right away. It is time for the North and the South to engage in dialogue and move past our history of confrontation and suffering toward a future of peace and happiness.

Park urged North Korea to respond to Seoul's earlier proposal for high-level talks in order to provide a momentum for constructive dialogue for a new Korean Peninsula.

The proposal for joint management of rivers and forests is linked with the government's previous proposal for "green detente" included in Park's Dresden Declaration in March, including the creation of an international peace park in the demilitarized zone (DMZ) bisecting the peninsula and cooperation for forestation in the North.

During her visit to Germany, Park unveiled a package of proposals calling for bolstering exchanges with North Korea as the first steps toward building trust between the two sides to lay the groundwork for unification.

The government thinks the joint management of rivers and forests is highly practicable because it would be beneficial to both sides and is far from politics.

The two Koreas are already in cooperation on some joint excavations and the preservation of cultural assets, albeit partially.

A joint survey for the excavation of Manwoldae, the site of the old palace of the Koryo Kingdom in North Korea's Kaesong, resumed in July after it had been suspended in December 2011 following the death of North Korea's former leader Kim Jong-il.

Renovation of Road, Railway in N.K.

In a related move, the South's unification ministry revealed on Aug. 18 the government's plans to consider renovating North Korea's main road and railway as part of new joint economic cooperation projects with Pyongyang if inter-Korean relations improve enough.



South Korean President Park Geun-hye urges North Korea to abandon its nuclear ambitions while delivering a speech to mark Liberation Day in Seoul on Aug. 15. (Yonhap)

According to the ministry's 2014 policy implementation plan, Seoul would upgrade the road connecting North Korea's southern border town of Kaesong to the capital, Pyongyang, and the railway linking Kaesong to the northern city of Sinuiju.

The renovation plan was part of a package of joint inter-Korean economic projects to be pushed by Seoul down the road.

The package also includes flood prevention efforts at a North Korean river, assistance for North Korea's fishing industry and closer inter-Korean cooperation in the shipping field.

However, the prospects that North Korea will comply with Park's proposal in the near future are said to be slim because it didn't address the two fundamental demands of North Korea: the lifting of the so-called May 24 sanctions and the resumption of the suspended inter-Korean tour program to the North's scenic Mount Kumgang.

North Korea vehemently condemned Park's request for it to give up its nuclear weapons program.

Park suggested that North Korea should follow in the footsteps of Kazakhstan in giving up its nuclear weapons and emulate Vietnam and Myanmar, which opted for reform and openness, noting those countries enjoy peace and prosperity.

"Now, North Korea should abandon its nuclear programs and join the international community," Park said in the Liberation Day address, which came a day after North Korea fired five short-range rockets into the sea off the country's east coast.

Park also warned that the threats posed by North Korea's missile launches and its development of nuclear weapons "will never be tolerated" and said its threats will "deepen its isolation and result in tying its own hands and feet."

North Korea has repeatedly rejected similar international calls to end its nuclear program in return for diplomatic concessions and aid.

The communist country has vowed to develop its economy and nuclear arsenal in tandem, viewing its nuclear program as a powerful deterrent against what it claims is Washington's hostile policy against it.

North Korea also threatened to conduct a fourth nuclear test in response to South Korea-U.S. joint military drills that began on Aug. 18.

Pyongyang's Dismissal

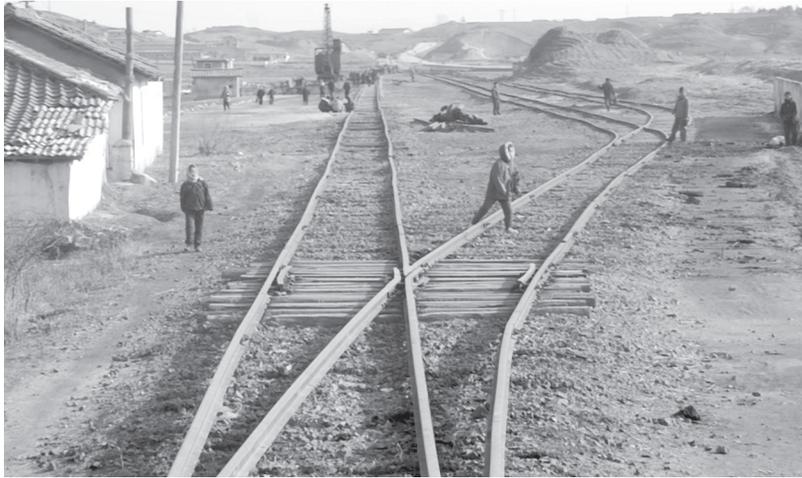
The North's state media strongly condemned Park's proposal and the South Korea-U.S. joint military exercise.

The Rodong Sinmun, the North's main newspaper, said in an article on Aug. 17 that Park's address is a "window-dressing filled with hackneyed words as she repeated the preceding stand, having no solution to the inter-Korean relations," referring to the lack of mention of the May 24 measures and the Mount Kumgang tour program.

The organ of the North's ruling Workers' Party of Korea claimed that it is a great contradiction that Park mentioned opening the channels for cooperation but didn't talk about lifting the measures.

Seoul put the May 24 sanctions in place in 2010 after the North torpedoed the South Korean Navy

This file photo, taken on Dec. 11, 2003, shows an outdated railway near the North Korean border town of Kaesong. On Aug. 18, Seoul announced a plan to help renovate the North's major roads and railways if inter-Korean relations improve. (Yonhap)



corvette Cheonan, killing 46 crewmen. The sanctions virtually cut off all economic and cultural exchanges between the two Koreas, except for a joint economic factory park in the North Korean border town of Kaesong. The North has repeatedly called for the removal of the punitive measures.

The cross-border tour program carried out by South Korea's Hyundai Asan was suspended in 2008, shortly after a South Korean tourist was shot dead by a North Korean soldier there.

The government has ruled out the lifting of the May 24 measures and the resumption of the Mount Kumgang tour program unless the North takes responsible measures.

Confirming the government's position, Unification Minister Ryoo Kihl-jae told lawmakers on Aug. 18 that it is difficult to imagine the government unilaterally lifting the punitive measures. He instead called on North Korea to accept the proposal for high-level talks.

"If (Pyongyang) needs the May 24 sanctions to be removed, it should come to the negotiating table and discuss it there," the minister said as he reported the ministry's 2014 policy plan to the parliament's diplomatic affairs committee.

South Korea proposed on Aug. 11 that the two countries should hold high-level talks on Aug. 19 to discuss a possible reunion of families separated by the 1950-53 Korean War and other mutual issues.

On Park's call for the North's renunciation of its nuclear program, the Rodong Sinmun claimed that the North's nuclear program is a deterrent for self-defense and argued that the South Korean authorities should stop improper acts of groundlessly taking issue with the program. It criticized the South Korea-U.S. Ulchi Freedom Guardian joint exercise as a threat to peace and demanded it be scrapped.

North Korea's military also threatened the same day to launch "merciless pre-emptive" attacks on the South ahead of Seoul's joint military exercise with Washington slated for Aug. 18-29.

"We again declare that we will open the strongest, most merciless pre-emptive attacks of our own style at any time since the U.S. and the South have threatened to deploy their customized deterrence strategies for their exercises," the spokesman for the North Korean military's General Staff said in a statement. (Yonhap)

ARF's Call for Denuclearization of Korean Peninsula

“N. Korea’s nuclear weapons and missile development poses threats to world peace and security and serves as a challenge to the global nonproliferation regime.”

■ By Lee Kwang-ho

For the past couple of decades since its inauguration, the ASEAN Regional Forum (ARF) has been a diplomatic stage to handle major regional issues. Ever since North Korea joined the ARF in 2000, the Asia’s biggest annual security conference has also served as the diplomatic arena between South and North Korea over their conflicting issues involving the Korean Peninsula.

At this year’s forum held in Myanmar on Aug. 9 and 10, the two Koreas engaged in a hectic round of diplomatic bickering over Pyongyang’s incessant nuclear programs and provocative acts. But the chairman’s statement, announced four days after the forum’s closing, was devoid of sending a clear, direct and stern message to North Korea to completely abandon its nuclear weapons and missile programs.

In the chairman’s statement, top diplomats from Southeast Asian nations and regional powers called for “immediate steps toward denuclearization” on the Korean Peninsula, stressing the need to resume the long-stalled six-party talks aimed at ending North Korea’s nuclear programs.

The foreign ministers of 26 Asia-Pacific

countries and the European Union called on North Korea to fully comply with its obligations under United Nations Security Council resolutions banning its missile and nuclear activities. “The ministers reaffirmed their support for all efforts to achieve the denuclearization of the Korean Peninsula in a peaceful manner and encouraged the creation of a conducive environment for early resumption of the six-party talks,” the statement said.

Regarding the North’s nuclear programs, they merely called on the North to abide by a deal adopted at the six-party talks on Sept. 19, 2005, when the North agreed to end its atomic weapons programs in exchange for aid and security guarantees. The six-way talks involving the two Koreas, the United States, China, Japan and Russia have been dormant since late 2008, when Pyongyang walked out of negotiations.

The statement came as North Korea has ratcheted up its provocative acts by launching a series of missiles and rockets in recent months, snubbing fresh U.N. Security Council condemnations. Pyongyang even threatened to conduct a fourth nuclear test, citing what it called U.S. hostility against it.

The top diplomats also “welcomed” North Korea’s plan to participate in the Asian Games to be held in South Korea in September. They also expressed hope the two Koreas would have regular reunions of families that have been separated across the inter-Korean border since the 1950-53 Korean War.

The joint statement also commented on a recent deal between Pyongyang and Tokyo over the North’s moves to investigate the cases of Japanese nationals kidnapped by its agents decades ago.

Seoul’s Struggle for Progress

At the regional forum held in the Myanmar capital of Naypyitaw, Seoul struggled to produce significant progress on the issue of North Korean denuclearization, as Pyongyang insisted that the country’s nuclear capabilities are basically a deterrent against U.S. hostility.

In a speech to the forum’s plenary session on Aug. 10, South Korean Foreign Minister Yun Byung-se called on the international community to send a clear and stern message to North Korea to convince it to end its nuclear weapons and missile programs. “North Korea’s nuclear weapons and missile development poses threats to world peace and security and serves as a pointed challenge to the global nonproliferation regime,” Yun was quoted as saying by officials at Seoul’s foreign ministry.

In response, the participants in the ARF meeting expressed concerns about North Korea’s recent missile launches, calling on Pyongyang to abide by its obligations outlined in U.N. Security Council resolutions and give up its nuclear programs, according to Seoul officials.



South Korean Foreign Minister Yun Byung-se (C, top) and his North Korean counterpart Ri Su-yong awkwardly shake hands during a gala dinner of the ASEAN Regional Forum (ARF) at the Myanmar International Convention Center (MICC) in Naypyidaw on Aug. 9. (Yonhap)

“Most foreign ministers strongly criticized North Korea for posing a nuclear threat and engaging in new kinds of provocations by firing off missiles and rockets,” said a senior official at the foreign ministry.

Top diplomats from participating states of the long-stalled six-party talks gathered in Myanmar for the ARF session to seek ways to resume the negotiations, but to no avail, with the North standing firm against international pressure.

North Korean Foreign Minister Ri Su-yong, meanwhile, insisted that the North’s nuclear weapons programs exist as a “deterrence” against U.S. hostility, vowing to strengthen the country’s nuclear capabilities. Ri made the remarks at the ARF meeting, Choe Myong-nam, a North Korean diplomat, told reporters.

“We came to have nuclear deterrence unavoidably as we have been consistently beset by Washington’s hostile policies, military pressure and its nuclear threats over more than 50 years,” Ri was quoted as saying by Choe.

Choe, deputy director of international affairs at the North's foreign ministry, said that a joint military exercise between South Korea and the U.S. is much more threatening to peace on the Korean Peninsula than its rocket launches.

Ri Su-yong's Diplomatic Debut

He also praised North Korea's unification blueprint, rejecting South Korean President Park Geun-hye's unification proposal, known as "the Dresden declaration." Park has held out the prospect of the South increasing humanitarian assistance and building infrastructure in North Korea if trust is built between the two sides. North Korea has angrily rejected the proposal.

Choe said Park's proposal would do more harm than good. He claimed that the only realistic way to achieve unification is through a federation that respects the different political ideologies and government systems of the divided Koreas.

Touching on its participation in the upcoming Asian Games in South Korea, the North Korean diplomat said that his country will closely watch Seoul's attitude following recently botched inter-Korean talks on the details of its participation.

The communist country has said that it will dispatch 273 athletes and coaches, along with the same number of cheerleaders, to the Asian Games to open in Incheon on Sept. 19 for a two-week run. But the inter-Korean talks recently fell through over the details, including who will cover the cost of the North's delegation. Neither Seoul nor Pyongyang has proposed another meeting.

Meanwhile, the top diplomats of North

Korea and China held a rare meeting in Myanmar, where they discussed bilateral relations and issues of common concern. The meeting between North Korean Foreign Minister Ri Su-yong and his Chinese counterpart, Wang Yi, took place on the sidelines of the regional security dialogue, the Chinese ministry said.

The one-sentence statement stopped short of giving details of the meeting between Ri and Wang, saying the two sides held "an in-depth exchange of views on bilateral relations and issues of common concern." The talks came as China, North Korea's main patron, has been stepping up its role in addressing the North Korean nuclear conundrum.

Early in July, Chinese President Xi Jinping visited South Korea, becoming the first sitting Chinese leader in more than two decades to visit Seoul before traveling to Pyongyang. China fought on the North's side against South Korea and the U.S.-led U.N. forces in the 1950-53 Korean War, which ended in a cease-fire, not a peace treaty.

China is widely believed to have significant leverage to help persuade North Korea to abandon its nuclear weapons programs, but many analysts believe that Beijing won't support any tougher measures against Pyongyang due to concerns that pushing the North too hard may lead to its collapse and hurt China's own national interests.

The latest ARF meeting also saw North Korean foreign minister Ri make his diplomatic debut on the global stage. Ri, who became foreign minister in April, held rare talks with both his Japanese and Chinese counterparts on the sidelines of the summit, though a separate meeting was not held between the North and South Korean delegates.

Ri and Japanese Foreign Minister Fumio Kishida held informal talks on Aug. 10. Kishida told reporters after the exchange that he “conveyed Japan’s views on the probe by a special investigation committee established by Pyongyang focused on resolving the abduction issue and the North Korean missile and nuclear issues.”

The bilateral talks marked the first contact between the Japanese and North Korean foreign ministers in 13 months, as well as the highest level of contact between the two countries since they resumed intergovernmental talks in March to resolve the abduction issue.

On July 4, Tokyo lifted some of its unilateral sanctions on North Korea in return for the launch of a special committee to investigate the whereabouts of Japanese nationals abducted by Pyongyang agents from 1977 to 1983.

The North and South Korean foreign ministers, meanwhile, had several “encounters” during the event, but there were no significant meetings or dialogue. “Yun Byung-se had three or four natural opportunities to meet with Ri Su-yong, but there was no instance of the two of them meeting alone,” said a senior South Korean government official.

But the top diplomats from South Korea, the U.S. and Japan agreed on Aug. 10 to beef up their coordinated approach against threats from North Korea’s nuclear weapons programs and missile launches, Seoul officials said.

The talks among Yun, U.S. Secretary of State John Kerry and Kishida took place on the sidelines of the ARF. “The three countries agreed on the need to strengthen coordination against North Korea’s missile threats and necessitating a more systemic response to those risks,” said an official at Seoul’s foreign ministry.

Myanmar’s hosting of the ARF itself has

significance as the country is now on a course of reforms and liberalization, called “Myanmar’s Way,” according to the Seoul official. Previously, Yun has called on North Korea to follow the path of Myanmar and Vietnam, saying that Myanmar, which opted for seclusion for a long time, is now engaging with the outside world.

Kerry reportedly spoke on the need to ensure the nonproliferation of nuclear weapons and the regional situation. Kishida said in opening remarks, “It is meaningful for top diplomats from the three countries to discuss the issue, considering the current security environment.”

With few signs of an international breakthrough that could halt North Korea’s nuclear weapons program, the secretive state appears closer to playing its nuclear card. On Aug. 7, the North’s official Korean Central News Agency (KCNA) said: “Due to the U.S. move to stifle the DPRK (North Korea), it was compelled to have access to nukes under the grave situation in which the supreme interests of the country were encroached upon.”

Despite the North’s fresh threat, Pyongyang watchers say that there is only a slim chance that the country will carry out another nuclear test in the near future. “The North is taking advantage of its nuclear weapons program as a bargaining chip; urging the U.S. to change its ‘strategic patience policy,’ while showing off its military might to the South,” said Chang Yong-seok, a researcher at the Institute of Peace and Unification Studies affiliated with Seoul National University. The Obama administration’s strategic patience policy requires that the North make the first move to re-engage with the international community for concessions. (Yonhap)

Int'l Community's Tougher Sanctions on N. Korea

“Under no circumstances will N. Korea give up measures to bolster its self-defense readiness, including the firing of rockets and development of nuclear capability.”

Despite the international community's repeated warnings and sanctions, North Korea has continued its saber-rattling in recent months, firing a number of rockets, missiles and artillery rounds. In protest, it has even made threats to conduct a fourth nuclear test and launch a nuclear attack on Washington and other large U.S. cities.

For many years, North Korea's nuclear and missile programs have been a key security concern for South Korea as well as the United States. Pyongyang regards Washington as the main culprit for the unstable security on the Korean Peninsula and the division of Korea, saying that frequent South Korea-U.S. military exercises pose a serious provocation intended to prepare for aggression.

North Korea continues to blast the U.S. for leading the international condemnation of Pyongyang, saying it will never be daunted by such denunciations. The belligerent regime has been under U.N. sanctions against any ballistic missile activity since it conducted nuclear tests in 2006 and 2009. Tighter sanctions were imposed on the North after the socialist country conducted its third nuclear test in 2013.

As the North's provocative actions have continued this year, the U.N. Security Council (UNSC) in July formally criticized Pyongyang

for violating U.N. resolutions that ban it from conducting tests using ballistic missile technology. Shortly afterward, the U.S. House of Representatives passed a bill calling for strengthening financial sanctions on North Korea and holding officials of the totalitarian nation accountable for human rights abuses.

In New York on July 17, the U.N. Security Council condemned a series of ballistic missile launches by North Korea and urged the communist nation to abide by U.N. resolutions banning such tests. The Council said in a press statement that the members noted the North launched three rounds of Scud short-range ballistic missiles in late June and early July.

Int'l Community's Condemnation

The response of the UNSC took the form of a verbal statement to the press, in which the UNSC chair explained what the council members discussed. Because the statement was not recorded, it was the mildest form of censure that the UNSC could give. However, the very fact that the UNSC responded in this way to North Korea's short-range missile launches was highly irregular.

In harsh protest, the North Korean foreign ministry accused the Council of ignoring what it called U.S. military exercises aimed at

invading the North while making an issue of what it claimed to be an inevitable choice. "All military actions taken by our army, including the launch of strategic rockets, are solely an exercise of our right to self-defense against the U.S. nuclear threats and schemes of aggression," said the ministry.

On July 28, the U.S. House of Representatives passed a bill calling for strengthening financial sanctions on North Korea and holding officials of the socialist country accountable for human rights abuses. The legislation -- H.R. 1771 or the North Korea Sanctions Enforcement Act -- was unanimously approved in a plenary session of the House. The bill, introduced last year by Rep. Ed Royce (R-CA), chairman of the House Foreign Relations Committee, won approval from the committee in May. The bill needs to pass the Senate in order to become a law.

Royce said in May that the bill would deprive North Korean leader Kim Jong-un of his ability to build nuclear weapons, and to repress and abuse the North Korean people. The congressman also said that the bill is aimed at applying the same type of strong pressure the U.S. applied when it targeted a bank in Macau in 2005.

The legislation denies sanctioned North Koreans and their enablers access to all U.S. property and the U.S. financial system, and allows the U.S. government to sanction third-country persons and banks that facilitate North Korean proliferation, smuggling, money laundering and human rights abuses.

It also calls for sanctioning banks and foreign governments that facilitate the financial restrictions of U.N. Security Council Resolution 2094, which was adopted to punish Pyongyang after the regime carried out its third nuclear test last year. Other measures in

the bill include blocking and seizing any assets connected with North Korea's proliferation, illicit activities and human rights violations, and requiring enhanced inspections for ships and aircraft arriving from ports and airports.

Still, it is unclear how effective the bill will be in pressuring North Korea, a country that has lived for decades under an array of international sanctions, as well as its human rights violations. It also remains to be seen whether the legislation will be able to win Senate approval in time as the mid-term election set for November is expected to overshadow other political issues in the coming months. The bill will be automatically scrapped unless it is handled before the term of the current Congress expires on Jan. 3.

U.S. Treasury's Sanction

In this connection, the U.S. Department of the Treasury on July 30 imposed sanctions on two North Korean shipping firms after a cargo ship from the communist nation was caught transporting missiles and other items from Cuba last year in violation of U.N. resolutions. The department said Chongchongang Shipping Co. is the operator of the freighter Chong Chon Gang and Ocean Maritime Management Co. played a key role in having the ship's crew lie about the cargo and providing false documents to the Panamanian authorities.

"North Korea uses companies like Chongchongang Shipping and Ocean Maritime Management to engage in arms trading in violation of U.S. and international sanctions," Under Secretary for Terrorism and Financial Intelligence David S. Cohen said in a statement.

Under the new sanctions, any property or

interests in property of the designated entities that are within U.S. jurisdiction must be frozen, the department said.

The North Korean freighter was seized by Panama 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. Of the 35 crew members, 32 were released in February after North Korea paid US\$690,000. But the three others were indicted on charges of illegal arms dealing. In June, however, all three of them were released after a court acquitted them of the charges.

Despite the tougher sanctions, North Korea fired off four short-range rockets on July 30 in the second such provocation in less than a week. It was the first time for Pyongyang to fire a 300mm rocket from inland and for such a projectile to travel more than 200 kilometers. Military sources in Seoul said the communist country seems to be test-firing the rockets in an effort to increase their range.

The firing on July 30 marked the 16th time that the North has launched rockets this year, and the fifth firing of 300mm rockets in 2014. It also came just four days after the North fired a short-range missile presumed to be a Scud into the East Sea. The latest launch brought the total number of rockets and missiles fired by the North to 102, as of mid-August.

North Korea continued its military threats, marking the Armistice Day which ended the Korean War six decades ago. It fired a short-range missile into the East Sea on July 26, the eve of the Armistice Day, the latest in a series of its missile and rocket firings.

North Korean leader Kim Jong-un observed the test-firing of a short-range ballistic missile from a site close to the inter-Korean border. The rocket flew across North Korea and fell

into the East Sea.

Pyongyang has often used missile launches as an expression of displeasure or to grab international attention. The latest launches were seen as an expression of anger at the annual joint military exercises between the U.S. and South Korea. Under a string of U.N. resolutions, Pyongyang is banned from any ballistic missile activity over concerns that such technology can be used to launch nuclear payloads. In December 2012, the North proved its intercontinental ballistic missile capabilities by sending a satellite into orbit aboard a long-range rocket.

N. Korea's Belligerent Reactions

On July 21, North Korea warned South Korea and the U.S. again of strong "retaliatory" military acts, continuing a two-pronged tactic of pressure on Seoul and conciliatory gestures. In a statement, the North's powerful National Defense Commission (NDC) said it had already done everything it could to improve inter-Korean ties. "What remains to be done at present is to make a final choice," the NDC said.

On July 22, the North's official news agency KCNA said in a commentary that under no circumstances will North Korea give up measures to bolster its self-defense readiness, including the firing of strategic rockets, development of nuclear capability and military drills.

The KCNA also lambasted the U.S.' dispatch of a nuclear-powered aircraft carrier, the USS George Washington, to a joint military exercise with South Korea, claiming it to be a nuclear threat. Search and rescue exercises between South Korea, the U.S. and Japan --

involving the George Washington -- began on July 21 and lasted for two days.

The South Korean government stressed that the North's threats are not helpful for diffusing tensions on the peninsula. "North Korea should stop such threats, which are not helpful for inter-Korean ties at all," Kim Eui-do, a spokesman for the Ministry of Unification, said at a press briefing.

Dismissing Pyongyang's claims as absurd, Seoul's defense ministry called on the North to follow international standards. "North Korea is not in a position to get upset and make such a warning, as it is the one who is to be blamed," defense ministry spokesman Kim Min-seok said. "North Korea should abide by international norms."

North Korea's verbal threats continued. In New York on Aug. 1, North Korea's deputy chief of mission to the United Nations said the communist nation has no option but to continue the development of nuclear weapons if U.S. threats against the country continue. Deputy Ambassador Ri Tong-il made the remark, claiming that no other country in the world is under constant threats like North Korea, and his country needs nuclear weapons to deter such threats.

Ri also urged the United Nations to take up the latest joint exercises between South Korea and the United States as an urgent issue.

Ri said the U.S. has staged about 18,000 military exercises in South Korea since the end of the 1950-53 Korean War. He also claimed that the United States is the biggest threat to peace and security on the Korean Peninsula. The envoy also said the North would continue rocket and artillery launches.

North Korea's state media strongly indicated on Aug. 4 that the country would continue

rocket launches as part of regular military drills, which it claims are aimed at countering war preparatory exercises by South Korean and U.S. troops. The Rodong Sinmun, an organ of the Workers' Party of Korea, carried a series of commentaries denouncing the allies' plan to start another joint military training exercise later in August. The Ulchi Freedom Guardian began on the peninsula in mid-August for a two-week run, involving tens of thousands of troops from the two sides.

North Korea is considering another nuclear test to counter a series of South Korea-U.S. military drills, Pyongyang's official news agency said on Aug. 7. Washington's growing nuclear war threat is nudging Pyongyang to strengthen its nuclear capability in both quantity and quality, the KCNA claimed in a commentary.

For all the threats, the U.S. appears to be resolute in dealing with North Korea. Washington's pointman on the North said on July 30 that U.N. sanctions on North Korea are working as they are diminishing Pyongyang's profits from illicit activities, and the United States will continue to tighten the screws on the communist nation.

Glyn Davies, special representative for North Korea policy, also said during a hearing of the House Foreign Affairs Committee's Asia-Pacific subcommittee that Pyongyang won't give up its nuclear program unless the U.S. keeps pressure on the regime. "It is clear that U.N. sanctions are having an effect and are diminishing North Korea's ability to profit from its illicit activities," Davies said. "The United States will continue to take steps to strengthen and bolster the existing sanctions regime, both through work in the U.N. context and through our own national measures." (Yonhap)

Pyongyang's Efforts to Earn Foreign Currency

North Korea has been making diversified efforts recently to earn as much hard currency as possible to prop up its regime and finance economic projects.

■ By Kim Tae-shik

North Korea has been making diversified efforts recently to earn as much hard currency as possible to prop up its regime and finance projects to boost its economy by developing tourism industry, holding international sports events and designating more economic zones.

In its latest move, North Korea has allowed foreign tourists to visit a film studio and a clothing factory in and near the capital of Pyongyang for the first time, a Chinese travel firm which specializes in tours to the North said on Aug. 5, in a sign that Pyongyang is opening up more tourist destinations to develop tourism.

Beijing-based Koryo Tours said it was given the first-ever access to the two sites -- the April 25 Film Studio in Pyongyang and the Taedonggang Clothing Factory, located 30 kilometers north of the showcase capital -- during its group tour in late July.

The film studio is named after the date when North Korea's military was founded.

In an article posted on its website, Koryo Tours described the film studio as "impressive, with a huge mosaic above the entrance," but

there was apparently no popcorn machine.

"We also brought the studio its first popcorn machine all the way from Beijing, so the next time we visit there will be snacks all around!" it said.

At the garment factory, foreign tourists "were shown a demonstration of an automated embroidery machine programmed to stitch individual logos onto clothing," it said.

Efforts to Boost Tourism

Hit by decades of economic mismanagement and the imposition of international sanctions over its nuclear weapons program, North Korea remains desperately poor and appears to be promoting its tourism sector to earn much-needed hard currency.

In a related move, North Korea and China have launched a new tourist bus route between two of their cities, China's state-run media said on Aug. 3.

The new route between China's northeastern city of Yanji and North Korea's northeastern city of Rason was opened the previous day, with 48 Chinese tourists traveling to



An international trade exhibition opens in North Korea's Rason City, a special economic zone, on Aug. 18. (KCNA-Yonhap)

Rason by bus, according to the China News Service.

The bus is scheduled to run every Tuesday to Saturday as part of a two-day tour program to Rason.

Until now, Chinese tourists traveling to Rason have had to change buses in North Korea, but the new four-hour route allows visitors to travel directly to the North Korean city, the report said.

The new route was first proposed by the North, the report quoted a Yanji tourism official as saying.

North Korea has launched bicycle tours for Chinese travelers earlier this year, opening its northeastern border to bicycle tourists from China for the first time.

China's official Xinhua News Agency, citing unidentified organizers of the tour program, said 35 Chinese tourists traveled to North Korea on May 2 by riding bicycles from the northeastern city of Tumen in Jilin Province to the North Korean border city of

Namyang.

"The bicycle tour is inexpensive and only needs simple procedures," Xinhua said in an English-language dispatch, citing an unidentified official of the Tumen Tourism Bureau. The official also said the route is expected to attract more tourists to North Korea.

Xinhua also said excursions by train from Tumen to North Korea's Chilbosan, a scenic mountain in Chongjin, North Hamgyong Province, resumed on April 30. The tourist train was launched in April 2012 but was later suspended. Tumen has highway and railway services to the North, according to the news agency.

Chilbosan, or Mount Chilbo, is one of the two top tourist attractions in North Korea along with Mount Kumgang. North Korea started development of Mount Chilbo as a tourist destination in 1996 and began to allow foreign tourists access to the mountain in 1999.

North Korea is one of the world's most

secretive and isolated nations, but Pyongyang has stepped up efforts to attract foreign tourists since 2013 by offering more international and domestic flights.

Before 2012, most Chinese tourists used chartered planes to enter North Korea to fly to North Korea's city of Wonsan, where they used buses to get to their final destinations, like Mount Kumgang. As Chinese tourists represent the lion's share of foreign tourists visiting the reclusive North, travel routes and transportation means from China to North Korea have become more diversified.

In April, China launched its second train travel service to North Korea. The opening of regular rail services from China's northeastern city of Jian to Pyongyang makes Jian the second city to offer such service after the Chinese border city of Dandong.

Also in operation is a bus tour program from Tumen to Onsong.

North Korea and China have simplified border-crossing procedures for Chinese tourists traveling to the North, according to China's state media, in another sign that Pyongyang is eager to boost its 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 duration of two days, the state-run China Daily reported on May 5.

Chinese Travelers to N.K.

China resumed train operations on a route from Tumen to the North's northeastern port city of Chongjin on April 30, after a year of renovation, the report said.

Zhang Weidong, an official at a Chinese

travel agency responsible for the train travel, told the newspaper 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," Zhang said.

The four-day train trip to North Korea costs about 1,900 yuan (US\$304), the report said.

North Korea has restarted some of its regular domestic flight routes for the first time in years, according to Young Pioneer Tours, a China-based travel firm specializing in tours to North Korea, on July 15.

Regular flight services in North Korea were resumed on July 14, allowing foreign tourists to fly between cities in the North, the agency said in a statement posted on its website.

"For the first time in years, tourists in the DPRK (North Korea) will be able to travel to destinations outside Pyongyang on domestic flights, effective from 14 July 2014," the statement said.

The tour company described the move by North Korea as "indicative of the changing face of tourism in North Korea," saying, "The availability of regular domestic flights is set to increase the opportunity to travel within the DPRK."

There are no publicly available statistics on how many foreign tourists visit North Korea each year, but news reports by China's state media organizations showed that the number of Chinese tourists visiting North Korea has grown in recent years.

According to a report released in December by the Korea Institute for International Economic Policy, South Korea's state think tank, North Korea was estimated to earn as much as US\$34.62 million in tourism revenue from Chinese tourists in 2012.

North Korea, meanwhile, gave permission to a British travel company to host an international golf tournament on its scenic Mount Kumgang next year, Radio Free Asia (RFA) reported on Aug. 5, quoting the head of Britain's Lupine Travel, which has sponsored the North Korea Golf Open since 2011.

In an interview with the Washington-based RFA, the British firm's president, Dylan Harris, said the company has received permission to open such an international tournament for amateur golfers in 2015 at the Mount Kumgang course, which is currently closed amid the suspension of the inter-Korean tourism program.

Int'l Golf Tourney Eyed

South Korea-run tours of the scenic mountain on the North's east coast came to a halt in 2008, shortly after a South Korean tourist was shot dead by a North Korean soldier there.

This year's North Korea Golf Open took place at the Pyongyang Golf Complex on the outskirts of the capital city in July, the RFA reported.

The golf course, the second of its kind in the reclusive communist nation, was constructed by South Korean investors.

Fifteen players from eight nations, including Britain, China, Singapore and Estonia, meanwhile, participated in this year's North Korea Open, Harris was quoted as saying.

The number marks a significant drop from an average of about 30 in previous competitions.

The decrease seems to be attributable to sharp military tensions on the Korean Peninsula and the North's cancellation of this year's massive dance and gymnastics perfor-

mance known as the Arirang show.

In another effort to introduce foreign capital, North Korea designated six more economic development zones in July, including ones in the capital city of Pyongyang and a county near the border with South Korea, bringing to 19 the total number of economic zones in the country. The North also renamed a special economic zone in Sinuiju City, North Phyongan Province, an international economic zone.

"It was decided in the DPRK(North Korea) to establish economic development zones in some areas of Pyongyang, South Hwanghae Province, Nampho City, South and North Phyongan provinces," the (North) Korean Central News Agency (KCNA) said in an English-language dispatch on July 23.

A relevant decree of the Presidium of the Supreme People's Assembly (SPA) was promulgated on July 23, it said.

North Korea also has launched the Ministry of External Economic Affairs by merging the Joint Venture and Investment Commission and the State Economic Development Committee, giving added power to the agency that handles foreign capital inducement. The SPA Presidium promulgated a decree in this regard on June 18.

Chang Yong-suk, a researcher at the Institute for Peace and Unification Studies at Seoul National University, said it has been clearly revealed that North Korea is seeking to make a breakthrough in economic development via economic cooperation with foreign countries while maintaining a tough intransigent position on the nuclear issue. (Yonhap)

Ex-U.S. Nuke Negotiator Calls for Dialogue with N. K.

“The North Koreans do not want to be ignored and when they think they’re ignored, they will do something to get your attention...”

■ By Chang Jae-soon, *Yonhap correspondent in Washington*

The United States should open dialogue with North Korea because ignoring the communist regime would only make the already bad situation worse, a former top American nuclear negotiator with Pyongyang said.

Robert Gallucci, who defused the first North Korean nuclear crisis by negotiating the 1994 Agreed Framework deal with Pyongyang, also said in an exclusive interview with Yonhap News Agency that he is willing to play a role in helping resolve the standoff if asked by the U.S. government.

“The North Korean issue, shorthanded, doesn’t get better like fine wine, (with) the passage of time,” Gallucci said. “It gets worse. With each passing year the North accumulated more highly enriched uranium, we presume, more plutonium, develops more sophisticated delivery vehicles, probably more sophisticated nuclear weapons.”

The 1994 deal committed North Korea to freezing and ultimately dismantling its nuclear program in exchange for two proliferation-resistant light water reactors for power generation, and normalization of relations with the United States.



Robert Gallucci, former U.S. chief negotiator for the 1994 Agreed Framework with North Korea, speaks during an interview with Yonhap News Agency on Aug. 10. (Yonhap)

But the landmark agreement fell apart with the second nuclear crisis in late 2002, with revelations that Pyongyang had pursued a clandestine uranium enrichment program. Six-party talks were then launched in 2003 to defuse the crisis, but the standoff is still ongoing.

“I did not regard the Agreed Framework as perfect ... But it was a very good start so that when the framework fell apart... I was disappointed and concerned that there was nothing in place to constrain the North Koreans,” he said in the interview in early August.

“As we are at the anniversary almost of the Agreed Framework I regret that we do not have a framework or a structure in place to manage the disagreements on the peninsula,” he said, referring to the 20th anniversary of the agreement this year.

The six-party talks, which bring together the U.S., North and South Korea, China, Japan and Russia, have been stalled since the last meeting in late 2008. The North has called for unconditional resumption of the negotiations, but Washington and Seoul demand Pyongyang take concrete steps demonstrating its denuclearization commitment.

That stance reflects deep skepticism the U.S. and the South have about North Korea, a country that has a track record of starting a crisis, coming to negotiations and reaching an agreement in exchange for economic and other concessions, before ditching the deal.

Critics of negotiations with the North say Pyongyang has no intention to give up its nuclear program and holding dialogue with the regime would amount to rewarding the North's bad behavior. Still, Gallucci said there should be negotiations.

“The North Koreans ... do not want to be ignored and when they think they're ignored, they will do something to get your attention in the South or our attention. We shouldn't try to deal with the North Korean case by ignoring it,” he said.

“Doing nothing about North Korea (is untenable), not only because while you're doing nothing they will be building stuff, but also it's not a responsible way to deal with a situation like the North Korean state,” he added.

Gallucci also said sanctions are not a good idea to deal with North Korea because China,

which has an interest in not seeing the North Korean regime collapse, will intervene. “The regime in the North has very high tolerance for pain suffered by its people. These are not very nice people,” he said.

Last September, Gallucci and Stephen Bosworth, a former special U.S. representative for North Korea policy, held a meeting with North Korean officials in Berlin. The North Koreans repeated their calls for talks without any conditions, he said.

Before coming to the meeting, Gallucci said, he met with Amb. Glyn Davies, special representative for North Korea policy, and Assistant Secretary of State Daniel Russel, and relayed the American position to the North Koreans that Pyongyang should take steps demonstrating its seriousness.

The North Koreans insisted they can't make concessions before negotiations begin, he said.

Gallucci said, however, he believes the two sides can bridge the gap.

“The U.S. could say they'll have pre-talks, but not the real talks, pre-talks. They don't require proof of sincerity. We could say that. The North could say, OK, here's Kenneth Bae,” he said, suggesting the North could release a Korean-American citizen being held in the communist nation in return.

The former negotiator said he has received invitations from the North through nongovernmental organizations to come and visit the country, but didn't accept the invitations because he did not “want to get in the way.”

Still, Gallucci said he is willing to play a role if his government asks for it.

“If the U.S. government ever said we would like you to do something, I would do it, probably,” he said. (Yonhap)

Disciplining Party and Military Cadres

It is very unusual for senior WPK officials to participate in a “study tour” of revolutionary sites, although North Korea has held similar tours for junior officials.

Leading officials of North Korea’s ruling Workers’ Party (WPK) underwent a rare “study tour” of revolutionary battle sites in the area of Mount Paektu from late July to early August at the instruction of North Korean leader Kim Jong-un, a follow-up to a similar tour by commanding officers of the Korean People’s Army earlier this year.

The North’s Korean Central News Agency (KCNA) said an opening ceremony took place in front of the Monument to the Victorious Battle of Pochonbo in Hyesan City, Ryanggang Province on July 30.

“The tour of the historic land where the Korean revolution started will offer its participants an opportunity to more deeply grasp the great revolutionary careers and revolutionary feats of the peerless great persons of Mount Paektu and the indomitable revolutionary spirit and effective methods of political work created in the crucible of the anti-Japanese war,” the KCNA said.

Mount Paektu, the highest peak on the Korean Peninsula, has been regarded as a holy place in North Korea where North Korean founder Kim Il-sung carried out a heroic struggle against Japan and the North’s late leader

Kim Jong-il was born.

It is very unusual for senior WPK officials to participate in a “study tour” of revolutionary sites, although North Korea has held similar tours for junior officials, soldiers and workers every year.

North Korea watchers said the measure is being used to strengthen Kim’s grip on the party and is related to his recent moves affecting the military, such as frequent promotions and demotions of top officers and physical training for general-level officers.

The WPK officials left Hyesan and arrived at the historic site where Kim Il-sung commanded a battle in Pochonbo in the period of the anti-Japanese armed struggle, it said.

They looked around the command post of the battle and other places associated with the revolutionary feats Kim Il-sung performed by firmly adhering to the revolutionary traditions of Mount Paektu, the North’s main mouthpiece said.

Then they headed for Mount Paektu, which North Korea calls the holy mountain of the revolution.

The WPK officials vowed in a ceremony on Aug. 4 to “accomplish the revolutionary cause of Juche pioneered in Mt. Paektu under the

leadership of Kim Jong-un” in front of the statue of President Kim Il-sung of the Samjiyon Grand Monument, the KCNA said.

The daily Rodong Sinmun and the North’s state radio and television network also made detailed reports about the WPK officials’ study tour on Aug. 4 with most coverage focusing on the participants’ pledges of loyalty to the Kim family and the party.

Earlier, from March 23 to April 1, regiment and higher-level commanders of the KPA toured the Mount Paektu area on the orders of Kim Jong-un.

The commanders pledged loyalty to Kim at an oath-taking ceremony held on the final day of the tour, which Kim himself attended.

Kim Jong-un likely ordered party leaders to tour the Paektu area, a symbolic area signifying the power succession of the Kim family, to tighten his grip on the party and solidify his monolithic leadership following the surprise execution of Jang Song-thaek, his once-powerful uncle, late last year.

North Korean media heavily covered the tour by the commanding officers.

The Rodong Sinmun stressed the significance of the tour and carried detailed reports about the tour on the front page and about 20 photos on the second and third pages on April 3.

The KCNA also carried a detailed report on the same day.

Military Training for Generals

Meanwhile, North Korean generals and high-level officers have had to participate in military training such as shooting and swimming.

The Rodong Sinmun carried a photo of navy commanders swimming on the front page of its July. 2 edition, along with an article saying that



A group of naval commanders, who appear to be in their 50s or older, swim in the sea during a drill guided by North Korean leader Kim Jong-un. The image was broadcast by the (North) Korean Central TV Broadcasting Station on July 2. (Yonhap)

Kim Jong-un observed the training.

In May, a 67-year-old former air force commander flew a fighter plane in a combat plane flight competition for air force commanders held at a military airport in Onchon, South Phyongan Province, with the attendance of Kim Jong-un and his wife, Ri Sol-ju. Kim Jong-un watched a shooting competition of senior commanders and political bureau members in March.

North Korea watchers say such physical training for top military commanders was unheard of during the rule of Kim Jong-il and that the young Kim, who has no actual military experience, is taking the measures in order to reinforce his image as the top leader and discipline the military.

Choi Jong-hun, head of an organization of North Koreans who defected to the South called “The Liberation Front for North Korean People,” said “it is a phenomenon that has been hardly seen in the past: military generals firing rifles while lying prone.”

Choi said that Kim is intending to show off his power to top military officers. (Yonhap)

Changes in North Korean Society

Kim Jong-un will be forced to accept markets and manage them as part of the North Korean economic system.

■ By Jung Sang-don. *senior research fellow at the Korea Institute for Defense Analyses (KIDA) in Seoul*

North Korea still aspires to maintain a socialist, planned economy. However, the socialist economy has been collapsing at a civil level due to insurmountable difficulties, rendering the Kim regime fundamentally unable to implement an effective plan for improving the economic situation. As a result, unofficial markets have been spreading since the mid-1990s, eventually replacing the collapsed rationing system for the lower classes. Such markets spread at a rapid pace in North Korea as peasants and workers struggle to find a means for survival on their own, no longer holding out any hope for assistance from their incompetent government authorities.

There were already farmers' markets even before the mid-1990s, but these markets were mostly small in size and took place every ten days. Through the "Arduous March" of the mid-1990s, however, these farmers' markets began to evolve into larger black markets known as "jangmadang." Jangmadang began to take place daily, rather than every 10 days. The goods sold at these marketplaces also became diversified, including rice which had formerly been banned from sale at the markets.

Once people began to trade livestock and manufactured goods at the marketplaces, the number and scale of these markets began to multiply rapidly, with more and more of the North Korean civil economy turning to the market system. It is now time to ask how the North Korean authorities have handled this gradual and inevitable "marketization," which fundamentally contradicts the principle of a socialist planned economy.

Marketization as Symbol of Changes

The market system quickly became an integral part of the North Korean economy in the civil area, as the number of jangmadang reached about 300 in

1998, and became essential for the daily lives of ordinary people. This rapid change began to threaten the established order in North Korea at a fundamental level, as ordinary people concerned only with daily survival began to pay much greater attention to moneymaking at markets than to the ideologies and principles that make up social life in North Korea. Worried that the existing order was collapsing, the late North Korean leader Kim Jong-il banned jangmadang in 1999 and began to persecute market-friendly activities.

However, as the North Korean authorities became utterly unable to ensure the livelihood and survival of ordinary people, the jangmadang ban existed in name only. Accordingly, the North Korean regime finally announced the “July 1 Measures for Economic Management Improvement” in 2002, granting partial approval to jangmadang as part of the economic system. Jangmadang also gained legal grounds as “general markets” in March 2003.

However, Kim Jong-il began to persecute and restrict markets again in 2007, due to the fact that these markets expedited the spread of anti-socialist elements throughout North Korean society and new capitalists had begun to emerge, threatening the established social hierarchy. General markets were closed down and converted back to farmers’ markets in 2009. In fact, Pyongsong Market, a wholesale venue of a national scale, was forced to close in June that year.

Furthermore, the North Korean regime also launched a major currency reform in November 2009, with the intent of striking a blow to new capitalists, and closed down all black markets in early 2010.

The currency reform, however, led to a

drastic depreciation of the North Korean won and unstoppable inflation, damaging the national economy and fiscal planning to an unprecedented extent. The currency reform also led to the dramatic contraction of the “market economy,” raising North Koreans’ discontent with the authorities to an explosive level. The North Korean government was thus forced to revive markets in February 2012 and rolled back its anti-market policy in May the same year.

As successor to his deceased father, Kim Jong-un sought to enhance his control over North Korean society, and continues to control the markets like his father. However, as a new leader feeling responsible for the people’s daily lives, Kim Jong-un also found it difficult to proceed with an uncompromising market-restricting policy with the potential to cause backlash.

Since announcing a new economic management policy on June 28, 2013, Kim Jong-un has been managing markets as a part of the North Korean economic system. In this process, the marketization trend continues as the North Korean regime keeps vacillating between restriction and limited acceptance. Marketization has had a great influence on North Korean society and is considerably changing the perceptions of ordinary people.

Far-reaching Impact of Marketization

As of 2013, over 70 percent of all North Koreans depended on the market system in one way or another for their livelihood. The expansion of the markets has affected the perceptions of North Korean people, awakening them to commercialism and mammonism. Now that peasants and workers alike are forced to depend on their own ability to make

money in order to survive, they have come to equate money with power. Many North Koreans today believe that “nothing is impossible with money,” and that “money trumps everything, even power.”

The people’s distrust of their government has reached a new level, as they now believe that they have to do exactly the opposite of what their government commands them to do in order to survive. North Koreans today are convinced that they can’t make money by abiding by the law, and that moneymaking requires breaking the law and disobeying the state. Thus, the spread of the markets has accelerated the confusion of values in North Korea, weakening North Koreans’ collective identity.

The collapse of the rationing system for the lower class, which expedited marketization, has also shifted the North Korean social stratification. Class was something that North Koreans inherited, based on the proven loyalty of their forebears to the regime until the 1990s. The North Korean social system underwent a major reform after the Korean War, assigning the survivors of the fallen and war victims to the upper classes and the family members of those who fled to the South to the bottom as dissidents.

The progress of marketization, however, changed this social stratification, elevating the status of the merchant class, with their newfound wealth and money-based power, and downgrading the status of a part of the Old Guard that had failed to accumulate wealth. Today, approximately 10 percent of the North Korean population is believed to be involved in commerce and merchandizing. “Reactionary” family members and descendants of those who fled to the South during the Korean

War can now move up into the ranks of the social hierarchy by accumulating wealth, while a portion of the descendants of the war victims and those who failed to adapt to the market economy suffers the humiliation of being relegated to the lower class. Some of the reactionary descendants have gone on to achieve much wealth and higher social status thanks to the financial support they have received from their relatives in South Korea and abroad.

The rising merchant class which has accumulated capital, or “donju” in North Korean terminology, can be divided into two groups: one that includes self-made merchants whose wealth comes from commerce, and another including capitalists who have accumulated their wealth by managing the funds of government agencies or engaging in international trade as agents for the powerful.

Power players in the Communist Party, the government, and the military may become capitalists by engaging themselves in international trade. There are also wealthy high-ranking officials who hire self-made capitalists as their proxies. The spread of the market economy has deepened the power-money connection, fueling the prevalence of corruption and amplifying the tension among government officials over economic stakes.

It was in this context that Kim Jong-il attempted to revive the old social order by launching his ill-fated currency reform in November 2009, with the intent of striking a blow to new capitalists. Since Kim Jong-il’s death, Kim Jong-un has also been trying desperately to mitigate the growing discontent and sense of deprivation among the descendants of the Korean War victims by giving them preferential opportunities to earn money

in international trade.

Nevertheless, the government's dire lack of financial resources prevents it from reversing the marketization trend. Whether he likes it or not, Kim Jong-un is and will be forced to accept the markets and manage them as part of the North Korean economic system. The acceleration of marketization will continue to alter North Korean society and the people's perception, even at a pace faster than witnessed over the last two decades.

Inflow of Non-socialist Elements

With the weakening of its social and political control after the death of Kim Il-sung in 1994, the North Korean regime realized that it needed a new ruling ideology and method of rule. Recognizing the importance of info-communications technology (i.e., the foundation of science technology development) in line with the changing times, North Korea began implementing informatization in the late 1990s.

Also realizing that informatization may potentially become a factor that evokes the "spirit of capitalism," which would therefore endanger regime stability, the North Korean regime is devising countermeasures. The North Korean people are permitted limited access to the Internet, while the state controls the inflow of information from the outside world into North Korea. Nevertheless, as of May 2013 the number of cellular phone users has passed the 2 million mark.

It's not easy for the regime to prevent external information from penetrating North Korean society through informatization or merchants and vendors who frequently travel to and from China. And this external information spreads nationwide through markets.

Although North Koreans are constantly under government surveillance, technically speaking, they are able to receive South Korean and international radio broadcasts throughout North Korea. They can even watch South Korean TV programs, not only in the towns near DMZ, but even in more interior regions. South Korean movies, TV dramas, and popular songs have been brought into North Korea via computer, CD/DVD player and USB and continue to circulate since the 2000s.

The structural changes occurring in North Korea are evident in the market spread, changing class system, the growing inequality, Informatization and the inflow of external information.

Reflecting the people's changing perception are a number of phenomena, including the spread of mammonism; the rising level of distrust in the regime and its policies; the declining level of loyalty to the nation and its leader; the growing apathy toward the governing ideology; the weakening sense of collective identity; and the increasing favor toward South Korea (particularly in economic and cultural aspects).

The current changes in North Korea come neither from the North Korean authorities nor from outside manipulation. Regardless the will of the North Korean leadership, North Korea has undergone a lot of changes in the society and people's perception thanks to domestic factors. South Korea's active role is needed to support the current changes in North Korea.

(This is a modified version of an article carried in the ROK Angle, a journal published by the Korea Institute for Defense Analyses (KIDA) in Seoul in June 2014.)

Developments in the North Korean Economy in the First Half of 2014: Observation, Analysis and Interpretation

I. Introduction

In recent months, many North Korea watchers in Seoul and elsewhere have presented their views on and evaluations of developments in the North Korean economy, which can be classified largely into two categories in confrontation with each other.¹⁾ Some of them believe that the situation facing the North Korean economy these days is much better than that indicated by data and information available to them and that the situation will take a more favorable turn in the near future. In sharp contrast, some others think that the North Korean economy has yet to get out of its decades-old stagnation, adding that it is possible that the North Korean economy will be thrown into a worse situation sooner or later because all of the North's attempts to overcome its economic difficulties have ended in failure. For the time being and only with data available now, there is no way for us to know whose view is closer to the real situation facing the North Korean economy. This essay will make an attempt to explicitly expose their different views on and evaluations of the North Korean economic situation today, in an effort to add fuel to North Korea watchers' discussions on the matter and help them better understand the North Korean economy.

This essay will use developments in the North Korean economy as material information, in a move to attain this goal. In other words, it will present various movements and phenomena shown in the North Korean economy during the first half of this year and examine the ways that North Korea watchers used them to back up their views and evalu-

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ations in two categories which are completely different from each other, as mentioned earlier.

This essay will be written in a way to attain this objective. First of all, it will actually present the results of my observation of matters related with developments in the North Korean economy during the cited period. And it will analyze, at a minimum, one or two of them which require additional explanation under the preconditions that excessive interpretation will be avoided in the analysis. And it will discuss how the presented results of the observation could help form the two different categories of views on and evaluations of the situation facing the North Korean economy.

This essay has been written by me alone, but various material information for the essay and various discussions of the matter are beyond the range of my personal handling capacity. For this reason, this essay will utilize the discussions of developments in each sector of the North Korean economy written by other scholars and to be published along with this one.²⁾ This essay is also aimed at generalizing the discussions of developments in each sector of the North Korean economy. Moreover, this essay is written in consideration of the discussions made in various seminars and forums on the recent North Korean economic situation, which were organized by the Korea Development Institute in the first half of this year.

Of course, the remarks made in the seminars and forums will not be quoted directly in this paper, because most of these academic gatherings were held behind closed doors and their contents have yet to be published. I, however, will organize various material information showing aspects of the North Korean economy in the first half of this year through their eyes, extracting various views and evaluations in the

background, which facilitated the discussions.

As mentioned earlier, this essay is written in the form of keeping the nature of generalizing developments in each sector of the North Korean economy during the first half of this year. For this reason, the readers of this essay may need to read the other papers on developments in each sector of the North Korean economy to be published along with this essay.

II. Observation

North Korea watchers have observed various economic developments in North Korea in the first half of this year that were unseen in previous years. Because of these developments, some of them expressed their careful views that the North Korean economy might be heading for another turning point. Let's begin with the specific developments observed in the North Korean economy during the cited period.

In a most significant characteristic development, various price variables, including commodity prices and exchange rates between the North Korean currency and foreign ones on the market, have shown downward stabilization. Considering the economic trend in the North in the past, this is an unusual development. Market commodity prices and exchange rates have shown steady increases since the middle of the 2000s and the re-denomination of North Korean bank notes in December 2009 deteriorated the situation, giving rise to the belief of many North Korea watchers that the North Korean economy is under the pressure of hyperinflation all year long. However, at the turn of 2014, a more distinct development signaling a turn toward gradual stabilization from the highest level in 2013 drew the attention of North Korea watchers. For instance,

rice prices on the market, which stood at 6,600 North Korean won per kilogram in first half of 2013, have reportedly continued to fall for months thereafter and remained in a level ranging from 4,000 won to 4,300 won in the middle of the year. The case is same with the exchange rates, which came down from 8,989 won per the U.S. dollar in January 2013 to 8,400 won in December 2013 and fell further to 7,100 won in July this year.

These developments indicate that variables for market prices are no longer on a rising trend and have made a downward turn in the first half of this year, although it is uncertain how long that downward movement will continue. But it is notable that the year-round hyperinflation troubling the North Korean economy in the past nearly came to an end in the first six months of this year.

Thanks to the stable commodity prices and exchange rates, market activities have reportedly turned more brisk in the North and there have been no insiders' reports on measures taken by the North Korean authorities against the market.³⁾ More and more motorcycles were reportedly operated by merchants for their market activities to make them more brisk. In the past, the North Korean authorities made repeated efforts to control the market and approve it tacitly. But today they behave in a way to actively utilize the market, as indicated by the North's continued mention of measures for a new economic management system focusing on market activities. Of course, for the time being, it is not easy to know the nature of the North Korean policy regarding the market. But it is evident that North Korea watchers could hardly observe any North Korean government measures aimed at controlling the market in the first half.

The stabilization of market prices and brisk

market activities are undoubtedly ascribable to an improvement in the overall food situation, among other things.⁴⁾ The North's production of food grain in 2013 reached 5 million metric tons for the first time since the mid-2000s. Notably, the food production in the North has continued to increase since 2010, indicating a steady improvement in the food situation facing the country in recent years. North Korea reportedly suffered a severe drought during the first half. But because few spring crops were affected by the drought and the main harvest in the autumn of 2013 was very good, most North Korea watchers in Seoul say that the food situation during the first half of this year was better, or at least not worse, than in previous years.

The aspect of the North Korean economy in the first half was good as far as the market and the agricultural sector are concerned. But there is a somewhat different view on production in the official economic sectors, namely, the command economy.⁵⁾ Above all, unlike in recent years, North Korean authorities have been inconspicuous about proclaiming the North's economic achievements. Since Kim Jong-un, the third and youngest son of the late North Korean leader Kim Jong-il, was proclaimed as the successor to the senior Kim in September 2010, the North has trumpeted as many economic achievements as possible in a move to build up the young Kim's image as a competent leader.

But it is uncertain whether this unusual behavior by the North Korean authorities is attributable to poor performance of the North Korean economy or simply to a change in their behavior. It is safe to say that North's official production activities in the first half were not brisker than in the preceding years. This judgment is in accordance with statistical

data regarding the growth rate of the North Korean economy in 2013 announced by the Bank of Korea (BOK), Seoul's central bank. The BOK estimated the North's economic growth rate that year at 1.1 percent, 0.2 percentage point lower than that earlier forecast. The 2013 figure indicates that the North Korean economy is still in stagnation. The North saw slower economic growth in 2013 than the preceding year because of a slump in the construction sector despite a boom in the manufacturing and farming sectors, according to the BOK. The BOK estimated that the North Korea's construction sector grew 3.9 percent in 2011, but that the same economic sector suffered a negative growth rate for two years in a row thereafter. It is noteworthy that the slump in the construction sector came during the period when an array of large-scale civil engineering projects driven by the North for years were in a closing phase.

North Korea has pushed ahead with mammoth construction projects since early 2010 under its plan to rebuild the country as a "kangsong taeguk," a great powerful, prosperous country, and in a move to promote the young Kim's image as a capable leader. But those projects were in the closing stage in 2013, when the manufacturing sector in the North's official command economy was undoubtedly not so brisk either.

The external sector of the North Korean economy was also reportedly not in a boom, but in a situation close to a slump or stagnation.⁶⁾ Since South Korea took an array of measures against the North on May 24, 2010 for the North's torpedoing of a South Korean warship in the West Sea in March of that year, the North's external trade was reduced to trade only with China, and the North's dependence on China has since deepened, with a rapid increase

in its export of such strategic items as anthracite and iron ore to the neighboring country.

But that rapid growth of trade between the North and China struggled in the first half, when the North's exports to China decreased 4 percent from a year earlier to US\$1.3 billion, resulting in a 2 percent decrease in the two-way trade and increasing the North's trade deficit with China to \$270 million from \$220 million a year earlier.

More troublesome was the deterioration of Chinese demand for the North's strategic items, including anthracite, which have led the North's shipments to China. The prices of their exports to China decreased 20 to 30 percent in the first half from a record-high level in early 2013. As a result, the North had to ship more of those goods to China to make the same amount of money as it had in previous years from its trade with China. But it is unlikely that those prices will return to their previous level in the near future. At the turn of 2013, China, which had imported North Korean strategic commodities en masse, began to suffer from a slower economic growth rate. Moreover, the political relations between the North and China are not as close as in the past.

Mentioned above are the results of the observation made by North Korea watchers about several developments in the North Korean economy in the first half of this year. It is notable that the results are of a somewhat complex nature mixed with different tones. On the one hand, for instance, the observation has revealed that there are distinct, positive factors about the North Korean economy: variables for market prices are stable; market activities are brisk; and the overall food situation has not worsened. On the other hand, the observation also exposed negative factors: production activities in the official sectors of the North

Korean economy, namely, the command economy, are relatively inactive; and the North's trade with China, which has served as a driving force for its economic growth, is suffering from a slump. For this reason, some North Korea watchers, who accentuate the positive factors, surely think that the North Korean economy still has plenty of vitality. Looking more closely at the negative factors of the North Korean economy, some others might see the North Korean economy facing an external limitation and an internal dilemma. If so, what was the real aspect of the North Korean economy in the first half of this year?

III. Analysis

There is one thing to which we need to pay attention before trying to give an answer to this question. It's a fact that the developments in the North Korean economy observed by North Korea watchers are comparatively new phenomena. Even though those developments were seen occasionally in recent years, they were not distinctive enough to draw the attention of North Korea watchers. Among the developments is a trend of downward stabilization shown by variables for market prices and the emergence of a stumbling block to the North's exports to China, which has grown at a rapid pace in recent years. Before drawing an overall aspect of the North Korean economy based on the results of the observation, we need to review the meaning of a change in variables for the external sector of the North Korean economy, plus that of variables for the market prices showing downward stabilization.

1. A Hypothesis on Stable Commodity Prices and Exchange Rates on the Market

Why did commodity prices and exchange rates on the North Korean market, which had steadily increased since the middle of the 2000s, show a trend of downward stabilization in recent months? What are the factors responsible for this development? For the time being, it is virtually impossible for any North Korea watcher to give valid answers to these questions. This is because there is so little data and information available for him or her to examine. Despite this unfavorable situation facing North Korea watchers, their meaningful consideration of hypothetical factors is as follows.

Above all, food production has continued to increase steadily in North Korea since the second half of the 2000s, which has improved the overall food situation in the nation step by step. Annual food production in the North, which remained at a level of 4 million metric tons in the first half of the cited period, has increased steadily thereafter to reach 5.27 million metric tons in 2013. It is noteworthy that the prices of rice and maize are serving as standard prices in the North Korean market. An increase in production of those staple food grains will naturally increase their supply to the market, followed by the stabilization of overall market prices. And the stabilization of commodity prices will also naturally result in stable exchange rates, because market prices and exchange rates are two sides of the same coin.

Another factor affecting commodity prices and exchange rates can be a change in policies of the North Korean authorities. The policy changes may involve the market and the management of the official command economy. First of all, since the official inauguration of the Kim Jong-un regime in April 2012 the North has made no attempt to control the market. Unlike the previous Kim Jong-il regime, the new regime was not furnished with enough

resources for effective market control, and it may have judged that it can hardly manage the overall North Korean economy unless it utilizes resources of the market. Actually, the Kim Jong-un regime has implemented the market policy in that direction since 2013. This policy will naturally result in the stabilization of commodity prices on the market. Unstable price movements in the North's market have often been attributable to an array of anti-market measures taken by the North Korean authorities periodically, plus an increase in transaction costs incurred by the market control.

Notably, the North has signaled a change in the principle for managing its official command economy starting in 2013 or 2014. As widely known, the North has exerted strenuous efforts to mobilize internal resources for the cause of rebuilding the country into a kangsong taeguk and build up Kim Jong-un's leadership, and the mobilization was concentrated on the resources accumulated by civilians depending on the market. Various types of corruption and bribes, labor mobilization, and the creation of special economic zones, plus the plunder of private resources by the state, might be among the types of resources mobilized. And this mobilization will inevitably negatively affect commodity prices and exchange rates.

In other words, in case resources in the North Korean market are taken forcibly into the official economic sector and spent there, they will inevitably increase commodity prices while reducing the value of North Korean bank notes in comparison with foreign currency. For instance, it is natural that commodity prices and exchange rates rise, if and when rumors spread that the North Korean government is printing money in a move to recover U.S. dollars held by North Korean citizens.

But the North might have eased the mobilization policy starting in 2013 or 2014. In fact, all of the giant construction projects, which were pushed ahead under the plan to rebuild the country as a kangsong taeguk with 2012 as the target year, were completed. And after the construction of the Masikryong ski resort was completed last year, the North has not publicized any other such large-scale project aimed at promoting Kim's image as a competent leader. This implies that there is no need for the North to mobilize private resources. This development has naturally positively affected commodity prices and exchange rates.

This inference accords to some extent with the development regarding the North's official economic management in the first half of this year. The emphasis of economic achievements by North Korean authorities was not noticeable this year and the construction sector, which was led by large-scale civil engineering projects, suffered a negative growth rate in 2012 and 2013, probably implying that the desire of the North Korean authorities to vitalize the official command economy through forcible mobilization of resources weakened.

The third factor that has probably helped stabilize commodity prices and exchange rates is the normalization of the food rationing system and a change in that system's role. As shown in Figure 1 drawn on a basis of data presented by the North Korean authorities, the quantity of food rationing has increased steadily since the latter half of the 2000s, indicating that the rationing system has recovered its function to some extent. The food distribution is, however, not made evenly to all North Korean citizens as in the past, but is concentrated in some specific classes. Under these circumstances, even a small reinstatement of the rationing system can greatly help stabilize

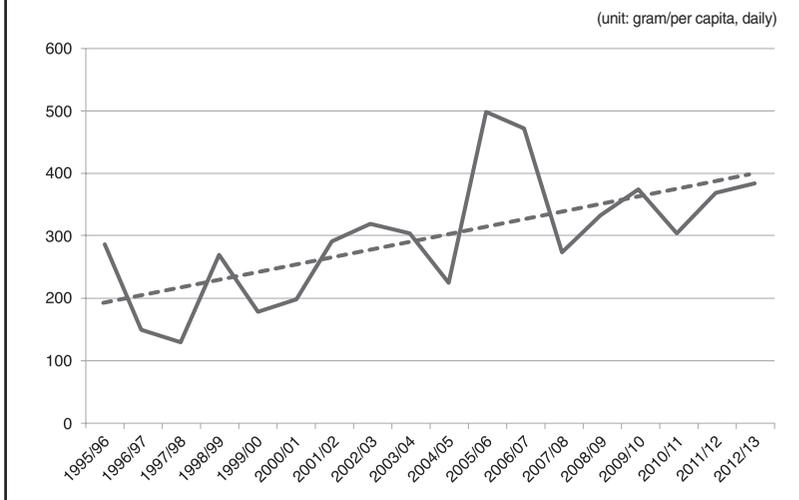
commodity prices and exchange rates. This is so because the classes given food rationing are the ones protected socio-politically by the state, whose income and purchasing power are higher than those of other classes. Under this situation, their demand for commodities sold on the market will decrease, undoubtedly affecting commodity prices in a way to stabilize them.

A cutback in the amount of food grains for rationing and the subsequent increase of their reserves can be used as an important means of controlling food grain prices on the market. Recalling the rumors that the North once distributed food grain for military use to its civilian citizens in the food year 2013-14, we can hardly deny the possibilities of this policy measure of using food grain in state warehouses for price control.

2. North Korea's Commodity Exports to China in a Troublesome Situation

In sharp contrast with the aforementioned favorable factors, there is an indication that trade between North Korea and China, or to mention in a more practical way, the North's commodity exports to China, are facing the limit. According to an analysis of the causality between the North's exports to and imports from China since South Korea took punitive measures against the North in May 2010, both

**Figure 1. The Quantity of Food Rationing in North Korea
(on an annual average basis)**



Note: This figure was drawn based on the annual report of the FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea (DPRK), the official name of North Korea.

forms of the North's trade with China increased in turn. In other words, the trend of trade between the two countries during the cited period has shown that North Korea first increased its exports to China to boost its imports from the country.

We can better understand this result of the analysis if we look closely at the structure of the North's trade. For some time since the mid-1990s, the North had a trade structure under which it imported from China mostly goods necessary for maintaining its economy and has made up for the lion's share of its deficit with China with its income earned from South Korea. But Seoul's May 24, 2010 measures made the North unable to gain hard currency and economic assistance from the South. In a move to counter this troublesome situation, the North had to increase its exports of commodities, in particular mining products, to China.

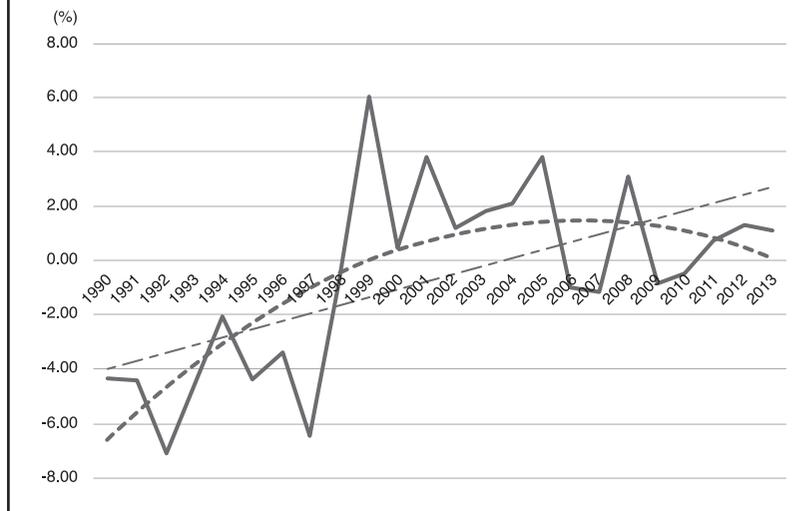
The North's shipments to China, in turn, resulted in an increase in its imports from China.

The increase in the North's exports to China since 2010 was led by such strategic items as anthracite and iron ore. These two items accounted for nearly 60 percent of the increased portion in the North's shipments to China. But the North was caught in a troublesome situation in 2013 when international prices for these goods began to fall. And at the turn of 2014, the price drops became more noticeable and the North had to increase the quantity of these items shipped to China to maintain the level of its income from its exports to the country in the past.

The meaning of this phenomenon is clear. First of all, it indicates that such strategic items as anthracite and iron ore have reached a critical point. It is uncertain whether the North can continue to export those items to China at a time when their export prices have continued to decline. This situation is really troublesome for the North because it can hardly expect an upward turn in its export prices especially at a time when China is suffering from an economic slowdown. This means that North Korea's foreign trade structure, which has been maintained since 2010, is likely facing a critical situation.

Of course, the North can continue to increase shipments of the strategic items to

Figure 2. Long-term Trend of North Korean Economic Growth Rates (1990-2013)



Notes: This figure was drawn based on growth rates of the North Korean economy estimated by the Bank of Korea, the central bank in Seoul.

China in a move to maintain the expanding trend of trade between the two countries. But there might be a high price to pay for this undesirable policy option. In other words, the unfavorable export prices will adversely affect the internal sector of the North Korean economy, probably bringing about immiserizing growth, a situation in which economic growth could result in a country being worse off than before the growth.⁷⁾

The North Korean authorities have been awakened clearly to the fact that the North's foreign trade has reached a critical point as mentioned above. This is because the North has not only paid attention to the diversification of trade partners but exerted its strenuous efforts to earn solid money such as the U.S. dollar through various services, including tourism. The country has also turned sincere in knotty negotiations with Japan on the question of Japanese citizens

abducted to the North, undoubtedly in a move to explore new income sources.

3. Viewpoint and Interpretation

So far we have reviewed the results of observation regarding developments in the North Korean economy made by North Korea watchers in the first half of this year while examining the trend of commodity price movements in the North and a change in the North's trade structure, significant factors among the observation results, in an additional analysis. As mentioned before, however, these results of observation have given rise to sharp differences between two categories of different views on the North Korean economy. For instance, if we pay attention to the results of the observation that commodity prices and exchange rates are stabilized, our evaluation of the North Korean economy today will be filled with such phrases as "gradual improvement and stabilization." On the contrary, if we focus on the North Korean sector of foreign trade, in particular, the North's exports to China, we can see the North Korean economy "reaching a limit and seeking its way out of this troublesome situation." Which of these views is closer to the real aspect of the North Korean economy today?

Unfortunately, however, we can hardly give a definite answer to this question. And at present North Korea watchers have yet to reach an agreement on this matter. Most of them are still insisting on one of these two different views. Accordingly, it would be safe to say that both the positive and negative views coexist today.

What is the reason for such different views on the same situation facing the North Korean economy? Figure 2 presents an answer to this question in a somewhat unusual way. This fig-

ure shows the growth rates of the North Korean economy from 1990 to 2013 as estimated by the South Korean central bank. If a long-term trend line is drawn based on the economic growth rates, two trend lines emerge with completely different meanings: one in a linear shape and the other one in a nonlinear shape.

According to the trend line in a linear shape, the growth rates of the North Korean economy turned from a negative trend in the 1990s to a positive one in the 21st century. Connecting these two trends, the North Korean economy lies on the trend line where there is an increase in the economic growth rates in principle. This indicates possibilities are high that the North's economic situation will improve, rather than deteriorate.

According to the trend line in a nonlinear shape, however, the North Korean economic growth rates turned from a negative trend in the 1990s to a positive one in the first half of the 2000s, but stepped back to stagnation, or a downward trend thereafter, indicating the North Korean economy will likely suffer a slump or negative growth rates in the future. If we prefer the trend line in a nonlinear shape to that in a linear shape, we will most likely focus on negative factors of the North Korean economy among the results of the aforementioned observation.

IV. Conclusion

This essay presented the results of various observations made by North Korea watchers about the situation facing the North Korean economy in the first half of this year, made an additional analysis of key factors among the observation results, and examined how to use them in finding the real aspect of the North

Korean economy today. Through this process, this essay has reached a conclusion as follows.

First, the situation facing the North Korean economy can be highlighted by the following developments: 1) the stabilization of commodity prices and exchange rates on the market, 2) an improvement in agricultural production and a more favorable food situation, 3) the stagnation of activities in official economic sectors, and 4) commodity exports to China reaching the limit.

Second, the downward stabilization of commodity prices and exchange rates is ascribable to the following factors: 1) an increase in production and supply of food grain, 2) a change in policies of North Korean authorities on the market and economic management, and 3) the reinstatement of the food rationing system. But it is uncertain which of these factors has played a critical role in stabilizing commodity prices and exchange rates on the market.

Third, another characteristic development in the North Korean economy in the first half is the stagnation of the North's exports to China, which is attributable to worsened export conditions for such strategic items as anthracite and iron ore, including a decrease in their export prices. At stake is the fact that at a time when the export prices can hardly make an upward turn, the North has to continually suffer from the stagnation of its exports to China, or it has to make up for the price decrease with an increase in the quantity of goods shipped to China, braving even such an undesirable situation as an immiserizing growth of the North Korean economy.

Fourth, the aspect of the North Korean economy in the first half can be described both by the positive view that the situation was improved with the stabilized commodity prices and exchange rates in the market, and by the negative view that the North has

reached a uppermost point in its exports to China and there is a need for the North to seek a way out of the troublesome situation. But for the time being, we can hardly determine which view is closer to the real situation facing the North Korean economy.

(This is an excerpt from a Korean essay carried in the July 2014 edition of *The KDI Review of the North Korean Economy*, a journal published by the Korea Development Institute (KDI) in Seoul.)

Notes:

- 1) The Korea Development Institute (KDI), a government-financed think tank in Seoul, has held an array of seminars and forums in the first half of this year to hear the views of scholars specializing in the North Korean economy on the situation facing the North's economy. But the academic meetings have revealed that the scholars had two categories of views that are different from each other. One of the objectives of this essay is expose their different views.
- 2) For details, see the following papers carried in the July 2014 edition of *The KDI Review of the North Korean Economy*, a journal published by the KDI. Kim Young-hoon, "The North Korean Agriculture and Food Grain Supply in the First Half of 2014, and Prospects"; Yang Moon-soo, "Developments in the North Korean Market and Its Evaluation"; Lee, Seog-ki, "The Real Economic and Industrial Developments in North Korea"; and Lee Jong-kyu, "Evaluation of the North Korean Foreign Trade in the First Half of 2014."
- 3) Yang Moon-soo, "Developments in the North Korean Market and Its Evaluation," cf.
- 4) Kim Young-hoon, "The North Korean Agriculture and Food Grain Supply in the First Half of 2014, and Prospects," cf.
- 5) Lee, Seog-ki, "The Real Economic and Industrial Developments in North Korea," cf.
- 6) Lee Jong-kyu, "Evaluation of the North Korean Foreign Trade in the First Half of 2014," cf.
- 7) Ibid., cf.

Internal Affairs**N. Korea to host int'l film festival**

North Korea will host an international film festival in its capital in September, which the communist nation says is designed to promote exchanges and cooperation between world filmmakers.

The 14th Pyongyang International Film Festival is scheduled to open on Sept. 17 for a weeklong run under the theme of "Independence, Peace and Friendship," according to the organizing committee.

It consists of the Feature Film Competition, the Documentary and Short Film Competition, Special and Informative Screenings, and Film Exchange, the committee said on its website on Aug. 20.

Many films from around the world will be shown that include "Bend it like Beckham," "Mr. Bean," "The March of the Penguins" and "Bride and Prejudice," it added.

North Korea has traditionally shown keen interest in film-making, apparently for propaganda purposes, even kidnapping popular South Korean actress Choi Eun-hee and famous director Sin Sang-ok in the late 1970s. The North's late leader Kim Jong-il was known to be a film fanatic.

The North began the international film festival in 1987 and has been holding the event once every two to three years.

It has designated Koryo Tours, based in Beijing, as the official tour agency to attract foreign tourists.

A seven-night tour program, priced at around US\$2,000, includes the opening ceremony, film screenings, meetings with movie makers, and visits to film studios and locations as well as tours of downtown Pyongyang and the truce village of Panmunjom. (Yonhap)

N.K. leader's image makeover effort in full swing

North Korea's young leader Kim Jong-un seems to be doing everything he can to project an image of an "amiable and modern" leader.

Taking a break from its typical criticism of South Korea and the U.S., the North's main newspaper, the Rodong Sinmun, reported on a conversation between Kim and a five-year-old boy named Ri Myong-bok. Ri is an orphan at a care center for children in a remote province.

Meeting Ri at a Pyongyang hospital in May, Kim asked the boy about what he was doing, according to the newspaper's story on Aug. 13.

Ri said he was just watching television, to which Kim reportedly asked what.

"I saw you Dear Leader," Ri was reported to have answered. Kim unexpectedly quipped, "It must have been no fun."

It is unusual for North Korea's dictator to make such a joke to a member of the public, and almost unthinkable for the communist nation's propaganda machine to report it.

Viewing a crowd chanting his name along with an abducted South Korean movie director, Sin Sang-

ok, the late leader Kim Jong-il was once quoted as saying, “It’s all fake. The people don’t like me.”

But the remarks have never been reported by the North’s media.

North Korea watchers say Kim Jong-un appears to be modeling himself after his grandfather, Kim Il-sung, not his father who was called a “reclusive leader” by the outside world.

Kim Jong-un, who was educated in Switzerland, has apparently endeavored to improve his image and that of his nuclear-armed nation through a number of unusual moves, including a stage show featuring Disney characters and a meeting with ex-NBA star Dennis Rodman.

The North’s media have also released a series of images showing Kim with a beaming smile and even wearing sunglasses or a straw hat.

He has often made tours of amusement parks, children’s centers and other public facilities, sometimes accompanied by his wife, who is considered “fashionable” by North Korean standards.

Experts here say Kim is deeply concerned about his popularity and is making efforts to reach out to the public.

Kim’s leadership style is closer to that of his grandfather than his father in that he is seeking to win the hearts and minds of the people by seeming friendly to them, while being tough on his aides, said Chang Yong-seok, a senior researcher at Seoul National University’s Institute for Peace. (Yonhap)

N.K. leader deeply concerned about consumer goods: KCNA

North Korean leader Kim Jong-un expressed deep concern about the production of consumer goods closely associated with the livelihoods of the impoverished nation’s people, Pyongyang’s state media reported on Aug. 7.

As Kim toured a hosiery factory in the communist nation’s capital, he called for the modernization of all production processes and proper management and business strategies, the North’s Korean Central News Agency (KCNA) said.

Kim showed “deep concern for consumer goods for people’s life,” it added without clarifying when he visited the facility, an activity that Pyongyang’s news outlets call “field guidance.”

“The production capacity of the factory is very big, he noted, calling for operating all production processes in full capacity so as to meet the demands of people for hosiery,” the KCNA said in an English language report monitored in Seoul.

Kim, known to be in his late 20s or early 30s and educated in Switzerland, called for workers there to use their “brains” to produce goods tailored to consumers’ demands in accordance with age, sex, seasons and fashion, it added.

Kim underscored the need to pay deep attention to designing hosiery “in the direction of ensuring utility and beauty of goods and increasing economic efficiency, in particular,” said the KCNA.

The North’s media have churned out reports saying Kim pays keen attention to the life of its people, even their fashion and lifestyle since he took power in late 2011.

North Korea’s men have been reportedly ordered to get the same haircut as Kim under recent “fashion guidelines.” (Yonhap)

N. Korea halts operations of Soviet fighters after series of crashes

Three North Korean MiG-19 fighters have crashed this year, leading to the suspension of flight drills involving the aircraft, South Korea's military sources said on July 30.

The supersonic MiG-19 aircraft is a Soviet second-generation fighter developed in 1953. Some 400 MiG variants are still in service in the communist North, accounting for about half of its fighters.

"At least three of the MiG-19s crashed during training missions -- one earlier this year, the others last month and earlier this month -- apparently due to their aged fuselages," a source said, declining to be identified.

"In the latest case, the plane crashed right after taking off at the North's air base in Goksan, Phyongan Province, which led Pyongyang to stop drills involving the model," he added.

Other details about the accidents, including casualties, were not available. (Yonhap)

External Affairs

N. Korea eyes return to top 10 in Asiad medal table

Despite lingering tensions with its southern neighbor, North Korea has committed to participate in the Asian Games to be held south of the border, where the reclusive communist regime will hope to return to respectability.

North Korea recently submitted a list of 150 athletes in 14 sports for the Asiad that will take place in Incheon, just west of Seoul, from Sept. 19 to Oct. 4. North Korea also competed in the last Asian Games held in the South, the 2002 event in Busan.

In a competition largely dominated by China, South Korea and Japan -- the three have occupied the top three spots in the medal table in every Asiad since 1978 -- North Korea will try to crack the top 10 for the first time in a dozen years.

North Korea grabbed nine gold medals to rank ninth at the Busan Asian Games in 2002. The North had also been in the top 10 in each of its previous four appearances -- 1978, 1982, 1990 and 1998 -- but the streak ended in 2006 in Doha, Qatar, where the North ranked 16th. The country was only slightly better, ranking 12th in Guangzhou, China, four years later. (Yonhap)

N. Korea to issue human rights report amid alleged abuses

North Korea will issue a report on human rights conditions in the country, Pyongyang's official media said on Aug. 11, in what appears to be its efforts to refute the United Nations' accusations of rights violations.

"A report on human rights is to be published in the DPRK (North Korea) by the country's

Association for Human Rights Studies in the near future,” the North’s state-run Korean Central News Agency (KCNA) said in an English-language dispatch without releasing the exact date.

Hostile forces, including the United States, are trying to mislead the global public opinion with their fabricated human rights accusations against the North, the KCNA report said, apparently referring to the United Nations’ recent commission of inquiry report and resolution denouncing North Korea’s crimes against humanity.

The upcoming North Korean report aims to “let people clear know about human rights performance in the DPRK and help them do away with their prejudice and misunderstanding,” the KCNA said.

After a year-long investigation, a U.N. body submitted its report earlier this year, accusing North Korea of widespread, systemic and gross human rights violations. The U.N. human rights council, in return, adopted a resolution in March, calling for international efforts to stem human rights crimes in the reclusive country.

The North has repeatedly dismissed the U.N. report as a plot driven by the U.S. to topple the North Korean regime.

The North Korean association was established in 1992 and has taken the role of challenging the international community’s allegations of human rights violations. (Yonhap)

N. Korea shuns founding anniversary of China’s military: source

Senior North Korean military officers who serve at the country’s embassy in Beijing shunned a recent event marking a key anniversary of China’s military, in an apparent sign of frayed relations between the two nations, a diplomatic source said on Aug. 4.

The North Korean Embassy had usually sent a delegation of senior military officers to the annual ceremony celebrating the founding of the Chinese military, but no such delegation was seen at the event marking the 87th anniversary held at Beijing’s Great Hall of the People on Aug. 1, the source said on the condition of anonymity.

“It was notable that senior North Korean military officers did not attend the Aug. 1 event marking the 87th anniversary of the founding of China’s People’s Liberation Army,” said the source who attended the event.

“Only one or two low-level North Korean military attaches were spotted,” the source said.

Chinese President Xi Jinping visited South Korea in early July, becoming the first sitting Chinese leader in more than two decades to visit Seoul before traveling to Pyongyang. Traditionally, a Chinese top leader visits Pyongyang before making a visit to Seoul.

China, North Korea’s last-remaining patron, fought on the North’s side against South Korea and the U.S.-led U.N. forces in the 1950-53 Korean War, which ended in a cease-fire, not a peace treaty.

China is widely believed to have significant leverage to help persuade North Korea to abandon its nuclear weapons programs, but many analysts believe that Beijing won’t support any tougher measures against Pyongyang due to concerns that pushing the North too hard may lead to its collapse and hurt China’s own national interests. (Yonhap)

N. Korea takes sideswipe at China's policy toward Pyongyang

North Korea on July 21 took an apparent sideswipe at China for its zero-tolerance policy against Pyongyang's possession of nuclear weapons and its criticism of recent military provocations.

Denouncing the U.S.-led international pressure on Pyongyang, the North's powerful National Defense Commission (NDC) said "some backbone-lacking countries are joining the U.S. hostile policy.

"Some backbone-lacking countries are blindly following the stinky bottom of the U.S., also struggling to embrace (South Korean President) Park Geun-hye who came to a pathetic state of being," the NDC statement said, apparently referring to China. The statement was carried by the North's Korean Central News Agency.

Chinese President Xi Jinping held a summit meeting with Park in early July in Seoul, agreeing on the denuclearization of the Korean Peninsula. He was the first-ever Chinese leader to visit Seoul before traveling to its long-time traditional ally North Korea.

Sidestepping North Korea's indignation, China also joined the United Nations Security Council in adopting a press statement last week denouncing the North's recent test launches of ballistic missiles in June. (Yonhap)

Inter-Korean Affairs

N. Korean leader sends wreath to S. Korea

North Korea's leader sent a wreath marking the fifth anniversary of the death of former South Korean President Kim Dae-jung to a delegation visiting the communist country on Aug. 17.

The wreath presented by Kim Yang-gon, the head of the United Front Department of the ruling Workers' Party of Korea, was sent by Kim Jong-un, who also forwarded a telegram of condolences to the five-person delegation made up of the president's son and close aides.

The contents of the telegram are not known but the wreath was signed by Kim Jong-un and inscribed with the words "in memory of former President Kim."

The handover took place at the Kaesong Industrial Complex, just north of the demilitarized zone that separates the two sides.

The joint industrial complex is viewed as one of the crowning achievements of inter-Korean rapprochement started by the former South Korean leader. (Yonhap)

Two N. Korean men swim across border to S. Korea

Two North Korean men swam across the Yellow Sea border to defect to South Korea, a rare way of fleeing the hunger-stricken communist nation, government sources here said on Aug. 14.

South Korean marines on guard duty spotted them reaching Gyodong Island, just south of the Northern Limit Line (NLL), at around 4 a.m., according to the sources. The island is about 2.5 kilometers away from the North's closest western coast.

The two, one in his 50s and his twenty-something son, immediately expressed their desire to defect to the South.

"The unarmed men in casual clothes are presumed to be civilians, though a further probe is needed to learn exactly who they are," a source said, asking not to be named. (Yonhap)

Ethnic Koreans drive across inter-Korean border into South

A group of ethnic Koreans residing in the former Soviet Union drove across the inter-Korean border into South Korea on Aug. 16 as part of a long journey to mark the 150th anniversary of their emigration.

Driving five SUVs across the military demarcation line, the 32 ethnic Koreans arrived at the Dorasan Customs, Immigration and Quarantine office in Paju, about 50 kilometers north of Seoul.

They embarked on the journey from Moscow on July 7, passed through Central Asian countries, including Kazakhstan, and arrived in North Korea on Aug. 8, before heading down to the South, the event's organizers said.

"When we left North Korea, people there called for the unification of the Koreas as they saw us off," said Vasily Cho, a member of the racing team. "We're not on this journey to establish any record. We hope this will help improve the inter-Korean relations."

The team will have traveled 16,000 kilometers upon completion of its trip.

"The event marks the 150th anniversary of their migration into the former Soviet Union states as well as reflects hopes for peace on the peninsula and unfettered transportation someday between the two Koreas," said Kim Jong-hyun, director at Peace Asia, which serves as a preparatory secretariat for the event.

The ethnic Koreans living in the former Soviet states entered North Korea in early August through the Russian city of Khasan, bordering the North's port of Rajin, according to the organizer.

Before traveling to the South, they visited the eastern port city of Wonsan in North Korea and Mount Kumgang, a scenic resort on North Korea's east coast, as well as the capital Pyongyang, according to the North's official news agency.

Initially, the group kicked off their journey riding in nine vehicles, but they donated three of them to North Korea while one car broke down during the trip.

Wrapping up their stay in the North, the group finally crossed the military demarcation line, which was established after the armistice agreement that ended the 1950-53 Korean War. The two Koreas are technically at war as the Korean War ended in a truce, not a peace treaty.

About 500,000 ethnic Koreans are estimated to reside in Russia and Central Asian countries such as Kazakhstan and Uzbekistan. In the late 19th century, poor farmers began to migrate into those areas and later some independence fighters resisting Japan's 1910-1945 colonial rule joined them.

Koreans living in the Maritime Province of Siberia were deported to Central Asia in massive numbers in accordance with an order by Joseph Stalin in 1937. (Yonhap)

Pope says speaking same language source of hope for reunification

Pope Francis said on Aug. 15 South and North Korea are brothers who speak the same language, which serves as a source of hope for their reunification.

“You are brothers who speak the same language,” the pope said during an impromptu speech in Italian before participants in a Catholic youth festival.

“Think of your brothers in the North. They speak the same language as you, and when in a family the same language is spoken, there is a human hope,” he said.

He was responding to a question from a South Korean girl worrying about the future of the divided peninsula.

After the comments, the pontiff then proposed the young people pray together for unity of the two Koreas.

The Koreans technically remain in a state of war since the 1950-53 Korean War ended in a truce, not a peace treaty.

The 77-year-old met and addressed participants in the sixth Asian Youth Day at a holy ground in the western port city of Dangjin. Some 6,000 young Catholics from 22 Asian countries, including South Korea, participated in the festival, which runs Aug. 13-17. (Yonhap)

S. Korea adds 282 people to list of Korean War abductees

A South Korean government panel has found that 282 more people were abducted by North Korea during the 1950-53 Korean War, Seoul’s unification ministry said on Aug. 13.

Accordingly, the official number of South Korean citizens forcibly taken to the communist North during the war has jumped to 3,306, it added.

The newly-recognized abductees include the late lawmaker Lee Man-keun, said the ministry.

“It shows the fact that North Korea kidnapped South Korea’s leading figures for its propaganda campaign and post-war reconstruction work,” the ministry said in a press release.

South Korea launched the committee, chaired by its prime minister, in 2010 under a special law aimed at recovering the honor of those who were abducted to the North.

While many of them have already died, their families suffered troubles stemming from misunderstanding. (Yonhap)

Incheon Asiad organizing panel to help N. Korean NOC delegation’s visit

The organizing committee of the Incheon Asian Games said on Aug. 9 that it will provide administrative and other support to North Korean delegates who will visit South Korea late in the month for the draw that will group teams for competition at the quadrennial continental event.

The committee said that if the North sends a list of its National Olympic Committee (NOC) officials to be sent to Incheon for the draw, it will extend all possible administrative help, including issuing visitors’ cards to them.

These cards will allow North Korean delegates to cast ballots for the draw that will group teams for competition at the Asiad scheduled for Sept. 19-Oct. 4.

Pyongyang has recently informed the Olympic Council of Asia that it will send officials to the draw.

North Korean officials can also take part in symposiums and other international sports gatherings to be held in Incheon during the Aug. 20-22 draw.

Insiders at the organizing committee speculated that the North's NOC delegation will be relatively small and arrive by plane through Beijing or Shenyang, China.

The North Korean delegation's trip can be a strong indication that the country will take part in the Games. North Korean delegates walked out of a meeting with South Korea in July after disputes over who should foot the bill for its athletes and cheerleaders during their stay in the South.

During the meeting, the North said it will send 350 athletes and the same number of cheerleaders to Incheon, although the fate of the latter has yet to be decided. (Yonhap)

Inter-Korean integration wanes despite Seoul's unification drive: institute

The degree of inter-Korean integration dropped in 2013 from a year earlier, despite the Park Geun-hye administration's ambitious reunification campaign, a research group said on Aug. 8.

The Institute for Peace and Unification Studies at Seoul National University said its 2013 South-North Integration Index fell to 190.9 from 197.6 out of a perfect 1,000 a year earlier. The index measures the level of integration between the Koreas.

By sector, the index shed 2.4 points to 46.8 in politics and 4.3 points to 63 in the economy.

The social and cultural field recorded a figure of 81.1, the same as 2012.

The institute said the decline seems to be mainly attributable to unrelenting military tensions on the peninsula amid the North's repeated provocations.

"It has been a year and six months since the launch of the Park Geun-hye administration. But a trust-building process is not in operation yet," said the institute. "It is important to make space for various types of inter-Korean contact, exchange and cooperation in order to raise the South-North Integration Index."

It added that Pyongyang's planned participation in the Incheon Asian Games and the launch of a presidential panel on reunification in the South may help spur efforts to warm inter-Korean relations.

Created in 1989, the index reached its highest point of 272.7 in 2007 when the two Koreas held their second summit talks.

It dropped to 201.4 in 2010 and 195.6 in 2011.(Yonhap)

N.K. defectors nabbed near China-Laos border

A group of North Korean defectors were arrested on Aug. 12 by the Chinese military while trying to reach the China-Laos border, a source said.

"Eleven North Koreans were travelling in a bus driven by a Chinese guide. They were stopped

and arrested by the Chinese military near the Laos border at 7:50 a.m. (local time), and then transferred to Kunming, Yunnan Province,” the source said.

The group of children and middle-aged men and women were believed to have been trying to cross the border into Laos, he added.

The North Koreans are expected to be moved to Dandong, Liaoning Province, near the North Korean border, and will be deported to their origin country.

The South Korean government said it was attempting to verify the report.

“We will check their location and other facts, and take appropriate diplomatic measures,” a government official said.

Kunming is a common assembly point for North Korean defectors who are en route to safer Southeast Asian countries from China. (Yonhap)

Plan for joint-Korean archery training for Asiad scrapped: Seoul

A plan to hold joint training sessions for archers from the two Koreas here ahead of this year’s Asian Games south of the border has been scrapped, an official of the sport’s governing body in Seoul said on Aug. 1.

The Korea Archery Association said it has canceled an earlier plan to host North Korean archers in Incheon, which will stage the Asian Games from Sept. 19 to Oct. 4, for possible joint practices in early August.

“We haven’t heard from our North Korean counterparts regarding their training schedule or plans,” an official with the South Korean association said. “While leaving the possibility open, we will have to go ahead with our own schedule.”

The South Korean archers have been training in Incheon since July 28. They are scheduled to depart for Taiwan on Jul 30 for the second leg of the Asian Grand Prix that starts four days later.

On July 1, South Korean archery officials said the North Korean archers were supposed to arrive in Incheon by early August to train for about two weeks, and also said they wanted the South Korean archers to be prepared for possible joint training programs.

South Korea, one of the world’s premier archery powers with the all-time leading 19 Olympic gold medals, has long been clandestine with its training sessions and hasn’t held joint practices with any country.

According to the archery body here, the North Koreans were supposed to be the beneficiaries of a joint program by the Asian Games organizers and the Olympic Council of Asia (OCA) designed to support athletes from underdeveloped nations with their training.

Officials in Incheon said delays in talks on the North’s participation in the program kept the archers from the impoverished nation out of the equation.

The program, dubbed “Vision 2014,” is open to countries with GDP per capita below US\$10,000 or those with little chance of winning medals at the Asian Games. It will help 13 nations before the Asian Games, according to officials. (Yonhap)

S. Korea puts 'peace train' to Cherwon in service

South Korea launched a highly symbolic railroad service on July 31 between its capital and the eastern border town of Cherwon, as President Park Geun-hye endeavors to keep the momentum of her stated reunification vision.

Korea Railroad Corp. (KORAIL) began the operation of what is called the Peace DMZ (demilitarized zone) Train on a route stretching around 100 kilometers, carrying 100 families separated by the 1950-53 Korean War.

In an opening ceremony at Seoul Station, Unification Minister Ryoo Kihl-jae said his government will do its best to help them meet with their families in the North as early as possible and keep in touch with each other.

KORAIL President Choi Yeon-hye said the launch of the Seoul-Cherwon train service is expected to serve as a fresh turning point in efforts for inter-Korean reunification.

"We expect this kind of railway service to help promote reconciliation between South and North Korea," she said at the event.

The train with 136 seats will make a round trip every day, except on Tuesdays. A one-way trip lasts about two hours.

Trains used to run between Seoul and the North's city of Wonsan via Cherwon on the Gyeongwon Line in the early 1900s. But the railroad was disconnected with the division of Korea. (Yonhap)

Hyundai Group chairwoman requests permission to visit N. Korea

The chief of Hyundai Group, the parent firm of inter-Korean tour operator Hyundai Asan Corp., has requested government permission to visit North Korea to mark the anniversary of the death of her husband, who used to run the cross-border travel business, company officials said on July 30.

Chairwoman Hyun Jeong-eun and about 20 executives and employees of Hyundai Asan hope to inspect the company's properties at Mount Kumgang, a scenic resort on North Korea's east coast, on the occasion of the 11th anniversary of the death of Chung Mong-hun, officials said.

Officials said Hyun and her entourage plan to make a one-day visit on Aug. 4.

The Mount Kumgang tour program has been shut down since 2008 after a South Korean female tourist was shot dead by a North Korean soldier while taking a stroll. Pyongyang said she had wandered into a restricted zone.

"Chairwoman Hyun's attendance (at the memorial ceremony) is aimed at encouraging employees of Hyundai Asan to overcome the current difficult situation," an official at Hyundai Asan said.

Hyun visited the resort last year to attend the memorial ceremony. During the visit, Hyun received North Korean leader Kim Jong-un's verbal message through a high-ranking Pyongyang official. (Yonhap)

S. Korea reforming N.K. defector interrogation system

South Korea's state spy agency announced a set of measures on July 28 aimed at reforming ways to interrogate North Korean defectors, which have come under public scrutiny.

In a largely symbolic measure, the National Intelligence Service (NIS) changed the name of a controversial facility from a "joint interrogation center" to a "defector protection center."

It is the first stop here for North Korean defectors, where they face a painstaking probe into why they left the communist nation and other background checks, a process that lasts one week to a month.

If nothing suspicious is found, defectors stay for three months at Hanawon, a resettlement center in Anseong, 77 kilometers south of Seoul, before becoming South Korean citizens.

The name shift marks an initial step toward across-the-board improvement in protecting and interrogating North Korean defectors in their early days in South Korea, the NIS said in a press release.

The NIS has also ditched closed-door interrogations in a bid to enhance transparency and protect the human rights of defectors. With the ratio of female defectors hovering near 70 percent, the NIS added it plans to hire full-time female attorneys.

The NIS opened the joint interrogation center, also involving military intelligence officials, in 2008 to better sort out North Korean spies in the guise of defectors.

Controversy has erupted recently over its interrogation practices after a female North Korean defector claimed she had gone through mistreatment and threats there.

More than 26,000 North Koreans have formally entered the South since the 1950-53 Korean War. The number of North Korean defectors stood at around 1,500 in 2013 alone, according to Seoul's unification ministry. (Yonhap)

N. Korea willing to host S. Korean investment in Rajin-Khasan project

North Korea is willing to host South Korean firms' investment in the country's railway project with Russia, a South Korean government official said on July 24 after a recent on-site inspection visit to the North.

A group of 38 government officials and representatives from South Korean rail operator KORAIL, steelmaker POSCO and shipping company Hyundai Merchant Marine Co. returned on July 22 from their one-week visit to the North's Rajin port near the country's northeastern border with Russia.

It was the three-firm consortium's second visit to the North, intended to conduct a feasibility study on their plan to join the so-called Rajin-Khasan logistics project, linking the North Korean port city to Russia's Trans-Siberian railway.

"(The North) basically said they are pleased with South Korean investment and reacted with a hope that this (deal) could help South-North Korean relations advance," a South Korean government official who joined the recent North Korean tour said on condition of anonymity.

The official said based on the recent on-site inspection, the local business consortium may finalize the review of its plan to join the project, adding that it is likely to strike a deal with the Russian

side later this year or early next year.

During their summit meeting in Seoul in 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 let them invest indirectly in the North.

The local consortium is reportedly planning to test-run a transportation route within this year to move Russian coal to the North Korean port and then to ship it to South Korea's eastern port of Pohang.

The official said the North Korean port of Rajin is now fully ready for such coal transportation.

"(Transportation) seemed to be possible at any time," the official said, referring to the Rajin port's third pier, which has been completed recently and launched the previous week. The local consortium is seeking to use the new pier if it enters into the North Korean-Russian project.

The new pier is capable of handling 4 million tons of coal annually, the official added.

Under the bilateral logistics project, North Korea and Russia reopened in November a 54-kilometer stretch of railroad track linking the North Korean port to the eastern border Russian city of Khasan after a five-year renovation.

The South Korean official also said the cross-border railroad was being well operated as of recently.

If the local consortium finally decides to join the project, it reportedly may do so by acquiring half of Russia's share in the project.

The South Korean government has been promoting South Korean firms' participation in the logistics project, which it views as closely linked to President Park Geun-hye's "Eurasian Initiative," a vision that calls for building more infrastructure and freeing up trade between Eurasian nations to create what could become a large single market rivaling the European Union.

The unification ministry earlier said that a formal deal between the consortium and its Russian counterpart for the project will be signed in the second half of the year. (Yonhap)

N. Korea tightens entry rules in Kaesong factory park

North Korea has said it will enforce stricter entry regulations on South Korean workers in an inter-Korean factory park, despite Seoul's call for bilateral discussion, the unification ministry said on July 18.

The industrial complex in the North Korean city of Kaesong, which opened in the early 2000s, is a key symbol of inter-Korean reconciliation. Currently, more than 50,000 North Koreans work at about 120 South Korean light industrial companies there.

"The North notified the management committee for the Kaesong Industrial Complex of its plan to tighten entry rules starting on July 18," said the ministry, which handles inter-Korean affairs.

Under the stricter rules, South Korean workers are subject to a one-day entry denial if they are found carrying prohibited materials critical of the North Korean regime or automobile black boxes.

Those who don't abide by entry rules by failing to cover up their car license plates or deviating from regular entry allowance hours will also be put under entry denial of up to two days, according to the ministry.

The North has also hinted at the possibility of punishing South Korean companies operating in the Kaesong complex, depending on the level of future entry rule violations, the ministry said.

Currently, North Korea fines South Korean workers US\$100 for carrying cell phones, while failure to abide by entry hours is subject to a \$50 fine.

The toughened rules also came despite Seoul's pronounced opposition to the unilateral decision.

Seoul has previously expressed its opposition and demanded the changes be discussed bilaterally, but the North has unilaterally issued the notification, officials said.

The North's latest move is widely expected to further stoke tension between the countries.

The North has strongly denounced a joint Seoul-Washington naval exercise going on in South Korea's southwest and east sea, which involves a nuclear-powered U.S. aircraft carrier, the USS George Washington.

Following the fruitless inter-Korean talks held a day earlier, the North said that it may reconsider its decision to join the Incheon Asian Games to be held in the South Korean city of Incheon later this year. (Yonhap)

FOREIGN TIPS

N. Korea grants detained Korean-American consular access

North Korea has allowed consular access to Kenneth Bae, a detained Korean-American man, after he was sent back to a labor camp two weeks ago, a news report said on Aug. 13.

Bae recently had a meeting with officials at the Swedish Embassy in Pyongyang, the first in four months, the Voice of America (VOA) reported. It quoted an unnamed U.S. State Department official.

The embassy serves as a protecting power for U.S. citizens in the North as the two sides have no formal diplomatic ties.

The North had declined the embassy's repeated requests for a meeting with Bae since April 18.

Bae, 45, has been detained in the North since November 2012. He was sentenced to 15 years of hard labor for "anti-state crimes."

He was hospitalized in August 2013 for an unspecified illness. After a five-month treatment at a Pyongyang hospital, he was put back into the labor camp but he was hospitalized again in late March.

U.S. officials have expressed worries about his health, reiterating that Washington is ready to send a special envoy to Pyongyang to negotiate his release.

Amid a lack of progress in related efforts, Bae reportedly said in an interview with a pro-North Korea newspaper based in Japan that he fears he has been abandoned by the U.S. government. (Yonhap)

No activity at N. Korea's nuclear test site: 38 North

Recent satellite imagery has shown virtually no activity at North Korea's nuclear test site, which could mean initial preparations for a new test have been completed, a U.S. think tank said on Aug. 11.

Earlier this year, speculation abounded that North Korea could carry out what would be its fourth nuclear test at the Punggye-ri underground test site in the country's northeast, with South Korean officials citing increased activity at the site.

Since then, activity at the site "has come to a standstill," said the website 38 North, run by the U.S.-Korea Institute at Johns Hopkins School of Advanced International Studies, in a report. The report cited satellite imagery taken in July.

"Recent commercial satellite imagery indicates that there is virtually no activity at either area where North Korea might conduct its next blast, or at the facility that would serve as the main support area for a future test," the report said.

A spoil pile near two complete test tunnels in the South Portal area has remained unchanged since May. At the West Portal area, too, after months of excavation at a third tunnel entrance, there has been no major digging since late May and no vehicles or activities in or around the portals since July, it said.

The meaning of diminished activity remains unclear, but one possibility is that test site personnel may have completed whatever initial preparations are necessary for conducting a fourth nuclear test once Pyongyang gives the order, it said.

Completed initial preparations may include finishing excavation of a third nuclear test tunnel that has been under construction at the West Portal area, in addition to two already finished at the South Portal area, according to the report.

"Once the order is given to proceed, based on past limited experience, it would take the North approximately six to eight weeks to conduct a detonation," the report said, adding that it is unclear whether site personnel could move more quickly if initial preparations were completed last spring.

"However, it is likely that a spurt of activity would be observable" in the run-up to a test, it said.

North Korea carried out nuclear tests in 2006, 2009 and 2013, and claims the country is a nuclear weapons power. Six-party talks aimed at ending the North's nuclear program have been stalled since December 2008. (Yonhap)

N. Korea expanding uranium enrichment plant: think tank

North Korea is believed to be expanding a uranium-enrichment centrifuge plant at its Yongbyon nuclear complex while trying apparently to renovate its 5-megawatt nuclear reactor for plutonium production, a U.S. think tank said on Aug. 6.

The Institute for Science and International Security (ISIS) also said in a report that the communist nation is continuing construction of a light water nuclear reactor at Yongbyon. The think tank cited commercial satellite imagery dated June 30.

The "satellite imagery, combined with procurement data obtained by ISIS, suggests that North

Korea is emphasizing the production of weapons-grade plutonium as well as enriched uranium for its nuclear weapons program,” the report said.

The imagery showed construction activities continuing in the centrifuge plant, it said.

Though the North has said the enrichment plant is dedicated to making low-enriched uranium for the light water reactor, it could produce uranium intended for further enrichment to weapons-grade, it said.

Signs of activity near the centrifuge plant include the removal of possible construction objects detected in April and the ongoing construction of a new roof seemingly connecting the centrifuge building and a nearby building, the ISIS said.

The think tank also said the 5-megawatt reactor is believed to be in operation as the satellite imagery showed water being discharged nearby. The discharge is believed to be part of the reactor’s secondary cooling system, it said.

“It is hard to determine the operational status of the reactor and thus to estimate the amount of plutonium produced by the reactor,” it said. “However, it is reasonable to assume that North Korea is renovating this reactor so as to achieve the reactor’s previous level of plutonium production.”

One indication of renovation is that the North has apparently remodeled the reactor’s cooling system, including replacing a steam line out of the reactor, ISIS said.

For the last few years, the North has been procuring equipment for the 5-megawatt reactor, and those procurements are related to replacing aging equipment in the reactor and ensuring that it can manufacture additional fuel for it, it said. (Yonhap)

N. Korea’s grain imports from China halve in H1

North Korea’s grain imports from China tumbled more than 50 percent on-year in the first half of this year, data showed on July 30, amid speculation that relations between the communist allies are not like before.

North Korea imported 58,387 tons of cereal crops from China in the January-June period, down 53 percent from 124,228 tons recorded a year earlier, according to the data by the Korea International Trade Association (KITA).

By type, flour topped the list with 40,142 tons, or 68.8 percent, followed by rice and corn with 13,831 tons and 3,420 tons, respectively, added the Seoul-based agency.

Analysts say the remarkable decrease may be attributable to reportedly strained ties between the two sides in recent months.

“Of late, North Korea has appeared to move to reduce its economic dependence on China and diversify its foreign economic partners,” said Lim Eul-chul, professor at the Institute for Far Eastern Studies at Kyungnam University.

Kwon Tae-jin, researcher at private think tank GS&J, said it might have been more affected by Pyongyang’s increased crop yield.

“North Korea’s stockpile of crops seems to have grown due to a good harvest last year.

Meanwhile, China’s fertilizer exports to North Korea also plunged 21.3 percent to 109,531 tons during the January-June period this year from a year earlier, said KITA. (Yonhap)

N. Korea to send six reporters to Incheon Asiad: ABU

North Korea plans to send a six-member media team to the South Korean city of Incheon in August for the coverage of the Asian Games, a news report said on July 30.

The previous week, Pyongyang sent a letter to the Asia-Pacific Broadcasting Union (ABU) requesting cooperation on its plan, according to Radio Free Asia (RFA), a Washington-based network.

“North Korea requested a letter of invitation (for its reporters) and a schedule (for games),” the RFA quoted an ABU official as saying. The ABU is headquartered in Kuala Lumpur, Malaysia.

The North’s move would mark another clear sign that it is determined to take part in the Incheon Asian Games to open on Sept. 19 for a two-week run.

The reclusive communist nation’s leader, Kim Jong-un, openly said its participation in the games would help improve inter-Korean relations.

The South agrees that it could contribute to efforts not only to break the ice on the peninsula but also to draw more international attention to the Incheon Asian Games.

The North said it would dispatch 350 athletes and coaches, along with the same number of cheerleaders. (Yonhap)

China bans exhibition by ‘faceless’ artist from N. Korea

A North Korean defector known for his satirical paintings on North Korean society was forbidden from holding a rare exhibition in Beijing on July 27, with Chinese police officials removing his artwork shortly before the exhibition began.

The painter from North Korea with the pseudonym Sun Mu, who fled the North in 1998 and resettled in South Korea in 2001, has been called a “faceless” artist as he does not allow himself to be photographed out of fears that his family left behind could suffer retribution.

Sun Mu had been scheduled to hold a month-long exhibition at an art museum in Beijing starting on July 27, but Chinese police blocked people from entering the museum earlier in the day and removed his paintings and ad banners hung around the museum.

The Chinese police did not give a reason why they banned the exhibition, but it was believed that the exhibition may irritate North Korea.

Some North Korean people who are believed to work at the North Korean Embassy in Beijing were witnessed at the scene.

Sun Mu, who was trained to paint propaganda pictures and other artworks for the North’s government, was the first North Korean defector to study painting in South Korea.

Among the most famous paintings by the artist are those from the “Happy Children” series showing North Korean children with apparently forced smiles.

The planned exhibition was funded by South Korean nationals living in China. (Yonhap)

N. Korea exports US\$1.8 mln worth of rare earth to China in May-June

North Korea exported rare-earth elements worth \$1.87 million to China from May to June, resuming outbound shipments of the crucial industrial minerals to its key ally and economic benefactor in 15 months, data showed on July 27.

North Korea shipped rare-earth minerals worth \$550,000 and \$1.32 million to China in May and June, respectively, which amounted to a total of 62,662 kilograms, according to the Korea International Trade Association based in Seoul.

The communist regime first exported rare-earth metals worth \$24,700 to China in January 2013 and had stopped selling them until recently.

Separately, Pyongyang has sold carbonate-containing rare-earth compounds to China since 2011, but the size of outbound shipments is small, with the total amount is estimated at about \$170,000 over a period of three and a half years.

The impoverished nation is known to have large reserves of rare-earth minerals, which are crucial ingredients used in many tech products as well as the military and medical sectors.

The latest move comes as the North has stepped up developing rare-earth deposits to support its moribund economy.

Last year, the North's state-owned Korea Natural Resources Trading Corporation signed a 25-year deal with British Islands-based private equity firm SRE Minerals Limited to mine deposits in Jongju, northwest of Pyongyang.

Experts said the recent surge in North Korea's rare-earth shipments may be part of its attempts to diversify sources of mineral exports, which account about half of its total exports.

The North's export of anthracite coal fell 23 percent in the first half of this year to \$571.2 million from a year ago, while ironstone declined 5 percent to \$120 million in the cited period, according to trade data.

"The rare-earth minerals sold to China were valued at \$30 per kilogram, and they were considered to be processed iron concentrates or oxidized substances," said Choi Kyung-soo, chief of the Seoul-based North Korea Resource Institute. "It could be seen as an attempt to diversify items of mineral resource exports, but it remains to be seen whether the North will start exporting large volumes of rare-earth minerals." (Yonhap)

U.S. NGO ships US\$800,000 worth of medical aid to N. Korea

A U.S. humanitarian group has sent US\$800,000 worth of medical aid to North Korea as part of its continued effort to help the impoverished communist nation, a news report said on July 25.

AmeriCares, a nonprofit organization based in Connecticut, shipped a package of medicine, sanitary goods and other medical aid in June, the Voice of America (VOA) reported.

The shipment will arrive at the end of July, the aid group's communication director, Donna Porstner, told the VOA.

The supplies will be distributed to six hospitals and clinics in Pyongyang, Phyongan Province,

and North Hwanghae Province, it added.

AmeriCares said it delivered \$1.8 million in medical assistance to North Korea earlier this year.

“Despite the challenging political context, AmeriCares -- in its mission to help people in need irrespective of their race, creed or political persuasion -- is committed to helping the people of North Korea, who have suffered from acute food shortages, natural disasters and isolation,” it said on its website, www.americares.org.

“A limited number of economic, political and social ties often means that the country faces shortages of key medical supplies,” it added. (Yonhap)

N. Korea executes at least 17 people last year: report

North Korea carried out at least 17 executions last year and several others in the first half of 2014, a global human rights group against death penalty said.

In its latest report in July, Hands Off Cain, headquartered in Italy, said all the known executions in North Korea in 2013 were conducted by firing squad. In the first six months of this year, at least six people were executed by firing squad, it added.

The group pointed out the reclusive communist nation, like a number of other countries, do not issue official statistics on the practice of the death penalty.

“Therefore the number of executions may, in fact, be much higher,” it said.

Hands Off Cain added its data on North Korea were compiled based on media reports. Last December, North Korea’s state media said Jang Song-thaek, once a powerful uncle of leader Kim Jong-un, was executed on charges of anti-state activities.

North Korea reduced the number of executions in the 2000s apparently due to international pressure, but the figure has been rising again in recent years, Elisabetta Zamparutti, an official at Hands Off Cain, was quoted as saying by the Voice of America.

The North’s young leader Kim Jong-un, who took over power in 2011, appears to be using death penalty as a tool to solidify his power base, added Zamparutti.

Activists to hold ‘hackathon’ event to bypass N.K. information blockade

A U.S.-based human rights group will hold a “hackathon” event in August to get experts in the Internet sector to bypass Pyongyang’s information blockade and spread information about the outside world to North Korean citizens, an international report said on July 19.

According to Radio Free Asia (RFA), the Human Rights Foundation in New York has called for a two-day gathering in San Francisco on August 2-3, so the best minds from Silicon Valley and elsewhere can tackle the challenges of hacking into North Korea’s closed intranet environment.

Participants will be asked to present ideas on how to get information into the North, what kind of devices can be used to get information about the outside world in the closed country and how best to get North Koreans to maximize the distribution of information.

RFA said the event aims to get people to share useful information on how best to get information

to North Koreans, and to minimize the North Koreans' risk of punishment. Earlier in the year, the human rights group reported that it worked with South Korean counterparts to send USB sticks loaded with Wikipedia pages into North Korea by balloons.

The U.S. foundation also plans to invite four North Korean defectors to the gathering so they can share their experiences on life in the communist country. (Yonhap)

N. Korean nuclear reactor experiencing problems: U.S. think tank

North Korea temporarily shut down its 5-megawatt nuclear reactor, a key facility in its production of plutonium, or operated it at reduced levels following problems with a dam providing cooling water, a U.S. think tank said on July 18.

The website 38 North, run by the U.S.-Korea Institute at Johns Hopkins School of Advanced International Studies, made the analysis based on satellite imagery, citing the absence of "white foam discharge" that occurs when the reactor runs.

The foam was absent in the May 16 image, but reappeared on imagery from May 18-22, according to the website.

"Imagery from early April to mid-May indicates that the 5-MWe reactor was probably shut down or operated at reduced power levels for an undetermined amount of time," it said.

The reactor at the North's main Yongbyon nuclear complex has been the source of weapons-grade plutonium for the communist nation. The small reactor is capable of producing spent fuel rods which, if reprocessed, could give the regime enough plutonium to make one bomb a year.

The suspected shutdown or reduced operations came after a sand dam built in March across the Kuryong River to provide cooling water for the reactor failed in two places between April 7 and May 16, the website said.

When it became apparent the dam was failing, the reactor's operators could have "worried its loss could cause the river channels to shift further to the east away from their cistern, and shut down or reduced the power of the reactor for safety reasons," the website said.

"When that didn't happen, because the dam did not completely fail and the river water was higher than normal, the decision was made to restart it," said.

In addition to the 5-megawatt reactor, the North has also been building a larger-scale light water reactor at Yongbyon that experts say could give Pyongyang enough plutonium to make about five or six weapons a year.

The new reactor is "externally complete" but the facility has yet to become operational, according to 38 North.

It is unclear whether the start-up has been delayed or if the project is proceeding according to schedule, but if it has been delayed, one possible cause could be the difficulty the North Koreans face in producing light water reactor fuel assemblies, it said.

Another possibility could be the continued failure of the dam, meant to ensure a steady, reliable supply of water for the reactor's cooling system, it added. (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)

- July 18 gives field guidance to the Songchongang Net-weaving Factory and plastic tube shop of Enterprise No. 1521 of the KPA.
 28 visits the Fatherland Liberation War Martyrs Cemetery.
 31 sends messages to Syrian President Bashar Al-Assad and Ugandan President Yoweri Kaguta Museveni in reply to their messages on the occasion of the 20th anniversary of the death of President Kim Il-sung, Kim's grandfather.
- August 3 gives field guidance to the Chollima Tile Factory in Nampho City.
 5 gives field guidance to the Chonji Lubricant Factory in Nampho City and pushes the factory to increase its international competitiveness.
 7 gives field guidance to the Pyongyang Hosiery Factory.
 10 gives field guidance to the machine plant managed by Jon Tong-ryol.
 13 provides field guidance to a construction site of apartment houses for educators of Kim Chaek University of Technology and visits the construction sites of the Pyongyang Baby Home and Orphanage again.
 13 sends a message to Russian President Vladimir Putin on the occasion of the 69th anniversary of Korea's liberation from Japan's colonial rule. Putin sent a congratulatory message to Kim on Aug. 12.
 15 visits the newly commissioned Kalma Foodstuff Factory.
 15 guides the test-firing of an "ultra-precision high-performance tactical rocket of Korean style" developed on his initiative.

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

- July 21 sends a message of greeting to Philippe, king of Belgium, on the occasion of its national day.
 22 sends a message of greeting to Abdel Fattah al-Sisi, president of the Arab Republic of Egypt, on the occasion of the 62nd anniversary of the July 23 revolution.
 22 sends a message of greeting to the king of Belgium on the occasion of its national day.
 25 visits the Victorious Fatherland Liberation War Museum on the occasion of the 61st anniversary of the Korean people's victory in the war.
 27 visits the Kumsusan Palace of the Sun on the 61st anniversary of the "victory of the Korean people in the Fatherland Liberation War" with other senior party and state officials.
 29 sends a message of greeting to Mohammed VI, king of Morocco, on the occasion of the country's national day.
 29 sends congratulations to Joko Widodo upon his election as president of Indonesia.

- August 2 sends a message of greeting to Gjorge Ivanov, president of Macedonia, on the occasion of its national day.
- 3 sends a message of condolence to Alpha Conde, president of Guinea, in the wake of an unexpected accident at a beachside concert in Ratoma, Conakry, that claimed the lives of many people.
- 6 sends a message of greeting to Alassane Ouattara, president of Cote d'Ivoire, on the occasion of the 54th anniversary of its independence.
- 9 visits the Chonji Lubricant Factory with senior state officials.
- 9 sends a message of greeting to Tony Tan Keng Yam, president of Singapore, on the occasion of its national day.

Pak Pong-ju: Premier

- July 19 sends a message of sympathy to Najib Razak, prime minister of Malaysia, with regards to the recent downing of a Malaysian airliner.
- 25 visits the Victorious Fatherland Liberation War Museum on the occasion of the 61st anniversary of the Korean people's victory in the war.
- 27 visits the Kumsusan Palace of the Sun on the 61st anniversary of the "victory of the Korean people in the Fatherland Liberation War" with other senior party and state officials.
- August 3 makes a field survey of the Jungsokhwa Co-op Farm, the Township Co-op Farm and the Farm Machine Station in Taedong County, South Phyongan Province.
- 9 visits the Chonji Lubricant Factory with senior state officials.

CHRONOLOGICAL REVIEW

(Local Events)

- July 19 The foreign ministry in a statement says all the military measures taken by the KPA, including tactical rocket firing, are an exercise of the right to self-defense to protect the sovereignty of the country and the security of the nation from the U.S. nuclear threats and moves for aggression.
- 21 The KCNA reports that the remodeling of the May Day Stadium is now progressing apace on Rungna Islet in Pyongyang.
- 23 North Korea decides to rename the Special Economic Zone in some parts of Sinuiju City, North Phyongan Province, the Sinuiju International Economic Zone.
- 28 A national taekwondo all-star tournament for the Jongsung Cup opens in Hamhung City, South Hamgyong Province.
- 29 The KCNA says North Hwanghae Provincial Maternity Hospital was built in Sariwon City with various departments and a telemedicine system with the Pyongyang Maternity Hospital, and city and county people's hospitals.

- July 30 The KCNA says a body of a man believed to be a South Korean inhabitant was found on the shore of Taegi-ri, Ongjin County, South Hwanghae Province, in the morning of July 27.
- August 1 A national meeting takes place at the April 25 House of Culture to mark the 40th anniversary of the policy of modeling the whole party on Kimilsungism set forth by Kim Jong-il.
- 1 A national exhibition of August 3 consumer goods opens at the People's Palace of Culture with the approach of the 30th anniversary of the start of the August 3 Consumer Goods Production Movement initiated by Kim Jong-il.
- 4 The Molybdenum Factory of the March 5 Youth Mine in Junggang County, Jagang Province, goes operational.
- 11 The KCNA says a new nano photosynthetic accelerant was developed by the Agricultural Nano Technology Institute of the Academy of Agricultural Science in the DPRK.
- 11 The Rodong Sinmun says the DPRK will bolster its war deterrence in every way.
- 20 The 4th Rason International Trade Exhibition opens in Rason City.

(Foreign Events)

- July 19 The KCNA reports that the U.N. Security Council, at its informal consultative meeting held on July 17, staged a farce of publishing a press statement terming the DPRK's launch of even short-range missiles a "violation of its resolutions."
- 20 A spokesman for the Policy Department of the National Defense Commission issues a statement warning the U.S. and South Korean authorities "not to wag their tongues carelessly" over the North's legitimate measures to bolster up its capability for self-defense.
- 23 The KCNA says Kye Chun-yong was appointed as the North Korean ambassador to India, according to a decree of the Presidium of the Supreme People's Assembly.
- 23 A spokesman for the Committee for the Peaceful Reunification of Korea urges South Korean authorities not to miss an opportunity to improve North-South relations, reporting that Kim Jong-un guided a match to examine the national men's football squad, that will take part in the 17th Asian Games to be held in the South Korean city of Incheon.
- 23 The Rodong Sinmun says the U.S. desire to see the North dismantling its nukes first remains a daydream as long as there are imperialism and nuclear threats on the Earth.
- 25 The South Korean authorities are groundlessly taking issue with tactical rocket firing and shelling drills of units of the Korean People's Army, terming them "threats" and "violation of resolutions," the Rodong Sinmun says.
- 28 A Foreign Ministry spokesman accuses the U.S. of deliberately linking the North to Mideast disputes.
- 29 Minju Josen, the North's Cabinet newspaper, calls for the early dismantlement of the United Nations Command.
- August 1 The Rodong Sinmun denounces South Korean Defense Minister Han Min-ku for his warning remarks against North Korea's provocation during his visit to Yeonpyeong Island in the West Sea.
- 2 A North Korean delegation headed by Foreign Minister Ri Su-yong leaves Pyongyang to visit Laos, Vietnam, Myanmar, Indonesia and Singapore.

- August 2 The Rodong Sinmun denounces the South Korea-U.S. joint military drill Ulchi Freedom Guardian as “very dangerous war exercises aimed at mounting a sudden pre-emptive strike at the DPRK.”
- 6 The Rodong Sinmun says the stance of the North Korean army that it will fire nuclear war-head-tipped rockets at the White House and other key spots in the U.S. if the U.S. threatens the sovereignty and the right to existence of the North by use of a nuclear strike, including a nuclear-powered carrier, was entirely just.
- 10 A group of ethnic Koreans in Russia taking part in the “Paektu-Halla car riding for supporting the peace and reunification of the Korean peninsula” visits the area of Mount Paektu.
- 12 The KCNA says Foreign Minister Ri Su-yong said at a ministerial meeting of the ASEAN Regional Forum on Aug. 10 that the country will make every possible effort to preserve peace and security in Asia.
- 14 A driving group of ethnic Koreans in Russia that traveled across Russia to the Korean Peninsula under the theme of “Paektu-Halla car riding for supporting the peace and reunification of the Korean peninsula” arrives in Pyongyang.
- 14 Glyn Ford, a member of the National Policy Forum of the British Labor Party, and his party arrives in Pyongyang.
- 15 North Korea and Russia sign a protocol on a joint working group meeting for settling issues related to the implementation of the bilateral agreement on the temporary work of citizens of other states in the territory of a state.

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