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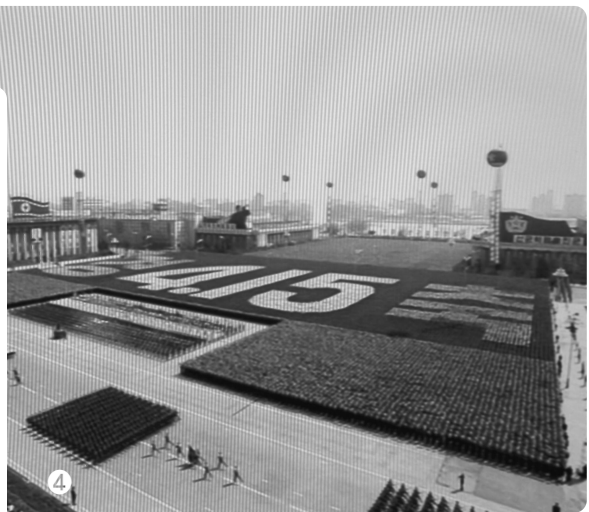
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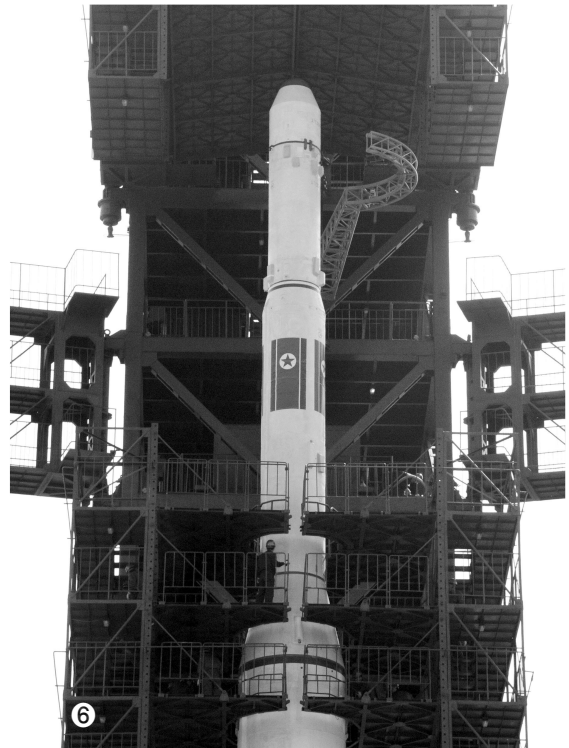
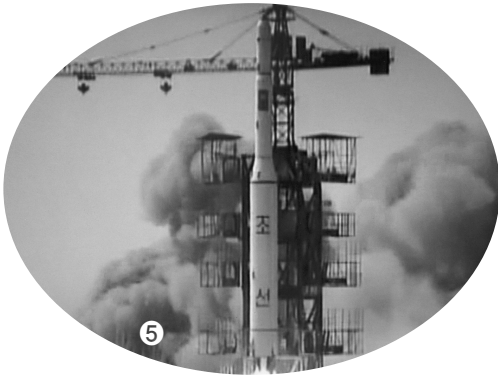
COVER PHOTO : A North Korean vehicle carrying a missile passes by during a mass military parade in Pyongyang's Kim Il-sung Square to celebrate the 100th birth anniversary of the late North Korean founder Kim Il-sung on April 15. (AP-Yonhap Photo)

Celebrations for Kim Il-sung's Centennial Birth Anniversary



- 1 Kim Jong-un gives his first public speech during massive celebrations on April 15.
- 2 Huge statues of Kim Il-sung and Kim Jong-il are unveiled on Mansu Hill in Pyongyang.
- 3 North Korean soldiers ride by on horseback during a mass military parade.
- 4 North Koreans join in massive celebrations in Pyongyang for Kim Il-sung's 100th birth anniversary.

North Korea's Failure to Launch Kwangmyongsong-3 into Space



North Korea's launch of Kwangmyongsong-2 in April 2009 ⑤
The installation of three stages of boosters on a launch pad ready for blast-off ⑥
A satellite image of the launch facility located in Tongchang-ri ⑦
A North Korean soldier stands in front of the Unha-3 rocket before liftoff. ⑧

FORMAL OPENING OF KIM JONG-UN ERA

UNEASY START OF KIM JONG-UN ERA

North Korea watchers see a sense of crisis and anxiety over the leadership transition of N. Korea to inexperienced young Kim Jong-un.

North Korea has formally opened its Kim Jong-un era through a series of political meetings and other events, including a massive military parade. The formalization of the young heir's leadership indicates a settlement of the three-generation dynastic leadership succession and the opening of the promised Kangsong Taeguk, which translates as the building of a "great, prosperous and powerful country."

The socialist country has claimed it will become a prosperous country in the year 2012 as it marks the 100th birth anniversary of its founding president Kim Il-sung on April 15. Pyongyang has not yet officially proclaimed itself a thriving nation, however, only repeating to its populace of 24 million people to make maximum efforts to achieve that goal. The North apparently planned to use a long-range rocket launch on April 13 as an official illustration of its status as a prosperous and powerful nation, but the launch was a failure.

Three-generation Dynastic Leadership Succession

In the process of ascending to leadership, the young Kim Jong-un has relied heavily on the legacies of his father Kim Jong-il and grandfather Kim Il-sung and continued their state policies such as songun (military-first) and *juche* (self-reliance). The junior Kim, believed to be in

North Korean leader Kim Jong-un responds to cheer during a mass military parade in Pyongyang's Kim Il-sung Square to celebrate the centenary of the birth of his grandfather, national founder Kim Il-sung, on April 15. (AP-Yonhap Photo)



his late 20s, seems to be doing everything he can to exhibit charismatic leadership, as did his forebears. However, observers question whether the young leader Kim is able to maintain the delicate mix of coercion and forced public consent that were the key elements his family's dynastic rule is based on.

In a speech at the military parade celebrating the centennial on April 15, Kim Jong-un said the transformation of North Korea was due to the achievements and legacy of his grandfather Kim Il-sung and his father Kim Jong-il, lauding them as the pioneers and leaders of the North's "military-first revolution." The new leader also vowed to uphold the instructions of his father and praised the military's devotion, urging the North to unite by dedicating their lives to the military-first revolution.

Ostensibly, North Korea seems to have completed the power transition to Kim Jong-un during the latest meetings of its ruling party and then parliament. The

Worker's Party of (North) Korea (WPK) conference on April 11 and the separate Supreme People's Assembly (SPA) session on April 13 are widely seen as the last steps to complete the process to extend the Kim dynasty for a third generation. The two political events were significant meetings to boost the stature of the young leader following the death of his father on Dec. 17.

At the party conference, Kim Jong-un assumed the top post of the country's ruling Workers' Party in a special session. Kim gained a new title of "first secretary" of the Workers' Party and his late father was named the "eternal general secretary." The junior Kim was also elected a member of the presidium of the party's politburo and chairman of its Central Military Commission (CMC).

During the SPA session two days later, Kim was also named chairman of the powerful National Defense Commission (NDC), the highest decision-making body of the

country. With these new posts for Kim Jong-un, the country's interim or emergency system since the death of Kim Jong-il has ended. The new leader now grasps all three powers of the party, the cabinet and the army. Kim Jong-un was already given supreme command of the country's 1.2 million military late last year.

North Korea was to mark the Kim Jong-un era by launching a long-range rocket called Unha-3, also celebrating the centenary birth date of Kim Il-sung. The real intention of the isolated country's target of becoming a Kangsong Taeguk was the completion of the country's nuclear-armed country militarily. All these efforts to cement the leadership transition were timed to coincide with the 100th birth anniversary celebrations.

Reshuffle of Leadership Lineup

But North Korea's congratulatory event backfired on the same day the SPA convened in Pyongyang. It defiantly fired off a long-range rocket on April 13, despite international condemnation, but the three-stage craft exploded in mid-air and crashed into the sea shortly after takeoff. North Korea said its Kwangmyongsong-3 satellite failed to enter orbit after its launch aboard the rocket. The North's official admission of a failed rocket launch came more than four hours after the launch.

In an apparent effort to consolidate power around the young leader, the WPK has also reshuffled its leadership lineup by placing a new generation of officials close to Kim in key posts. Kim's late father, Kim Jong-il was named the eternal general sec-

retary "in reflection of the unanimous will and desire of all the party members and other people," according to the North's official Korean Central News Agency (KCNA). It said the fourth conference of the Workers' Party "decided to elect the dear respected Kim Jong-un as first secretary of the WPK true to the behests of leader Kim Jong-il."

The young Kim's ascension to the party's top post was widely expected, but analysts in Seoul said he was given a new top title to wield power over the party while retaining his late father's "dying wish." In addition to the top party post, the other two key posts he was named to were previously held by his father. Kim Jong-un is now a member of the Presidium of the WPK Political Bureau, which currently has only three members and two vacancies created by the deaths of Kim Jong-il and high-ranking military official Jo Myong-rok, who died in November 2010.

Party delegates also approved a reshuffle of the party leadership, electing a new generation of officials to key posts. After Kim Il-sung died in 1994, he was declared the country's "eternal president," and Kim Jong-il ruled as NDC chairman. The latest party conference was held in the presence of Kim Jong-un.

Kim Yong-nam, president of the Presidium of the SPA made the opening address. The titular head of the state said Kim Jong-il perfectly solved the issue of succession to the leadership with a strong sense of responsibility for the destiny of the country and its people and the future of the revolution. Kim Yong-nam said Kim Jong-un represents the center of unity of

the WPK and the revolution, the center of the leadership and the banner of all victories and the glory of songun Korea.

The party conference also adopted a revision of party rules. According to an introductory preface of the revision, the country placed high esteem and respect on Kim Il-sung and Kim Jong-il by advocating their “great deed in their lifetime.” The party’s main newspaper *Rodong Sinmun* said Kim Jong-il devoted his all till the last moments of his great life to the prosperity of the country and the victory of the revolutionary cause of *juche*.

Campaign to Boost Image

“The revision of the WPK rules newly defined that Kim Jong-il is the eternal general secretary of the WPK and eternal leader of the WPK and the Korean people and that the WPK is the party of Kim Il-sung and Kim Jong-il, reflecting the unanimous desire and wish of all the party members and other people,” according to the revision’s preface as reported by the party newspaper

On April 13, the *Rodong Sinmun* called for uniting closer around Kim Jong-un. In an editorial, the paper said the revolutionary cause of *juche* and the cause of building a thriving nation is sure to emerge victorious thanks to the leadership of the glorious Workers’ Party, which retains the dear respected Kim Jong-un in its top post.

The thriving nation project was declared at the end of 2007 and was pushed ahead in the early part of 2009. In reality, however, the project is the North’s virtual code name for the establishment of the three-

generation hereditary power succession to Kim Jong-un. The late leader assumed the post of the party’s general secretary in 1997, three years after the death of his father, Kim Il-sung.

As North Korea has virtually declared the opening of Kim Jong-un era through this series of political meetings, it has also stepped up its propaganda campaign to boost the image and power of its new leader. Pyongyang’s speedy succession, however, suggests a sense of crisis and anxiety over the leadership transition, according to analysts in Seoul.

With these worries in mind, Kim Jong-un’s long-range rocket launch, although unsuccessful, was a test for the international community and an attempt to intimidate the world and perhaps prove his status as a serious leader. The failed launch drew international condemnation as it violated a U.N. resolution that bans the socialist nation from any ballistic missile activity that could be used to develop missiles to carry nuclear weapons.

North Korea seems unshaken by the failure and appears resolute to go its own way despite its tattered economy and starving population. North Korea has spent a huge amount of money to celebrate the centenary of its late founder’s birthday by pouring an astronomical sum of money into various events, including the controversial rocket launch. Despite its moribund economy and chronic food shortages, the regime was expected to spend at least US\$2 billion for the festivities, according to a South Korean government source, which may give the illusion of prosperity to the North Korean people.(Yonhap News)

ESTABLISHMENT OF KIM JONG-UN SYSTEM

Alongside the young leader's rapid power succession, the socialist country also provided maximum honors for his late father and grandfather.

In a relatively short period of time, Kim Jong-un has ascended to the pinnacle of the North Korean hierarchy through recent political meetings. The young leader became the head of the North's ruling Workers' Party (WPK) and then stepped into the top post of the state's highest decision-making body, the National Defense Commission (NDC). Now the leadership vacuum left by the late leader Kim Jong-il's unexpected death has been filled by his son and chosen successor, who has virtually grasped the reins of all three power organizations - the party, the cabinet and the army.

Alongside the young leader's rapid power succession, the socialist country also provided maximum honors for his late father and grandfather. Kim Jong-un's era started with the posthumous honoring of his father Kim Jong-il by giving him the "eternal" post as the party's general secretary. The new leader's late grandfather, Kim Il-sung, was named "eternal president" shortly after his death in 1994. In an effort to cement the new leadership, the regime created new titles for the young leader to solidify the ideas and line of Kim Il-sung and Kim Jong-il.

First Secretary and First Chairman

Kim Jong-un was named to a newly-created top post in the WPK during a special session of the party conference on April 11. He was appointed "first secretary" of the North's all-powerful party in the same session in which his late father was named as eternal general secretary, "in reflection of the unanimous will and desire of all the party members and other people, and true to the behests of leader Kim Jong-il," as stated by the country's official Korean Central News Agency (KCNA).

The young Kim's ascension to the party's top post was widely

expected, but analysts in Seoul said he was given the new title to wield power over the party while fulfilling his late father's "dying wish." In addition to the top party post, the new leader was named to fill two key party posts previously held by his father – chairman of the WPK Central Military Commission and a Presidium member of the WPK Political Bureau.

Two days later on April 13, the new leader was also named first chairman of the National Defense Commission (NDC) during its parliamentary session, the Supreme People's Assembly (SPA), while his late father Kim Jong-il was named "permanent chairman" of the commission. The new post appears to have capped the young leader's rise to power and to complete the process to extend the Kim dynasty for a third generation.

State media outlets praised the young Kim as a great statesman, an outstanding strategist and a kind-hearted leader with brilliant ideas and theories and matchless leadership ability. In December, Kim Jong-un became the supreme commander of the 1.2 million-strong military as he began to take over the socialist country founded by his grandfather.

The party conference was held as the socialist country celebrates the 100th anniversary of the birth on April 15 of founding leader, Kim Il-sung. Kim Jong-un was unveiled as his father's chosen successor at a similar party conference in September 2010. At that time, he was appointed vice chairman of the ruling party's Central Military Commission.

In an apparent effort to consolidate power around the young leader, the WPK

also reshuffled its leadership lineup by placing a new generation of officials close to Kim Jong-un in key posts. Several days earlier, North Korea promoted Choe Ryong-hae, a party official and son of a former defense chief Choe Hyun, and Hyon Chol-hae, a defense official, to become vice marshals of the (North) Korean People's Army (KPA).

Rising Figures

Choe Ryong-hae is emerging as a rising figure. At the just-ended party conference, he was named a member of the powerful Presidium of the WPK Political Bureau, joining three high-ranking officials already serving on the executive body. Choe, who is in his early 60s, was also named a vice chairman of the WPK Central Military Commission, the KCNA reported. Six others were named as members of the WPK Political Bureau, including Jang Song-thaek, the husband of Kim Jong-il's sister Kim Kyong-hui, Kim Jong-gak and Kim Won-hong, minister of State Security.

A KCNA dispatch on April 10 reported that Kim Jong-gak, a senior military officer and a member of the WPK Political Bureau, had been named as the People's Armed Forces Minister, a title equivalent to defense minister. Two other senior officials were promoted to vice marshals as part of a reshuffle ahead of the party conference and legislative meeting.

The KCNA also introduced a group of party officials appointed to key posts relatively recently. In addition to Choe Ryong-hae, Kim Jong-gak and Jang Song-thaek, who has been vice chairman of the NDC

and director of the Administration Department of the WPK Central Committee since June 2010, O Kuk-ryol, who has been vice chairman of the NDC since February 2009, became an alternate member of the WPK Political Bureau. Ro Tuchol, vice premier of the Cabinet and concurrently chairman of the State Planning Commission since April 2009, is another alternate member of the WPK Political Bureau.

Also named as an alternate member for the Political Bureau was Ri Pyong-sam, who has been director of the Political Bureau of the (North) Korean People's Internal Security Forces and concurrently chief secretary of its party committee since May 2009. Jo Yon-jun, another alternate member, has been first-vice department director of the Organizational Leadership Department of the WPK Central Committee since January 2012.

The party conference also adopted a revision of party rules. According to an introductory preface of the revision, the country placed high esteem and respect on Kim Il-sung and Kim Jong-il by recognizing their "great deeds in their lifetime." The late leader assumed the post of the party's general secretary in 1997, three years after the death of his father, Kim Il-sung.

At the SPA session on April 14, North Korea appointed new members to the country's top military commission in a move to solidify Kim Jong-un's control over the country. The KCNA said Choe Ryong-hae, the vice chairman of the WPK Central Military Commission, and KPA Gen. Kim Won-hong had been elected to members of the NDC, along with Ri

Myong-su, the head of public security.

Four other officials kept their positions on the powerful commission. Jang Song-thaek, Ri Yong-mu, O Kuk-ryol and Kim Yong-chun all retained their slots as vice chairmen, being cited as stalwart supporters and relatives of Kim Jong-un.

NDC Members

The SPA session also acted on the revision and supplementation of the country's constitution that enabled Kim Jong-un to assume the nation's top post. The session approved the work of the North's cabinet for 2011 and its tasks for 2012, in addition to approving the implementation of both last year's and the new year's state budgets.

Organizational matters were also discussed at the SPA session and deputies Pak To-chun, Kim Jong-gak, Ju Kyu-chang, Paek Se-bong, Choe Ryong-hae, Kim Won-hong and Ri Myong-su were all appointed as NDC members. Deputy Thae Hyong-chol was elected secretary general of the SPA Presidium to fill a vacancy.

Deputies Ri Sung-ho and Ri Chol-man were named vice-premiers of the Cabinet and Kim In-sik became vice-premier and chairman of the Capital Construction Commission. Deputy Pak Thae-bok, chief secretary of the North Hwanghae Provincial Committee of the WPK, and Deputy Jon Kyong-nam, president of University of National Economics, were also elected as members of the Legislation Committee of the SPA to fill vacancies. (Yonhap News)

List of New Key Figures for the North's Main Organizations

- The Central Committee of the Workers' Party of (North) Korea

Eternal General Secretary : Kim Jong-il

First Secretary : Kim Jong-un

Members of Political Bureau Presidium : Kim Jong-un, Kim Yong-nam,
Choe Yong-rim, Choe Ryong-hae,
Ri Yong-ho

Members of Political Bureau : Choe Ryong-hae, Kim Jong-gak,
Jang Song-thaek, Pak To-chun, Hyon Chol-hae,
Kim Won-hong, Ri Myong-su

Alternate Members of Political Bureau : Kwak Pom-gi, O Kuk-ryol, Ro Tu-chol,
Ri Pyong-sam, Jo Yon-jun

Secretaries : Kim Kyong-hui, Kwak Pom-gi

Chiefs of Departments : Kim Yong-chun, Kwak Pom-gi, Pak Pong-ju
- The Central Military Commission of the Workers' Party of (North) Korea

Chairman : Kim Jong-un

Vice Chairmen : Ri Yong-ho, Choe Ryong-hae

Members : Hyon Chol-hae, Ri Myong-su, Kim Rak-gyom
- The National Defense Commission

Eternal Chairman : Kim Jong-il

First Chairman : Kim Jong-un

Vice Chairmen : Jang Song-thaek, Ri Yong-mu, O Kuk-ryol, Kim Yong-chun

Members : Pak To-chun, Kim Jong-gak, Ju Kyu-chang, Paek Se-bong,
Choe Ryong-hae, Kim Won-hong, Ri Myong-su

People's Armed Forces Minister : Kim Jong-gak

State Security Minister : Kim Won-hong

Vice Marshals : Kim Jong-gak, Choe Ryong-hae, Hyon Chol-hae
- The Cabinet

Premier : Choe Yong-rim

Vice Premier : Ri Sung-ho, Ri Chol-man, Kim In-sik

FAILED ROCKET LAUNCH AND PYONGYANG'S HUMILIATION

In a rare move, North Korea acknowledged through its state media that the earth observation satellite failed to enter into orbit.

Defying international warnings, North Korea launched a long-range rocket on April 13 that exploded minutes after lift-off and sent debris raining into the Yellow Sea near South Korean waters. For the impoverished country, the failed attempt was a devastating setback and even a great humiliation for the burgeoning North Korean leadership under young leader Kim Jong-un. The leader in his late 20s has been seeking to establish his credentials following the death of his father Kim Jong-il last December.

Undeniably, the launch was an effort to consolidate the authority of Kim Jong-un, who is establishing a third generation of dynastic rule from his grandfather and founding President Kim Il-sung. The North had claimed the Unha-3 rocket was meant to place a satellite into orbit as part of the celebrations marking the centennial of the April 15 birth of Kim Il-sung. The satellite launch was also widely seen as Pyongyang's symbolic gesture to officially usher in a prosperous and powerful nation by the milestone anniversary.

Disguised Test of Long-range Missile

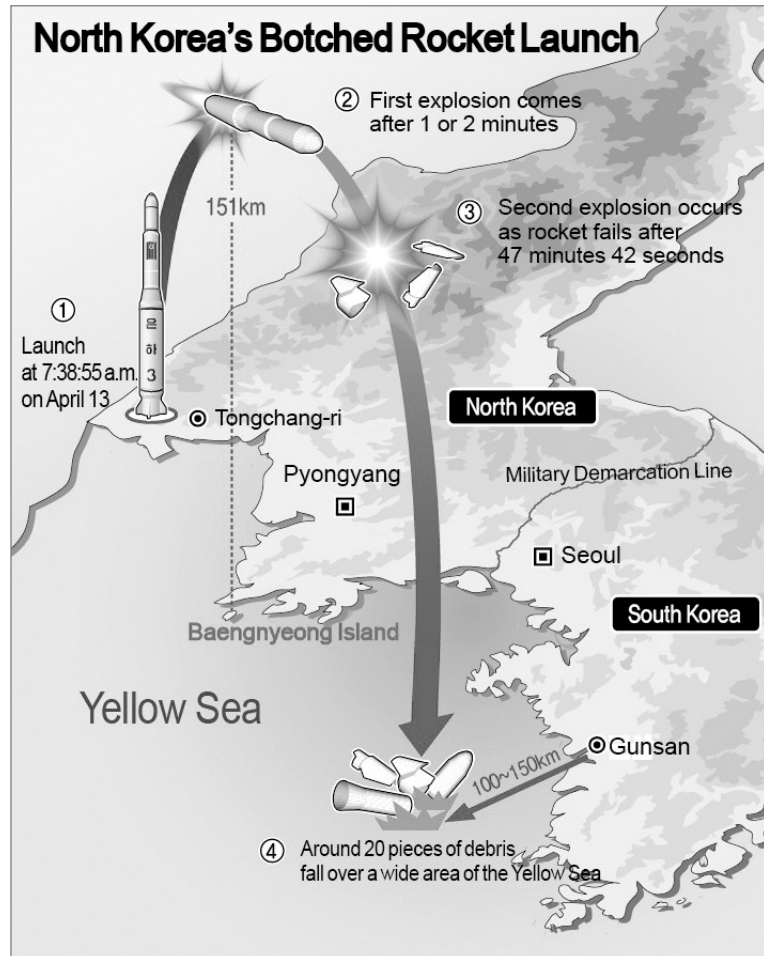
The rocket exploded soon after lift-off and disintegrated into about 20 pieces as it crashed into the sea off South Korea's west coast, according to South Korea's Defense Ministry. In a rare move, North Korea acknowledged through its state media that the earth observation satellite failed to enter into orbit. Since early March, North Korea said that it would launch the Unha-3 rocket between April 12 and April 16 to put a Kwangmyongsong-3 satellite into orbit for crop or weather-related research purposes.

According to South Korean government estimates, the rocket and

satellite cost the socialist country about US\$450 million (\$300 million for the rocket, \$150 million for the satellite) to build. For this launching and future tests, North Korea recently constructed a new launching site at Tongchang-ri near its western border with China at a cost of \$400 million.

South Korea, the United States and many other countries regarded the launch as a disguised test of a long-range missile to ultimately carry weapons of mass destruction, like a nuclear warhead. The Unha-3 is seen as the same kind of ballistic missile the North has been trying to develop since the late 1990s. The North invited a group of foreign journalists to the launch site in Tongchang-ri. The journalists, however, said they were not allowed to witness the lift-off.

Despite its failure, the international community condemned the launch as a provocation. After convening an emergency meeting of 15 council members on April 13, Susan Rice, the U.S. ambassador who assumes a rotating chair, issued a statement “deploring” the launch as a violation of



U.N. resolutions.

Within minutes after lift-off, Seoul, Tokyo and Washington declared the launch a failure and that more than 20 pieces of debris had landed in the Yellow Sea. Seoul's Foreign Minister Kim Sung-hwan had a telephone discussion with U.S. Secretary of State Hillary Clinton, in which they agreed that the launch, despite its failure, violates UNSC Resolution 1874, which prohibits the North from launching long-range ballistic missiles.

In a statement, White House spokesman Jay Carney said the “provocative action” contravenes the commitments the North made in a Feb. 29 deal with the U.S., in which Pyongyang promised the suspension of nuclear tests, long-range missile tests and the workings of its uranium enrichment program at Yongbyon in return for U.S. food assistance.

The foreign ministers of the influential G-8 countries also condemned the launch after a meeting in Washington. Russia, one of the G-8 countries, denounced the launch as a violation of the UNSC resolution, Interfax news agency reported, quoting a Russian Foreign Ministry official. Japan’s Chief Cabinet Secretary Osamu Fujimura also condemned the launch as a grave provocation to his country and other countries.

Violation of UNSC Resolution

China, the North’s staunchest communist ally, has yet to issue any official statement condemning Pyongyang’s rocket launch, instead urging all parties to show restraint. “We hope all relevant parties can stay calm and restrained and refrain from acts that would harm peace and stability on the Peninsula and in the region,” China’s foreign ministry spokesman Liu Weimin said in a statement. But later, China joined the U.N.’s condemnation on North Korea.

On April 16, the United Nations Security Council unanimously adopted a statement “strongly condemning” North Korea for its long-range rocket launch. In a presidential statement, the 15-member council made it clear that the launch was a “serious viola-

tion” of resolutions 1718 and 1874, which ban Pyongyang from any launch using ballistic missile technology.

However, it remains unclear how the botched rocket launch may affect the North’s new leader internally in the future, although it was a devastating setback to the Kim Jong-un leadership. Yang Moo-jin, a North Korea expert at South Korea’s University of North Korean Studies, said the failed rocket launch could have a psychological shock on Kim and the ruling elite, but said Kim can win public support by stressing his decisiveness over the issue.

Paik Hak-soon, a senior research fellow at the Sejong Institute, an independent think tank near Seoul, said Kim may “feel a deep sense of embarrassment and frustration,” over the failure. He also said the botched launch could ruin the centennial birth celebrations, though it’s unlikely to damage Kim’s status or his power as he is firmly in charge of the communist country.

For all the negative evaluation, the North was known to have poured an astronomical sum of money into various events to celebrate the founder’s birth anniversary, including the rocket launch. Some say that North Korea was about to spend an estimated \$2 billion, or one third of its annual budget, to mark the centenary anniversary, plus an additional \$850 million spent to build the three-stage rocket and launch pad for the event.

The national celebration was designed to encourage North Korean citizens facing severe economic disaster and chronic food and electricity shortages. Kim Il-sung died in 1994, though he is still referred to as the “eternal president” of the country. His April

15 birthday – dubbed the “Day of the Sun” – is one of the most important holidays in the isolated country.

Intelligence authorities in Seoul estimated that the launch cost North Korea the equivalent of feeding 19 million of the North’s 24 million people for one year. The cost is enough to buy 2.5 million tons of corn from China. “North Korea has suffered a deficit of 400,000 tons of food every year. Thus, the money could resolve the problem of food shortages for six years,” an official said.

Enormous Launch Cost

North Korea’s situation is miserable, however. The socialist state earned at least US\$1.8 billion from exports of underground resources last year, Radio Free Asia reported recently. The figure is double the rough amount of \$900 million it earned from resource exports the previous year and almost equivalent to the amount the regime is reportedly spending on the centenary celebration.

The total would be enough to buy 4.75 million tons of rice based on current grain prices of \$600 per ton. This comes at a

time when the regime is holding out its hands for international food aid. North Korea’s state budget last year was \$5.7 billion, according to a South Korean government source. The North has invited representatives from 48 countries to Pyongyang for the centenary.

The regime apparently promised its people 100 gifts for the centenary. A Unification Ministry official in Seoul said North Korea has spent anywhere between \$300 million and \$800 million every five or 10 years on the April 15th celebrations, and this year it is expected to spend at least \$1 billion. That is around the entire \$1.15 billion it earned from selling anthracite and other natural resources to China last year. The festivities were the culmination of months of intense work to prepare the capital for the occasion, including the construction of new high-rise apartments and cultural amenities. The North has mobilized soldiers and university students to make up for a shortage of workers, which is why it announced a temporary closure of universities from June 2011 until April this year. Even special forces have been mobilized to build the folk village in Pyongyang. (Yonhap News)

Chronology of North Korea’s Missile, Rocket Launches

Aug. 31, 1998	North Korea fires its first ballistic missile, the Unha-1 rocket, also known as the Taepodong-1 missile, from the launch site of Musudan-ri in North Hamgyong Province.
July 4, 2006	North Korea fires the more advanced Taepodong-2 missile at the launch site of Musudan-ri.
April 5, 2009	North Korea launches the Unha-2 rocket at the launch site of Musudan-ri with the attendance of leader Kim Jong-il and his son Kim Jong-un.
April 13, 2012	North Korea fires off a long-range rocket, the Unha-3 rocket, from the Tongchang-ri launch site in North Phyongan Province.

CELEBRATIONS FOR KIM IL-SUNG'S BIRTH ANNIVERSARY

Despite its economic hardships, the impoverished country has spent a large amount of money for the festivities of the late founder.

Under the dynastic rule of North Korea, the birthday of its founding president, Kim Il-sung, is one of the most important holidays. This year carries a special significance as it celebrated his 100th birthday on April 15, timed with the self-proclaimed goal of becoming a “thriving nation.” Despite its economic hardships, the impoverished country has spent a large amount of money for the festivities, ranging from its rocket launch and military parade to various kinds of gala events. Through all the political and military events, the Pyongyang regime showed the world that it has now completed the three generation power succession from Kim Il-sung to Kim Jong-il and then Kim Jong-un.

The culmination of the festivities took place on April 15 when a massive military parade was held in Pyongyang. The event was held two days after the country failed to launch a long-range rocket into space. North Korea celebrated the founder's birth anniversary with the apparent intention of signaling, both domestically and internationally, the official beginning of the Kim Jong-un era.

Massive Military Parade

In his first speech in public since assuming top leadership posts, Kim Jong-un said the superiority of military technology is no longer a monopoly of imperialists and the North is not threatened by its enemies' atomic blackmail any more, in an apparent reference to the United States. “We should strengthen the People's Army every way we can,” Kim said at Kim Il-sung Square in Pyongyang.

Kim Il-sung Square was blanketed with soldiers of the People's Army, Worker-Peasant Red Guard and Young Red Guard. At the

Thousands of North Koreans participate in a mass dance performance in Kim Il-sung Square in Pyongyang to commemorate 100 years since the April 15 birth of the late leader and state founder Kim Il-sung. (AP-Yonhap Photo)



parade, Kim Jong-un made his speech as head of the Workers' Party, government and military. At its start, Kim, who was elected as first secretary of the Workers' Party and first chairman of the powerful National Defense Commission on April 11 and April 13, respectively, gave a 20-minute speech. "A weak country of the past has now transformed into a powerful political and military nation," Kim said. "Our people have earned independence and dignity that no one dares to touch."

Another highlight of the parade was a display of arms, including what appeared to be a new long-range missile. The North unveiled 880 units of 34 kinds of arms, the largest display of weaponry ever in one of its parades. Before, the largest exhibition was in 1992 to celebrate the 60th anniversary of the military's founding anniversary. The new missile was believed to be an intercontinental ballistic missile with about a 2-meter diameter and a more than 18-meter length. The largest show of force came just two days after Kim suffered international humiliation over a failed

rocket launch. The new missile is presumed to have a range of up to 6,000 kilometers that is capable of reaching Alaska, a military official in Seoul said.

Kim said the transformation of North Korea was due to the achievements and legacy of his grandfather Kim Il-sung and father Kim Jong-il, calling them the pioneers and leaders of the North's "military-first revolution." He also vowed to uphold the instructions of his father and praised the military's devotion, urging the North to unite by dedicating their lives to the military-first (songun) revolution.

Following the speech, Kim inspected troops from the Army, Navy and Air Force as well as the Worker-Peasant Red Guards and Red Young Guards. Troops on horseback and mechanized units followed. The parade continued for about two hours, and top North Korean officials from the government, party and military attended the event with Kim.

The gala event also gave a glimpse of the little-known, young leader's style. Although he upheld his father's military-

first politics, he made a surprise decision to give a 20-minute public address, a stark contrast to his father. Dressed in a black uniform, Kim addressed his people in a low but confident voice, moving his body slightly on the podium while his eyes remained fixed on his notes. He may have been trying to adopt his grandfather's style; when he was alive, Kim Il-sung personally delivered annual New Year's addresses.

Kim Jong-un made some decisions that his father wouldn't, such as inviting some foreign media to watch the celebrations and get an advance look at the rocket that exploded on liftoff. The North apparently planned to use the launch as an official illustration of its status as a prosperous and powerful nation. Also on April 15, Kim visited the Kumsusan Palace of the Sun in the capital Pyongyang to pay tribute to his father and grandfather. The mausoleum is considered a sacred place, as it is home to the embalmed bodies of both former leaders.

Extravaganza Events

A day earlier on April 14, North Koreans gathered en masse in a stadium in Pyongyang to celebrate Kim Il-sung's 100th birth anniversary. At the national meeting held at Kim Il-sung Stadium, Kim Yong-nam, the president of the Presidium of the Supreme People's Assembly, lauded the birth of Kim Il-sung as a momentous event in the history of the Korean people. Kim added that under the leadership of Kim Jong-un, North Korea's future is bright, adding the people and the military must have firm belief in victory as they follow their new leader.

Kim Yong-nam called for "fair, above-board and reasonable reunification proposals, including the three principles of national reunification, the proposal for founding the Democratic Federal Republic of Koryo and the 10-point program for the great unity of the whole nation."

He formulated the independent line and proposals for reunification laid out by the president as the three charters for national reunification and ushered in the June 15 era of reunification in which the nation advances in the idea of "By our nation itself," thus bringing about a landmark phase of national reunification.

The socialist regime has reportedly made desperate efforts to create extravaganza events for the ceremony. It has promised its people 100 gifts for the centenary, according to Seoul's unification ministry. An official said North Korea has spent anywhere between \$300 million and \$800 million every five or 10 years on the April 15th celebrations, and this year is expected to spend at least \$1 billion. That is more or less the entire \$1.15 billion it earned from selling anthracite and other natural resources to China last year.

Weeks before the ceremony, North Korea held a series of lavish events to celebrate the completion of power plants, factories and buildings. The North's Korean Central News Agency said on April 6 that Pyongyang held ceremonies to mark the completion of Huichon Power Plant 1 and 2, capable of generating 300,000 kilowatts of electricity. The construction of the two power plants was a major goal for Pyongyang, and one which late leader Kim Jong-il had ordered reached by 2012.

The North also unveiled a huge rock carving recently in memory of the nation's founder. The 37-meter inscription was hewn into a natural rock face near Pakyon Falls in Kaesong city, near the border with South Korea, the KCNA said. The message – “Our eternal leader Comrade Kim Il-sung: Dedicated to the centenary of the birth of the leader, April 15, Juche 101 (2012)” – is “an immortal monument which will always shine along with the Songun era,” the news agency said. The socialist country also unveiled a huge statue of Kim Jong-il on Mansu Hill, alongside that of his father, to showcase the hereditary succession of rule by the Kim family. Recently, the North completed a clothes factory, a water pipe linking Nampho and Pyongyang, and a cement factory.

10,000 Foreign Guests

In Pyongyang, development projects are still under way in the Mansudae area for high-rise apartments and a theater. In the eastern part of the capital, which is less developed than western Pyongyang, the North is near completion of a public bath house and an outdoor ice-skating venue, according to state media.

North Korea gave new uniforms to all schoolchildren to mark the birth anniversary. The North's official KCNA said uniforms would be provided to all primary and secondary schoolchildren and students attending universities. The media outlet said the distribution of uniforms is the legacy of Kim Il-sung and his son Kim Jong-il. Pyongyang first provided uniforms to schoolchildren in 1959, and the latest move

is assumed to be aimed at strengthening the loyalty of the people to their leaders.

Besides giving out uniforms, the KCNA said Kim Jong-un has given 2.32 billion won (US\$2.04 million) in scholarships to children of Korean nationals in Japan who have supported the North Korean regime. The country has given scholarships to Koreans living in Japan totaling 658 billion won in the past.

North Korea also held an international art festival in Pyongyang. The April Spring Friendship Art Festival, held from April 11 to 19, has reportedly brought together about 800 artists from 23 countries, including China, Russia, France and Italy. A state book exhibition was opened at the People's Palace of Culture on April 10. Displayed in the venue are at least 30,000 publications of more than 20,000 kinds published in the DPRK (North Korea) and other countries, including works of Kim Il-sung and Kim Jong-il.

On April 10, the country opened a national fine art exhibition and state industrial art exhibition. Displayed in the exhibition are at least 500 pieces of paintings such as Korean paintings, oil paintings, gem-powdered paintings and posters, according to the KCNA.

The North has invited some 10,000 foreign guests and representatives from 48 countries to Pyongyang for the centenary. Despite the moribund economy and food shortages, the regime was expected to spend at least \$2 billion for the festivities, according to a South Korean government source, which may give the illusion of prosperity to the North Korean people. (Yonhap News)

NORTH KOREA ISSUES AT SEOUL NUCLEAR SUMMIT

South Korean President Lee Myung-bak discussed North Korea issues with world leaders at Nuclear Security Summit held in Seoul in late March.

South Korean President Lee Myung-bak rallied international support to pressure North Korea to abandon its nuclear program and rocket launch plan during his bilateral talks with leaders of around 15 nations on the sidelines of the 2012 Nuclear Security Summit held in Seoul.

The leaders of 53 nations and four international bodies met in the South Korean capital for two days on March 26 and 27 to reconfirm their shared responsibilities to keep nuclear materials from dangerous hands.

The leaders came in Seoul to attend the nuclear summit, which did not specifically deal with the North Korean proliferation issue. However, the North Korean nuclear issue and a planned rocket launch by the socialist country have become one of the hottest topics among the world leaders.

Strong Messages to North Korea

President Lee, as host of the second nuclear summit after the first in Washington in 2010, had a great opportunity to convince world leaders of the nature of the troubles posed by the North, including the imminent test-firing of what is believed to be a long-range missile disguised as a rocket launch.

On the sidelines of the summit, South Korea, the United States, Japan and Russia said the launch would violate U.N. Security Council resolutions. China also said it would push the North, its ally, to drop the plan, expressing “deep concern” that it would have a negative impact

South Korean President Lee Myung-bak (center, first row) and other global leaders wave during a photo session of the Nuclear Security Summit held in Seoul on March 27. (Yonhap Photo)



on the Korean Peninsula.

U.S. President Barack Obama delivered a strong message to the North by visiting a guard post on the inter-Korean border to view the source of the threats himself immediately after arriving in South Korea on March 25. He indicated Washington would not carry out its commitment of food aid under a Feb. 29 agreement with North Korea unless the North canceled the launch.

China's President Hu Jintao, in a clear departure from Beijing's characteristic ambivalence, joined Lee in demanding Pyongyang cancel the rocket launch, which they determined as detrimental to peace on the Korean Peninsula and the six-party process to denuclearize the North.

Hu even informed Lee that Beijing had pressed Pyongyang leadership to concentrate on economic development instead of its alleged satellite program. Officials in Seoul said the Chinese leadership is urging its neighbor to focus on developing the lives of ordinary citizens instead of pursuing the costly launch.

Obama and Hu are also reported to have discussed the North Korean situation in their conversations outside the nuclear summit proceedings.

In separate talks with Russian President Dmitri Medvedev and a dozen other leaders, Lee shared concerns about Pyongyang's nuclear and missile programs.

On March 27, Lee said it will be difficult for North Korea to transfer nuclear material out of its borders if countries around the world follow through with the measures discussed during the international conference on nuclear security.

Lee made that remark during a news conference as chairman of the Nuclear Security Summit to discuss ways to ensure nuclear material is kept away from terrorists. "Unlike in

the past, it will be difficult for North Korea” to transfer nuclear material beyond its borders “if an international monitoring system gets into operation,” he told the conference.

The second Nuclear Security Summit in Seoul is a follow-up to the first summit hosted by Obama in Washington in 2010, when leaders focused on strengthening the security of fissile material worldwide and securing against nuclear terrorism.

Lee also said world leaders raised North Korea’s planned rocket launch during the conference. “Though it was discussed during bilateral summits, many leaders also raised the issue during the main meeting as well,” Lee told the conference. “I think North Korea will be affected psychologically by these efforts to keep nuclear material from falling into the hands of dangerous people.” Lee stressed the rocket launch is a “head-on challenge” to the international community.

Lee also said not only the United States, but also Russia and even the “Chinese representative” pointed out during bilateral summits with him that the rocket launch is not desirable at a time when Pyongyang should care about improving the lives of its people.

Earlier March, Pyongyang announced the plan to launch the “satellite” to mark the centennial anniversary of the birth of its late founder Kim Il-sung, falling on April 15. Experts in Seoul say it is a cover for testing and upgrading the Taepodong-2 ballistic missile.

On March 25, a day before the nuclear summit, Obama warned North Korea would put itself in deeper isolation, make promised American food aid unlikely and face possible international sanctions if it goes ahead with the long-range rocket launch.

No Rewards for Provocations

The rocket plan sparked strong denunciations from the international community, but Pyongyang said on March 27 it would press ahead with the liftoff, claiming it has a sovereign and legitimate right to a peaceful space program.

After it tested its Taepodong-2 missile in April 2009, the North claimed it was a satellite launch. The launch ended in failure after the rocket fell into the Pacific Ocean after traveling some 3,200 kilometers from the North’s launch site of Musudan-ri in North Hamgyong Province.

On March 26, Obama urged the North Korean leadership to pursue peace and a better life for its people, stressing there would be no rewards for provocations. “Here in Korea, I want to speak directly to leaders in Pyongyang,” Obama said during a special lecture at the Hankuk University of Foreign Studies in Seoul.

Obama added that the U.S. is prepared to improve relations with Pyongyang, citing the recent bilateral deal under which the U.S. agreed to give 240,000 tons of food aid to the North in exchange for its temporary suspension of missile and nuclear tests and uranium enrichment activities.

On March 28, leaders of South Korea and the European Union urged North Korea to call off its planned rocket launch, give up its nuclear programs and improve its human rights

records, a joint statement said.

The appeal came after Lee held summit talks with European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso. The EU leaders have been in Seoul for the Nuclear Security Summit that concluded two days of meetings on March 27.

“The leaders shared their grave concern over North Korea’s announcement” of the rocket launch plan, “emphasizing that the launch would be a clear violation of the relevant U.N. Security Council resolutions and contrary to its recent commitments,” the parties said in a joint press statement.

“The leaders together called on North Korea to refrain from the announced launch. They continue to urge North Korea to comply with its international obligations, in particular, by abandoning all nuclear weapons and existing nuclear programs,” the statement said.

The sides also voiced concern over the gravity of the North Korean human rights situation and urged the autocratic regime to “display genuine efforts to improve the human rights of its people,” the statement said.

Summit with European Leaders

During their separate talks with Lee on March 27, Italian Prime Minister Mario Monti and Australian Prime Minister Julia Gillard expressed their concerns over Pyongyang’s plan and concurred that the North should comply with the U.N. Security Council resolution against the use of any ballistic missile technology.

Danish Prime Minister Helle Thorning-Schmidt also stressed that her country and the EU support South Korea’s policy toward its communist neighbor. During the talks with the Italian prime minister, Lee said that the North should open up to the outside world. “North Korea was far better off 50 years ago with its national income being about twice as high as the South.

But now North Koreans are living with (a per capita income of) below US\$1,000 while South Koreans are living with an income of around \$24,000,” Lee was quoted by his spokesperson as saying. “What we hope now is that the North will emerge as an open society like China and Vietnam. Should it come out, we will fully support that move.”

As the nuclear summit in Seoul ended, attention is now focused on the North’s action. Washington says the launch would break the bilateral deal meant to pave the way back to the six-party negotiations.

Seoul says the launch would be a “grave provocation” as it allows the North to obtain the technology to mount a nuclear warhead on a long-range missile. It remains unclear whether Beijing will, as it did in 2009, accept the North’s claim of a satellite launch.

Both Lee and Obama pressured Beijing, the North’s biggest economic partner, to use its leverage to persuade Pyongyang against the launch. Analysts say China prioritizes stability in its North Korea policy, fearing a potential flood of refugees and U.S. military presence in case of instability there. (Yonhap News)

WHAT NORTH KOREA LOSES FROM ROCKET LAUNCH

The fizzled rocket is likely to deliver a blow to N.K.'s reputation as a military powerhouse as it has raised doubts about its capability of building missiles.

■ By Lee Jong-heon, Ph.D. *Research Fellow at the Institute of International Studies, Chung-Ang University, Seoul, Korea*

North Korea's young leader had good reasons to fire what he claimed was a satellite-carrying rocket despite warnings of tougher sanctions by the international community that considers the launch as a cover for the testing of a long-range missile. With the rocket sending a satellite into orbit, which would transmit the "immortal revolutionary" songs of his late father and grandfather, Kim Jong-un intended to declare his own era, finalizing the three-year-long process for the third generation of family rule.

That is why the much-hyped rocket launch was timed to coincide with the parliamentary session in which he put a final touch on a series of coronation events. The launch was equally important in the external front as the new leader wanted to show the world that his country is capable of developing a longer-range ballistic missile, which could help wrest more concessions from the United States and export its missile technology. But this has all backfired as the rocket fizzled immediately after liftoff – publicly and miserably.

North Korea fired its Unha-3 (Galaxy-2) rocket on April 13 from the Tongchang-ri launch pad on the northwest coast, claiming it was for sending a satellite, named the Kwangmyongsong-3 (Bright Shining Star-3), as part of its peaceful space program. But the rocket exploded in the air only two minutes after sendoff, splintered into 20 pieces before plunging into the waters, about 100-150 kilometers off South Korea's west coast.

Essence of Rocket Launch

The essence of the rocket launch is that it is part of the country's decades-long effort to extend the range of its delivery vehicle that could ultimately carry a nuclear warhead.

The Unha-3 weighs 92 tons, much heavier than the Unha-1's 27 tons and the Unha-2's 70 tons, increasing its range. South Korean Defense Minister Kim Kwan-jin told parliament that the Unha-3 rocket would, if successful, have a range of 10,000 kilometers, capable of reaching the west coast of the U.S. This is why the

North's rocket launch should not be underestimated. The \$400 million launch site could be used for future testing of another advanced long-range missile on the back of the April 13 failure.

For Kim Jong-un, the botched launch was an \$850 million humiliation. The rocket and satellite cost the destitute country \$300 million and \$150 million, respectively, to build, according to South Korea's estimate. The country spent an additional \$400 million in constructing the brand new launch site, which is twice the size of the country's existing Musudan-ri site on the northeast coast where it fired its first long-range rocket, known as Taepodong-1, in 1998 and advanced Taepodong-2 missile in 2006.

The money squandered in the failed launching could have bought 2.5 million tons of badly needed corn, an amount that is enough to make up for food shortages for six years, given the country's annual shortfall of 400,000 tons. No one knows with confidence the size of the North Korean economy and its budget expenditures, but South Korea and the United Nations estimate the country's economy at around \$20 billion and annual budget at \$5.7 billion.

The costly rocket launch that used up 15 percent of the country's annual budget highlights the regime's choice for political and military purpose over feeding its own starving people. The rocket blastoff was just part of celebrations to mark the April 15 centenary of the birth of its founder, Kim Il-sung, which cost the impoverished nation an estimate \$2 billion in building political structures, inviting foreign guests and providing special birthday gifts to its citizens.

The North also lost 240,000 tons of food aid, worth \$200 million, when the United States canceled its aid plan due to the rocket launch, which violated UN sanctions. By all accounts, the botched rocket launch became the worst present the famine-hit residents got on the 100th anniversary of their "Eternal President" Kim Il-sung.

Political and Military Loss

But Kim Jong-un failed to win political gains from the rocket launch. The rocket was meant as "the piece de resistance" in celebrating his rise to power, marking an end to the 100-year-long era of his father and grandfather. He carefully chose the date for final coronation to coincide with the 100th birthday of his grandfather because filial piety is of paramount importance for the successor in the Confucian dynasty. Kim intended to embellish his rise to power with high-profile events that showed his filial duty to his forefathers and called for public loyalty "generation after generation," while demonstrating his own abilities to lead.

For this reason, Kim, who ascended to power in December after the abrupt death of his father Kim Jong-il, has masterminded the rocket launch. He made a visit to the Strategic Rocket Force Command in early March to check out the planned missile test. The North's state television showed missile technicians praising Kim as "checking everything" on the launch. Days earlier, he gave the ranks of military generals to three non-military officials in charge of missile development; Pak To-chun, the country's top missile development official

as the Workers' Party secretary for military industry; Ju Kyu-chang, the head of the party's machine industry department; and Paek Se-bong, the chairman of the Second Economic Committee believed to be in charge of defense economy.

Kim also raised expectations by inviting foreign television crews to the one of the world's most isolated nations where the flow of outside information could threaten the personality cult-based dictatorship. Foreign journalists were brought to the Tongchang-ri site to see the rocket and the satellite days before the blastoff, though they were not allowed to witness the liftoff on the ground.

But his hopes were dashed with the rocket fizzling out embarrassingly. The young, inexperienced leader is likely to feel his pride was wounded, which may drive him to show his next card of a third nuclear test, an option favored by the powerful military. In his first public speech to his nation and the outside world on April 15, Kim vowed to further bolster the military, saying, "the superiority of military technology is no longer a monopoly of imperialists" and the North is not threatened by its enemies' atomic blackmail any more, referring to the United States and its allies.

His speech was followed by a massive military parade, in an apparent show to the world that he has other options. The biggest-ever military parade included what is believed to be an intercontinental ballistic missile on a 16-wheel mobile launcher with a range of 5,000 to 6,000 kilometers.

The fizzled rocket is likely to deliver a blow to the North's hard-won reputation as a military powerhouse as it has raised

doubts about its capability of building long-range missiles. The Unha-3 rocket traveled only 500 kilometers, much shorter than its previous launches – 1,550 kilometers for the Unha-1 in 1998 and 3,100 kilometers for the Unha-2 in 2009.

Both times, however, the final stage failed to separate. In between, in 2006, the North fired a long-range missile, named Taepodong-2, which flew 499 kilometers. The repeated failures show that the North has yet to master the technology it needs to control multistage rockets, disappointing its potential clients for ballistic missile technology.

Diplomatic Loss

The question about its missile technology could weaken its leverage in negotiations and its long-running blackmail diplomacy. Pyongyang has used its missile technology to effectively threaten neighbors and extract concessions. During missile talks in 1996-1997, North Korea demanded that Washington pay \$3 billion in compensation for economic losses it would suffer from suspending missile exports. But with its brand-new rocket crushing into waters after flying just 500 kilometers, the North's blackmail diplomacy may lose steam.

Still worse, the missile test in defiance of international appeals has touched off condemnation from the United Nations Security Council whose 15 members, including North Korea's closest ally China, adopted a strongly worded presidential statement underscoring its united opposition. The statement expressed the Security Council's "determination to take action

Kim Jong-un failed to win political gains from the rocket launch. The rocket was meant as “the piece de resistance” in celebrating his rise to power, marking an end to the 100-year-long era of his father and grandfather. Kim intended to embellish his rise to power with high-profile events that showed his filial duty to his forefathers and called for public loyalty “generation after generation,” while demonstrating his own abilities to lead.

accordingly in the event of a further DPRK (North Korea) launch or nuclear test,” referring to reports about the North preparing for a third detonation of atomic weapons. The statement does not carry the diplomatic weight of a Security Council resolution, but the unanimous, quick response underscores major diplomatic challenges ahead for Kim Jong-un.

He could use the U.S. decision to cancel its food aid plan as a pretext for conducting a nuclear test, claiming that Washington first violated the latest deal, but it could further backfire as the United States has vowed stern countermeasures, citing “all options,” which may include a surgical strike.

The Feb. 29 deal calls for a moratorium on missile and nuclear tests by Pyongyang in exchange for 240,000 tons of nutritional aid from Washington. Pyongyang claims its rocket launch was not a violation of the deal because it was for sending a satellite into orbit, not a missile, a claim that could trigger a desirable, protracted blame game.

But a nuclear test will effectively nullify the deal and lead to deeper diplomatic isolation and worsening economic troubles, which will leave North Korea militarily strong, but also, potentially, the poorest in the world, which is a far cry from the “strong and prosperous” nation his father promised to build. (Yonhap News)

Pro-Pyongyang Newspaper Hints at N. Korea’s Possible Nuclear Test

North Korea may carry out a nuclear test if the U.S. scraps its promised food aid in retaliation for Pyongyang’s upcoming rocket launch, a pro-Pyongyang newspaper in Japan reported on April 4. The North also may not honor its pledge to suspend uranium enrichment if Washington backs out of their recent nuclear freeze-for-food deal.

N. KOREA'S STRATEGY FOR REBUILDING ECONOMIC POWER

North Korea's immediate goal is to revitalize its moribund economy and rebuild the country into an economic power.

■ By Cheong Seong-chang *Senior Research Fellow at the Sejong Institute in Seongnam, South Korea*

The North Korean theory regarding their wish to turn the socialist country into a Kangsong Taeguk (a great country that is powerful and prosperous), which was proposed as a state strategy for development, comprises three parts. North Korea as a political, ideological power; North Korea as a military power; and North Korea as an economic power. But the North has claimed that the country is already powerful politically, ideologically and militarily, indicating that the North's immediate goal is to revitalize its moribund economy and rebuild the country into an economic power. The North began to expose this position through concrete measures at the turn of the 21st century.

North Korea has prepared for economic reforms and an opening-up since the first-ever inter-Korean summit in June 2000, and took a series of steps aimed at improving its economic management in July 2002. It designated Sinuiju, Kaesong and the Mt. Kumgang area as special zones. The North's policy change to a future-minded one, however, could hardly pay off in the short or middle term. For this reason, the

North Korean leadership had to seek to improve the economic situation facing the country while maintaining the policy line for constructing its self-reliant national economy and the framework for its command economy. This policy behavior of the North is supported by the fact that the North proposed "the principle of our own style, the principle of self-rehabilitation," plus "the principle of valuing actual benefits," under the guiding principle for turning the country into a Kangsong Taeguk.

Principle of Our Own Style

North Korea argues that it needs to maintain "the principle of our own style" in turning the country into a Kangsong Taeguk, because the project is "an enormous project to push ahead with in a proper way to real conditions facing the country and in a completely new way." And the North has offered concrete ways for North Korean citizens to abide by "the principle of our own style" as follows.

First, they are required to rebuild their country into a Kangsong Taeguk on the

basis of displaying the great political, ideological power, plus the great power of collectivism and socialism. Second, they are required to mix the political, moral stimulus with the physical stimulus while putting priority on the former, and consistently maintain the principle of properly utilizing economic space while firmly maintaining the principle for managing the command economy. Third, they are required to intensively solve pending problems while depending on the superiority of the socialist command economy and weighing the priorities regarding solutions to economic problems under the principle of centralization of the governing power. Fourth, they are required to solve economic problems in a way to respect the economic base and structure of the country, effectively utilize them and fit in with the situation facing their country.

North Koreans' requirements for their self-reliant rehabilitation shown by the North are as follows. First, they should search and mobilize internal reserves actively. Second, they should achieve a surge in production, developing their economy for themselves, and not through joint ventures and business tie-ups with foreign countries, and utilizing the North's economic potential effectively. Third, they should activate the functions of economic sectors one after another, sectors which are pivotal for the national economy.

Undoubtedly in a move to stress "the principle of valuing actual benefits" mentioned by the North as a guiding principle for turning the country into a Kangsong Taeguk, the North explains "the principle of our own style" and "the principle of self-

reliant rehabilitation" in a practical, innovative way. Noteworthy is that the former principle is not in a contradictory relation with the two other principles. The North is placing an extraordinary accent on "actual benefits" undoubtedly because of its urgent need for the North Korean economy.

Principle of Valuing Actual Benefits

On this matter, Kim Jae-ho, the North Korean author of "Kim Jong-il's Strategy for Rebuilding the Country into a Kangsong Taeguk," says: "It is a very important, urgent question raised in our country today to ponder the priorities to be given to plants and sectors for normalizing their production at a time when many plants and enterprises have suspended their operation for various reasons, and they need to revive their production lines." For this reason, the North views that it should make a proper judgment and maintain the principle of seeking actual benefits should it decide the priorities regarding production normalization and technological innovation and vitalize the economic sectors one after another.

Basic requirements for North Koreans to abide by the principle for valuing actual benefits mentioned by the North are as follows. First, all plants and enterprises should make actual profits by means of minimum spending and maximum profits. Second, they should establish an economic management in a scientific, reasonable way, in consideration of conditions facing them. Third, they should go ahead effectively with production and construction in a way to fit in with the changing environ-

ments and conditions, without sticking fast to the past. Fourth, they should restructure the industry in a way to meet the demand of economic development. Fifth, they should struggle for improving the quality of their products. Sixth, they ponder all of their assignments and set up plans scrupulously to carry them out. Seventh, all industrial sectors should accept scientific, technological results.

In a move to translate the principle of respecting actual benefits into action, North Korea took an array of the measures for improving economic management on July 1, 2002. The steps were taken against a backdrop of North Korea leader Kim Jong-il's instruction given to senior economic officials at the Workers' Party and the Cabinet in October 2001. The instructions call not only for the rationalization of wages and prices but for the transfer of rights to establish production plans and implement them from the central government to the provincial government and the allowance of the right to decide prices of their products to plants in provincial areas.

In remarks regarding economic management, Kim Jong-il has said: "Without an innovation in economic management, we can neither activate the national economy nor rebuild our country into a Kangsong Taeguk. The seed (referring to a pivotal principle) we should uphold while improving and completing our economic management in a socialist way is to abide by the socialist principle without fail should we gain actual benefits to the maximum."

In line with Kim's instruction, the North took "epochal" measures to improve and reinforce its economic management. And

the measures are aimed at introducing a new economic management method conducive to gaining actual benefits to the maximum while abiding by socialist principles. North Korea asserts that a socialist Kangsong Taeguk is nothing but a scientific, technological power, and that any country cannot become a Kangsong Taeguk if it is not furnished with scientific, technological know-how.

Economic Management Method

An editorial carried in *Rodong Sinmun* on July 4, 2000 and also in the July 2000 edition of *Kulloja*, a monthly publication of the Party Central Committee, under the heading, "Let Us Construct Our Country into a Kangsong Taeguk for Ourselves," said: "We must depend completely on science and technology should we survive for ourselves. With the development of science and technology, we can make something out of nothing and can achieve an economic revival, mobilizing and utilizing all of our natural resources and potential to the maximum. Away from science and technology, we can hardly dream about self-reliant rehabilitation.... By all means we must develop science and technology, and must solve the food problem and construct our country into a Kangsong Taeguk, depending on it.

North Korea has emphasized the significance of information-related science and technology in close relations with computers since January 2009 when Kim Jong-il reportedly designated his third son Kim Jong-un as his successor.

This editorial indicates that the Workers'

North Korea has emphasized the significance of information-related science and technology in close relations with computers since January 2009 when Kim Jong-il reportedly designated his third son Kim Jong-un as his successor.

Party of Korea is changing its stance in a way to accept the scientific and technological achievements in advanced foreign countries, away from the position for self-sufficiency in the past.

The editorial gave a new definition of the party and “loyalists.” Unprecedentedly, it declared, “Our party is the party to achieve a revolution while trusting in science and depending on it.” It also said, “Of course, important in constructing socialism is to maintain revolutionary spirit. But gone are the days when they push ahead with revolution and construction only under revolutionary spirit. Strong revolutionary spirit, plus science and technology, this combination is the way leading socialism to success.... Today, loyalists, who share an ambition with great comrade Kim Jong-il, are figures of ability who know and respect science... Today is an era of competition oriented with ability. Those, who do not know science, will turn into dropouts in this advancing era.”

Shortly after the first-ever inter-Korean summit in June 2000, North Korea began unprecedentedly to emphasize the significant development of science and technology while giving a new definition of “self-reliant rehabilitation,” probably in a move to get out of its traditional stand oriented

with politics. The editorial in sharp contrast with the 1982 work of Kim Jong-il under the heading, “About Juche Idea,” which shows the closed nature of his economic view.

North Korea has emphasized the significance of information-related science and technology in close relations with computers since January 2009 when Kim Jong-il reportedly designated his third son Kim Jong-un as his successor. In the editorial carried simultaneously in the North’s three major newspapers on New Year’s Day of 2009, North Korea, while mentioning “self-reliant rehabilitation” four times, maintained, “Collectivism and self-reliant rehabilitation concerns our unique method for revolution and there can be no better method than this.”

But in the joint editorial on New Year’s Day the next year, North Korea made no mention of “self-reliant rehabilitation.” While defining the current era as the “era of information industry” and “the era of economic knowledge,” the editorial, surprisingly, used an English abbreviation, “CNC,” which stands for “computer numerical control,” and means the method of controlling machines by the application of digital electronic computers and circuitry. (Yonhap News)

NORTH KOREA'S DELUSION OF KANGSONG TAEGUK

Kim Jong-un should consider reforming and opening up the country if he does not wish to see the collapse of the system.

■ By Ko Yong-hwan *Senior Research Fellow, the Institute for National Security Strategy in Seoul, Korea*

North Korea has made a logic to build the country into a Kangsong Taeguk (great, prosperous and powerful country) as a national goal for its survival and development as the Kim Jong-il's era officially launched in 1998. The goal is aimed at turning the country into an advanced socialist country, in which its people live without envy. North Korea set 2012 as the target year for this goal to coincide with the centenary of the birth of its late founder, Kim Il-sung.

During the 1990s, Kim Jong-il pushed for utmost closed-door policies, while refusing to adhere to international demands to reform and open up his society. It resulted in some 2-3 million victims of starvation. Out of this situation, the former leader contrived the idea of constructing a Kangsong Taeguk for the people in the depths of despair. Through this, Kim was able to maintain the system for 14 years as the people living in severe hardship pinned their hopes on the leader's idea.

Although North Korea has claimed that it will become a Kangsong Taeguk in 2012, the socialist nation is nowhere near reach-

ing its dream. North Korea exerted its own efforts for the goal until 2007 when the North designated 2012 the year for becoming a great, prosperous and powerful nation in a meeting of North Korean intellectuals held in Pyongyang on Nov. 30 that year.

The North has an even lower living standard than the world's poorest countries in Africa. More than a few North Koreans are dying from hunger in South Hwanghae Province, the breadbasket of North Korea, and industrial zones such as Chongjin and Hamhung. The majority of people in the impoverished nation cannot even afford one meal a day, nor can they possess any firewood to warm themselves.

Moreover, people in the poverty-stricken state are addicted to a North Korean drug called "bingdu (ice)." Those suffering from the drug-induced hallucination are said to kill people and practice cannibalism. It is also shocking to see that the so-called "women selling cigarettes," who prostitute themselves for living, include not only young women in need of money but also those in prestigious professions such as

The new leader should consider reforming and opening up the country if he does not wish to see the collapse of the system He should abolish the age-old Songun politics and adopt Sonmin (people-first) politics and Songyong (economy-first) politics, and stop feeding them with delusion and flummery in order to save them from a life of poverty.

doctors. It's impossible to think of North Korea as a Kangsong Taeguk in this sense.

Amid the dire poverty of the country, Kim Jong-un assumed control of the nation after his father Kim Jong-il died in a third-generation hereditary succession. He has pushed ahead with a series of extravagant political and military events to mark the 100th birth of the "eternal president" Kim Il-sung, dubbed "the Day of Sun." The events include a conference of party delegates, a session of the Supreme People's Assembly, the launch of the Kwangmyongsong-3 long-range missile, a celebration of the 100th birth of Kim Il-sung and a military parade marking the 80th anniversary of the foundation of the North Korean army.

And also, the art festival scheduled for the Day of Sun is expected to cost the impoverished state some US\$8 million, which includes the airfare, hotel costs and prize fees for all 800 artists from 23 countries. Other events such as a military parade are estimated to cost at least hundreds of millions of dollars. Most importantly, the North's planned missile launch is calculated at \$850 million, which is the

equivalent of feeding the entire population for one year.

The fact that the current leader is undertaking the biggest-ever events while turning a blind eye to the problems of the country shows the regime's indifference toward its citizens who cannot even afford the basic necessities.

Kim Jong-un's top priority is to gain military support like his father, while inculcating the illusion of Kangsong Taeguk in his people. That implies that Kim Jong-un is focusing on maintaining the regime by developing nuclear weapons and following his father's Songun or military-first politics.

However, Kim Jong-un must remember that the fundamentals of politics are about solving the basic needs of the people in a country. The new leader should consider reforming and opening up the country if he does not wish to see the collapse of the system. He should abolish the age-old Songun politics and adopt Sonmin (people-first) politics and Songyong (economy-first) politics, and stop feeding them with delusion and flummery in order to save them from a life of poverty. (Yonhap News)

KIM JONG-GAK

Vice Marshal and Minister of the People's Armed Forces

Member of the National Defense Commission

Member of the WPK Central Military commission

Member of Political Bureau of the WPK Central Committee

With the official launch of the Kim Jong-un era, North Korea moved new figures into key posts in the fourth conference of the party and session of the Supreme People's Assembly, ostensibly aiming to organize the new leader's own inner circle to consolidate his power.

Among them, the figure who received the most attention from North Korea watchers in Seoul and elsewhere was Choe Ryong-hae, who was named a member of the Presidium of the Political Bureau of the Workers' Party of (North) Korea (WPK) and director of the General Political Bureau of the (North) Korean People's Army (KPA). The next figure was Kim Jong-gak.

During the WPK's fourth conference on April 11, Kim Jong-gak was elected a member of the Political Bureau of the WPK, along with Jang Song-thaek, Pak To-chun, Hyon Chol-hae, Kim Won-hong and Ri Myong-su.

In February, Kim Jong-gak, who served as full general and first-vice director of the

General Political Bureau of the KPA, was promoted as the vice marshal along with Choe Ryong-hae and Hyon Chol-hae. And also Kim was appointed as the new minister of the People's Armed Forces under control of the National Defense Commission in April.

Kim's appointment as defense chief was revealed in a report released by the North's official Korean Central News Agency (KCNA) on April 10. The report was regarding a national memorial service to mark the 30th anniversary of the death of Choe Hyon, the former minister of the People's Armed Forces.

In the report, the KCNA introduced Kim Jong-gak an alternate member of the Political Bureau of the WPK Central Committee, the minister of the People's Armed Forces and vice marshal, saying that he delivered a speech to honor the memory of Choe Hyon.

New minister Kim Jong-gak, who replaced Kim Yong-chun, is regarded as one of the key figures helping the inexperienced Kim Jong-un tighten his grip on

the military.

In his first promotion measure on Feb. 15, North Korea's young leader promoted Kim Jong-gak to a vice marshal. Earlier, Kim was one of the seven top officials who accompanied Kim Jong-un in walking beside his father's hearse during the funeral procession on Dec. 28 last year.

While reflecting his elevated status as one of the leaders in the military, Kim Jong-gak attended the massive military parade to commemorate the 100th birth anniversary of Kim Il-sung in his white military uniform along with Choe Ryong-hae and Ri Yong-ho. The situation was unprecedented in the Kim Jong-il era.

According to the North's news media, Kim Jong-gak was born in Jungsan County, South Phyongan Province, on July 20, 1941 and entered the military in August 1959. Later, he graduated from Kimilsung Military University.

He has had a very impressive career in the military. He was a battalion commander, vice commander of a corps, chief of staff and director of a training center, vice-minister of the People's Armed Forces and first-vice director of the General Political Bureau of the KPA.

Like other powerful officials, Kim Jong-gak also came to front in the army after he showed the strategic and tactical skills needed to direct a military parade. He led a military parade in October 2000 that marked the 55th anniversary of the WPK at Kimilsung Square in Pyongyang. At that time, he was vice minister of the People's Armed Forces and a three-star colonel general.

Since then, his post has risen and he is now one of the powers behind North



KIM JONG-GAK

Korean young leader Kim Jong-un. "The North Korean military trusted Kim quite a lot, who used to work at the 820 mechanized corps in Sariwon, North Hwanghae Province," Choe Ju-hwal, a defector-turned-researcher, said in an interview with a newspaper in Seoul.

South Korean authorities have focused on Kim since he was made first-vice director of the General Political Bureau of the KPA in March 2007. He was the acting director after former bureau director Jo Myong-rok, who died in November 2010, became ill.

Some North Korea watchers in Seoul have monitored his roles within the military. Kim Yeon-su, a professor at the state-run Korean National Defense University in Seoul, said, "We were tipped off that Kim taught the heir apparent Jong-un about how to control the military through the party." (Yonhap News)

N. Korea's Parliament Approves Budget and Major Tasks for 2012

N.K allocated large amounts of its budget for the development of the national economy to improve the industrial, construction and agricultural fields.

North Korea held its annual parliamentary session on April 13 to deal with the state budget and major tasks for the year as the country was celebrating the 100th birth anniversary of its founding leader, Kim Il-sung. The budgetary projects were, however, somewhat overshadowed by political and military events to show that new leader Kim Jong-un has now completed his power succession.

During the one-day session held at Mansudae Assembly Hall in Pyongyang, the North's Supreme People's Assembly (SPA) approved 15.8 percent of the country's 2012 budget to be injected for defense. Finance minister Choe Kwang-jin said the state budgetary revenue for last year showed an increase of 1.1 percent, of which the local budgetary revenue surplus was 12.8 percent and the state budgetary expenditure was implemented at 99.8 percent.

According to the finance minister, the state allocated huge amounts of its budgetary expenditure for the development of the national economy. "This was to financially back work to improve the major

industrial fields, including the light industry, agriculture and four vanguard fields of the national economy, in addition to boosting production and building edifices to be presented at the centenary of the birth of President Kim Il-sung."

Despite its economic hardships, the SPA session gave a positive evaluation of the budget expenditure last year. "The state made a satisfactory budgetary allocation for enforcing popular policies, and social and cultural policies, a key indication of the advantages of the socialist system in the DPRK (North Korea)," the finance minister reported.

He cited, as contributing to the enforcement of social measures, such programs as universal compulsory free education, free medical care, social insurance, social security, stays at sanatoria and rest homes, and the rapid development of sports and culture in the Songun (military-first) era.

The parliament also approved 15.8 percent of the country's 2012 budget to be injected for defense. The finance minister said, "The scale of revenue and expenditure of the state budget for this year was

shaped in such a way as to provide a financial guarantee for an all-out offensive for carrying out the WPK's strategy for building a thriving nation." The country's plan for state budgetary revenue this year is expected to increase 8.7 percent, according to the minister's report as carried by the KCNA.

The plan for state budgetary expenditure is expected to grow 10.1 percent, of which expenditures for the light industry and agriculture makes up 9.4 percent, that for the power, coal and metal industries and railway transport 12.1 percent, and for capital construction 12.2 percent, according to the report.

Also, budget expenditures for the development of science and technology will grow 10.9 percent, for education 9.2 percent, for public health 8.9 percent, for social insurance and social security 7 percent, for sports 6.9 percent and for culture 6.8 percent on-year. He said that a large amount of educational aid fund and stipends will be sent for the children of Koreans in Japan.

Choe stressed the need for all units and fields of the national economy to conduct a vigorous drive for pushing back the frontiers of the latest science and technology in response to the flames of industrial revolution in the new century, saying the flames were kindled in South Hamgyong Province and thus bring about a steady surge in production and construction. South Hamgyong Province in North's Korea's eastern part is an industrial hub of the country, where many chemical and heavy industries are located.

Meanwhile, Premier Choe Yong-rim gave a report on the work of the Cabinet

last year and its tasks for this year, saying gross industrial output value grew 2 percent last year. He said the amount of electricity produced at hydraulic power stations, as well as iron ore, electrolytic zinc, power generators, fertilizers and magnesia clinker all showed remarkable growth over the previous year. The premier said the second-phase Kwaksan Tideland Project was completed and many projects for irrigation set-ups were carried out and modern stock-breeding and fruit production bases technologically updated.

Saying the country made brisk headway on its technological production processes for iron and steel works, he emphasized the raw materials bases for light industry had been adjusted and reinforced. "The Hungnam Fertilizer Complex, the February 8 Vinalon Complex and the Namhung Youth Chemical Complex were technologically updated," he said.

He said the cabinet will concentrate all efforts on light industry and agriculture this year to lay a solid foundation for building economic power. "It is the most important target of the struggle set by the WPK for this year to bring about a signal improvement in the people's standard of living.

He also stressed the importance of building export production bases, the development of economic and trade zones, and joint ventures and contracts for economic and technological cooperation with other countries. He said the utmost effort should be directed to ensuring the combat preparedness of the People's Army and providing a material guarantee for the development of the national defense industry. (Yonhap News)

<Internal Affairs>

North Korea Names Jon Yong-nam First-Secretary of Youth League

North Korea named Jon Yong-nam first-secretary of its youth organization, replacing Ri Yong-chol, the North's news outlets said on March 22.

"Jon Yong-nam is named as the new first-secretary of the Kimilsung Socialist Youth League, with Ri Yong-chol stepping down from the post due to his age," the North's official Korean Central News Agency (KCNA) said.

The appointment came as the 47th plenary meeting of the Central Committee of the youth league was held. The KCNA, however, did not give details about Jon's career or personal background.

Ri, who is son of Ri Hwa-son, former deputy chief of the ruling Workers' Party's Organization and Guidance Department, had served as first-secretary of the league since December 2007. He was a member of the funeral committee for late leader Kim Jong-il in December last year.

The league, named after the late founder of the socialist country, is a youth organization that mobilizes around five million young North Koreans between the age of 14 and 30. (Yonhap News)

Joint Venture Contracts with Foreign Companies Increasing in the North

North Korea is enjoying a rise in joint venture contracts from overseas companies, after improving its environment for foreign investment, the nation's media reported on March 23.

"The number of joint venture contracts from overseas companies is continuously escalating thanks to the positive turnout of its environment for foreign investment," said Yun Yong-sok, vice director of the Committee for Investment and Joint ventures.

Yun was quoted by the KCNA, as saying, "DPRK (North Korea) is willing to further improve its environment for foreign investment."

Earlier this year, North Korea revised several laws regarding foreign investment in a bid to draw more overseas resources into its weakened economy.

The amended laws deal with labor conditions, financial management and accounting of foreign investment firms, as well as the registration, taxation and bankruptcy procedures of the joint venture companies.

The socialist nation, in addition, established an investment insurance firm in mid-March, in efforts to reduce the risks stemming from uncertainties of its country for its investors.

According to the KCNA, large scale investments, such as mineral resources, rail projects and power plants are becoming key attractions for investment among the foreign companies.

Meanwhile, the committee has also been engaged in development projects aimed at luring foreign investment since 2010, particularly in North Phyongan Province, located in north-western North Korea. (Yonhap News)

Kim Jong-un Visits Mausoleum to Mark 100th Day of Late Leader's Death

North Korean leader Kim Jong-un visited a mausoleum of his father on March 25 to mark the 100th day of the death of the late North Korean leader amid rising tensions over Pyongyang's plans to launch a rocket.

"Kim Jong-un, the supreme commander of the (North) Korean People's Army (KPA) and supreme leader of the Workers' Party of (North) Korea (WPK) and people, on March 25 visited the Kumsusan Palace of the Sun in Pyongyang, reflecting the profound condolences of all the service personnel and the people across the country and progressive mankind, and profoundly mourned for leader Kim Jong-il on the 100th day since his demise," the KCNA reported.

Kim Jong-un, believed to be in his late 20s, ascended to power after Kim Jong-il died of a heart attack on Dec. 17.

Kim Jong-un was accompanied to the Kumsusan Palace by senior officials of the government, military and ruling Workers' Party, according to the KCNA.

"Kim Jong-un together with senior officials of the party, the state and armed forces organs entered the hall where the portrait of smiling Kim Jong-il is hung," the KCNA report said. "Kim Jong-un together with them observed a moment's silence in memory of Kim Jong-il and deeply mourned for him."

The "dear respected Kim Jong-un" also attended "a solemn national memorial service" held in Pyongyang on March 25 "on the 100th day since the demise of leader Kim Jong-il," the KCNA said.

Choe Yong-rim, premier and member of the Presidium of the Political Bureau of the WPK, lauded Kim Jong-il for the military-first "Songun politics," saying he "turned the DPRK (North Korea) into a world military power and a full-fledged nuclear weapons state in the most difficult period of the Korean revolution."

The participants observed a moment's silence to the memory of Kim Jong-il amid gun salute, the KCNA said, adding, "Similar memorial services took place in all provinces, cities and counties on this day." (Yonhap News)

North Korea Completes New Power Plant to Tackle Energy Shortage

North Korea on April 6 said that it has dedicated a new hydroelectric power plant in its central northern area bordering China, a project long touted as a symbol of its bid for the construction of a "strong and prosperous state."

“The construction of the Huichon Power Station has been completed in the DPRK (North Korea),” the KCNA said, adding that a dedication ceremony took place on April 5.

“The builders finished the construction of the power station in a matter of three years though it would have taken more than a decade at normal pace,” the KCNA said.

Chronic shortage of electricity and other energy has long been one of the problems beleaguering the North’s moribund economy, which has been under sanctions by the international community due to its nuclear and missile tests.

“The completion makes it possible to more satisfactorily settle the shortage of electricity in Pyongyang, protect cultivated land and residential areas along the Chongchon River from flooding and ensure an ample supply of industrial water to the industrial establishments in the Huichon and Namhung areas,” the KCNA said.

The plant, which has a generating capacity of 300,000 kilowatts, was launched by late leader Kim Jong-il, who reportedly visited the construction site eight times before his death last December to order an early completion of the project.

North Korea has designated 2012 as a moment in its history to rise as “a great, powerful and prosperous nation” – a propaganda slogan that was spearheaded by Kim Jong-il. (Yonhap News)

North Korea Confers Highest Honor to Late Leader Kim Jong-il

North Korea has conferred its highest honor to late leader Kim Jong-il for laying an eternal foundation for the country’s prosperity.

The Supreme People’s Assembly posthumously awarded the Order of Kim Il-sung to Kim Jong-il on March 29 by “reflecting the unanimous will and desire of all the service personnel and people,” the KCNA said on April 9. The rubber-stamp parliament praised Kim for making the country a nuclear state and a country that manufactured and launched satellites.

The parliament said in a decree that the award was given to Kim Jong-il on the occasion of the April 15 centennial of the birth of his late father Kim Il-sung, the North’s founder.

Kim Jong-il died in December and was succeeded by his own son Jong-un.

The announcement came just days before North Korea will launch a long-range rocket sometime between April 12 and 16 to put an earth observation satellite into orbit, a move widely seen as a pretext to disguise a banned test of its ballistic missile technology. (Yonhap News)

N.K. Hurriedly Completes Economic Projects on Kim Il-sung’s 100th Birthday

North Korea has hurriedly completed a number of economic construction projects in a bid to show off its achievements to rebuild the country as a powerful nation before the centennial of the birth of its late founder Kim Il-sung on April 15.

The North's mass media, including the KCNA, have reported the recent completion of several economic construction projects, which the North has claimed as major achievements for turning the country into a Kangsong Taeguk (a strong, prosperous and powerful country).

North Korea had pushed to speed up the completion of its construction projects so as to demonstrate it had become a Kangsong Taeguk, as promised in time for Kim Il-sung's 100th birthday anniversary.

Indicating that reaching such a state was an instruction left behind by late leader Kim Jong-il, *Rodong Sinmun*, the North's ruling Workers' Party newspaper, said on Feb. 12, "Kim Jong-il's ultimate goal was to open up the gate (of North Korea) as a socialist powerful country in 2012, the year of 100th birthday of Kim Il-sung."

The KCNA said on April 6 that a grand inaugural ceremony had been held to mark the completion of the Huichon Power Station, which has long been touted as a symbol of the desired Kangsong Taeguk.

"The completion makes it possible to more satisfactorily settle the shortage of electricity in Pyongyang, protect cultivated land and residential areas and ensure an ample supply of industrial water to industrial establishments," the KCNA said.

The following day, the KCNA reported the completion of construction in the reclaimed Taegyedo tideland in the Yellow Sea. The project makes it possible to operate stable farming, fish breeding and aqua culture projects in the cultivated land, it said.

Earlier on April 3, *Rodong Shinmum* reported that the 618 Cement Factory project had been finished. "The newly built factory is a gift presented to the centenary of the birth of President Kim Il-sung and the 4th Conference of the Workers' Party of Korea," the newspaper added.

Some North Korea watchers in Seoul interpret the developments as attempts to give the visual impression to the North's populace that the country is turning into the promised Kangsong Taeguk ahead of upcoming national events. (Yonhap News)

<External Affairs>

N.K. Invites IAEA Inspectors to Monitor Nuclear Facilities

North Korea invited inspectors from the international nuclear watchdog to monitor the country's nuclear facilities, its envoy said on March 19, in line with a bilateral agreement with the U.S. struck in February.

Ri Yong-ho, vice foreign minister and chief nuclear envoy, told reporters of the North's formal invitation to the International Atomic Energy Agency (IAEA) inspectors after a meeting with Wu Dawei, China's special representative on Korean Peninsula Affairs.

The IAEA confirmed it received the invitation from the North on March 16, saying it will

meet with Pyongyang and talk to “other related parties” on the details of the inspection.

However, “Nothing has been decided yet,” said IAEA spokeswoman Gill Tudor.

Speaking on the North’s recent disclosure of a satellite launch planned for mid-April, the vice foreign minister said it is “a different matter” from the bilateral agreement.

Under the deal hammered out on Feb. 29, Pyongyang agreed it will tentatively suspend its uranium enrichment program and cooperate with international nuclear inspectors in return for 240,000 metric tons of U.S. food aid.

Despite the invitation to the IAEA, the U.S. remains critical, saying the North’s planned satellite launch, which could be used to test long-range missiles, may jeopardize the agreement. (Yonhap News)

N. Korean Orchestra Returns Home After Joint Concert in Paris

North Korea’s orchestra returned home after wrapping up a landmark joint concert in Paris with a French orchestra, the KCNA said on March 19.

Pyongyang’s Unhasu Orchestra, which arrived in Paris three days earlier, performed a joint concert on March 14 with the Radio France Philharmonic Orchestra under the baton of renowned South Korean conductor Chung Myung-whun.

The two orchestras performed Brahms’ Symphony No. 1 and “Arirang,” a pan-Korean folk song well-known and loved by the Korean people, at the packed Salle Pleyel music hall.

Chung, whose mother was originally from the North, organized the joint performance in France after Pyongyang turned down his initial plans for a joint inter-Korean concert, citing current tensions between the neighboring countries.

The event was assessed as an opportunity for musical diplomacy toward reconciliation of a divided people. The Korean Peninsula has been split since the 1950-53 Korean war, which ended in an armistice, not a peace treaty.

The South Korean maestro said he will continue to push for a joint concert between North and South Korean musicians. “I don’t know a single Korean who does not wish for the reunification of the two Koreas,” he said.

“This event is meaningful in that it marks the first time for North Korea and France to hold a concert together,” said Kwon Hyeok-bong, the musical adviser leading Pyongyang’s delegation. “I believe it’s a historical event that will improve bilateral relations between our two countries.” (Yonhap News)

North Korea Denounces UNHRC Resolution on its Human Rights

North Korea denounced a resolution passed by the U.N. Human Rights Council (HRC), the state media reported on March 26, amid growing criticisms from the international

community on its human rights violations.

The resolution, adopted in Geneva on March 22, condemned the harsh persecution of repatriated North Korean defectors and political prisoners, and also extended the term of the U.N. special rapporteur on the North Korea human rights situation by another year.

The KCNA quoted its Foreign Ministry as saying, "The anti-North Korean resolution submitted by adversaries is commonplace and not worth giving attention." It went on to say, "We (North Korea) will crush any actions or plots that infringe on national sovereignty or sabotage the socialist regime."

The resolution came after the issue of deportation of North Korean defectors caught in China was raised in the international arena. Tens of thousands of North Korean defectors are believed to be hiding in China, hoping to travel to Thailand or other Southeast Asian countries before they settle in South Korea.

In mid-March, South Korean lawmakers attended a U.N. meeting in Geneva on human rights and asked for international efforts to stop the repatriation of North Korean defectors.

North Korean human rights resolutions have been adopted at the HRC and U.N. general meetings every year since 2003. (Yonhap News)

N. Korea, Russia to Start Cross-border Train Service in October

North Korea and Russia will start a cross-border cargo train service in October, Pyongyang's state media reported on April 2, in a move that could make a North Korean port a regional hub for Europe-bound shipments.

The announcement came more than three years after the two countries launched a project to rebuild "a mixed track" between Russia's Far Eastern border town of Khasan and North Korea's northeastern port city of Rajin.

The North designated Rason, which includes the Rajin port, as a special economic zone in 1991 and has since striven to develop it into a regional logistics hub close to both China and Russia.

"The laying of railroad and renovation of railway stations, tunnels and communications facilities are now under way in the section," the KCNA quoted senior railway official Kim Chang-sik as saying in an English-language dispatch.

The proposed cargo service can handle at least 100,000 shipping containers each year, the KCNA said in a dispatch.

The renovation project, if completed, will offer a new route of container transportation between Northeast Asia and Europe, the dispatch said, and could significantly reduce shipping time and costs.

The freight service could also help boost relations between North Korea and Russia, including their economic cooperation, the dispatch said.

The trade volume between North Korea and Russia stood at US\$110 million in 2010, the

latest year for which statistics are available, according to South Korea's state-run Korea Trade-Investment Promotion Agency.

Russia maintains friendly ties with North Korea, though its leader Dmitry Medvedev has strongly denounced North Korea's rocket launch set for sometime between April 12 and 16.

Medvedev made the remarks during summit talks with South Korean President Lee Myung-bak in Seoul last month on the sidelines of an international nuclear summit, according to Lee's office. (Yonhap News)

<Inter-Korean Relations>

Inter-Korean Trade Surges 36 Percent This Year

Despite rising cross-border tension, the trade between South and North Korea surged 36 percent from a year ago to US\$320 million in the first two months of this year, government data showed on March 16.

The data provided by the Korea Customs Service indicated that the trade via the inter-Korean industrial complex has not been affected by tensions on the Korean Peninsula.

South Korea slapped sanctions on the North in May 2010 in retaliation for the deadly sinking of a South Korean warship earlier that year, though it keeps intact the complex in the North's western border city of Kaesong.

The complex, a key outcome of the inter-Korean summit in 2000, marries South Korean capital and technology with cheap labor from the North. It is now home to more than 120 South Korean small and medium-sized companies.

Tensions have flared anew in recent weeks as the two Koreas traded militaristic rhetoric against each other over Seoul's defamation of the dignity of North Korea's new leader Kim Jong-un and his late father, former leader Kim Jong-il. (Yonhap News)

Koreas Agree to Hold Joint Prayer Meeting in June in Kaesong

South and North Korean Christian leaders have agreed to hold a joint prayer meeting in the socialist country in June, a South Korean reverend said on March 20, amid fresh tensions over Pyongyang's planned rocket launch.

The two sides tentatively plan to conduct the meeting in a chapel inside the joint industrial complex in the North's western border city of Kaesong on June 12, Rev. Han Gie-yang said.

The complex, a key outcome of the inter-Korean summit in 2000, marries South Korean capital and technology with cheap labor from the North. It is now home to more than 120

South Korean small and medium-sized companies.

The date is timed for the anniversary of the summit that called for better ties and a set of cross-border economic projects.

Officials from the North's Christian Federation of Korea welcomed the planned prayer meeting, saying churches in the two Koreas should take actions to help ease tensions and promote peace on the divided Korean Peninsula, Han said.

Han made the comment after returning home from a trip to the northeastern Chinese city of Shenyang where he said he had discussions lasting three hours with three North Korean officials of the Christian Federation of Korea on March 19.

Nine more South Korean Christian leaders were to hold a similar meeting with their North Korean counterparts in Shenyang on March 20, according to South Korea's Unification Ministry.

The ministry, which handles inter-Korean affairs, said five other Christian leaders from the South plan to meet with their North Korean counterparts in the Chinese city on March 21 and 22.

The development came amid heightened tensions over North Korea's plan to launch a rocket in mid-April to put an earth observation satellite into orbit as part of what it says is a peaceful space program.

South Korea and the United States condemned the planned launch as a provocative act that would violate U.N. resolutions banning the North from all activities related to its ballistic missile program.

On March 19, the North said the launch of the working satellite is an issue fundamentally different from that of a long-range missile, saying that the planned launch poses no problem.

In November, 10 South Korean Christian leaders traveled to Pyongyang for a joint prayer meeting with their North Korean counterparts in a church, according to Lee Chang-hwie, an official of Seoul-based National Council of Churches in Korea.

The South Korean council sent 153 tons of flour to North Korea's Christian Federation in mid-March through the Amity Foundation, a Chinese aid group, Lee added.

North Korea has a Catholic church and two protestant churches as well as a Russian Orthodox church, but critics say they are for propaganda and open only when foreign visitors attend services. (Yonhap News)

Five N. Korean Defectors Arrive in S. Korea After 3 Years in China

Five North Korean defectors have arrived in South Korea after spending three years in a South Korean consulate in China, a South Korean official said on April 4.

China has allowed them to travel to South Korea via a third country, the official said, a step Beijing usually takes to handle those involved in high-profile cases.

The five people, who include three family members of a late South Korean soldier taken

prisoner during the 1950-53 Korean War, are being questioned by South Korean authorities, the official said, in a routine process for new North Korean arrivals.

The official did not give details on the two others and asked not to be identified, citing policy.

The three had been waiting for their trip to South Korea since 2009, when they entered the South Korean consulate general in Beijing seeking asylum.

Their trip came as North Korea defied Chinese and other international calls to halt a rocket launch. The North has repeatedly vowed to go ahead with the launch sometime between April 12 and 16 to put a satellite into orbit.

However, South Korea, the United States and other regional powers suspect the launch could be a cover for testing the North's ballistic missile technology.

Their trip also came more than a week after Chinese President Hu Jintao showed a flexible position on the issue of North Korean defectors during his summit talks with South Korean President Lee Myung-bak. Hu was in Seoul to attend an international nuclear security summit.

The move came weeks after China has detained dozens of North Korean defectors and reportedly sent some of them back to their socialist homeland where they could face harsh punishment.

Tens of thousands of North Korean defectors are believed to be hiding in China, as a constant stream of North Koreans reportedly continues to cross the porous border into China to avoid chronic food shortages and harsh political oppression. (Yonhap News)

Forestation of N. Korea Would Be Win-win for Both Koreas

South Korean President Lee Myung-bak said on April 5 that reforestation of North Korea would be a win-win project for both sides as it would earn South Korean firms greenhouse gas emission credits.

President Lee made the remark during an Arbor Day ceremony at the Korea National Arboretum, saying steel giant POSCO has been carrying out a forestation project in Uruguay to earn credits to offset its carbon emissions and he hopes to also see such a project in the socialist neighbor.

"Rather than going to South America to substitute carbon emissions, if we plant trees in North Korea and make it lush with forests, it will be helpful not only to North Korea but would also be helpful to our companies," Lee said.

Lee has advocated the idea since he took office in early 2008 but it has never materialized due to political and security tension between the Koreas. Relations between the two have been bad throughout Lee's term as Pyongyang responded to Lee's hard-line policy on it with threats and deadly provocations. (Yonhap News)

DEMAND FOR FOREIGN CURRENCIES IN NORTH KOREA AND THE NORTH'S MEASURES TO MEET THAT DEMAND

I. Introduction

One of the lessons North Korea learned from its “painful march under trials,” which refers to the devastating famines that plagued the North in the latter half of the 1990s, is that a certain amount of foreign currency is badly needed for its moribund economy.¹⁾ The demand for hard currency in the socialist country has sharply increased since the collapse of the socialist economic camp led by the Soviet Union in the early 1990s because the fall of communism resulted in an end to the “natural assistance from its brother countries” that the North enjoyed during the Cold War era.

The collapse of the Cold War regime dealt a heavy blow to North Korea as even former socialist countries have since asked the North to settle accounts in its trade with them in hard currency. Under this environment, it is natural for the demand for foreign currency in the North to increase sharply should it continue to maintain the level of imports of the past, imports which were made simply for political reasons.

Moreover, the demand for foreign currency in the North came not only from the economic arena but also from the provinces of politics and security. For economic officials in the country, foreign currency is necessary for importing the capital and consumer goods which are essential to proper management of the North Korean economy. But for the North Korean leadership, foreign currency serves as a strategic tool to enhance its governing efficiency. This is so because foreign currency makes up an integral part of the funds necessary to rule the country under a command economy based on an extreme personality cult.

By Kim Jung-ho,
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The present North Korean leadership is concentrating its attention on programs necessary to show that the country is entering the province of a Kangsong Taeguk, referring to a great country which is powerful ideologically and militarily and prosperous economically, on the occasion of the 100th birthday of its founding leader Kim Il-sung in April 2012. The intensively managed activities of the North to acquire as much foreign currency as possible and attract more foreign capital in recent years are closely related to this festive event. But these activities by the North to meet its demand for foreign currency are in conflict with the U.S.'s plan to pursue its strategic interests. As a global superpower, the U.S. views these activities as aimed at maintaining a command economy running counter to the market economy, reinforcing its autocratic regime and threatening the stability of the capitalist international economic system and the peaceful global order.

The U.S. has sought various economic sanctions against the North in a move to trigger a change in the North's behavior. Despite coming off of the dire economic situation of the late 1990s, North Korea has persistently provoked the international community with its programs to develop nuclear weapons and missiles and activities against South Korea over the course of its economic recovery since 2000. The U.S. has observed that the North's acquisition of foreign currency can serve as a driving force for its provocations. In this context, this essay will review the politico-economic meaning of the demand for foreign currency in the North, while analyzing the North's moves to acquire as much foreign

currency as possible.

But there are various factors hampering the study of the foreign currency demand in North Korea. First, it is not easy to measure the demand for foreign currency there because of its unreasonable management of the national economy and its secretive nature. Second, it is also not easy to calculate the amount of foreign currency acquired by North Koreans annually because they employ not only legal means but illegal methods to acquire foreign currency. It is thus inevitable that this essay will approach the question of the foreign currency demand in the North in the same manner as most other North Korean economic issues, namely, based on assumption.

II. Demand for Foreign Currency in North Korea

As long as North Korea is granted enormous foreign assistance, the country, which does not have enough foreign currency to meet its import demand, has no economic policy option but one oriented with self-reliance. But the editorial carried on New Year's Day of 2011 simultaneously in organs of North's three key institutions, namely the Workers' Party of Korea, the Korean People's Army and the Kimilsung Socialist Youth League, indirectly mentioned the need to earn more foreign currency while calling for an improvement of its citizens' standard of living and the reconstruction of the country into a Kangsong Taeguk. "We should develop and harness underground resources abundant in our country as much as we can to

Table 1. North Korea's Foreign Debts

(unit: billion U.S. dollars)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Amount	7.86	9.28	9.72	10.32	10.66	11.83	12.0	11.9	12.1	12.29	12.46

Source: The Bank of Korea in Seoul

Note: Bloomberg News on Jan. 11, 2008 estimated North's foreign debts at \$15.0 billion.

secure raw materials and funds needed for the improvement of the people's standard of living and the building of the country into an economic giant," said an English translation of the editorial distributed by the North's state-run Korean Central News Agency (KCNA). The North's demand for foreign currency reflects its policy need to increase its capacity of settling trade accounts with foreign countries.

North Korea's foreign currency demand was not so large when there was the Council for Mutual Economic Assistance (COMECON), an economic organization for the countries of the Eastern Bloc along with a number of communist states elsewhere in the world operating command economies. They did not need much foreign exchange because prevalent between them were barter trade and mutual economic assistance for political reasons. With the collapse of the socialist economic camp at the turn of the 1990s, North Korea had to secure as much foreign currency as possible in order to adapt to the global economic community dominated by the market function. Its demand for U.S. dollars naturally increased because the greenback was and continues to be the most prevalent means of settling trade accounts. But the North was not able to earn enough foreign currency to meet this demand,

leading the clandestine country to employ illegal means of acquiring foreign currency. This behavior violated the international economic order and infringed upon economic powers' interests, resulting in economic sanctions against the North.

North Korea needs foreign currency not only to settle its trade accounts with foreign countries but to repay its debts owed to foreign countries. As shown in Table 1, the North's foreign debts yet to be repaid are estimated at about 12 billion U.S. dollars.²⁾ That amount of money outstanding includes \$11 billion in loans from the former Soviet Union. In a summit between North Korea and Russia in August 2011, Russian President Dmitry Medvedev reportedly notified North Korean leader Kim Jong-il of Russia's takeover of the Soviet loans to the North and asked him to repay the debts. North Korea's default on its debts to foreign countries is serving as a stumbling block to getting economic assistance and concessional loans from foreign countries as well as international financial institutions.³⁾

North Korea's demand for foreign currency has multiple causes. Most obvious is the economic need to import consumer and capital goods from foreign countries necessary for the development of light industry and the improvement of its citi-

zens' standard of living, among other things. But there is also a military cause as the North tries to develop nuclear weapons and missiles in hopes of eventually turning itself into a military power. Foreign currency is also serving as a political fund for the leadership.

III. North Korea's Legal Means of Earning Foreign Currency

North Korea has employed both legal and illegal means to secure as much foreign currency as possible. The legal means include official trade, activities for attracting foreign capital and remittances from foreign countries, while the illegal ones concern secret exports of war supplies to foreign countries, the counterfeiting of foreign bank notes, and drug and human trafficking, among others.⁴⁾ The primary holders of foreign currency are key institutions, including Workers' Party offices, the army and the government, plus state-run business concerns and powerful individuals. All of these actors often cross the border between legal and illegal arenas to acquire as much foreign currency as possible.

1. Trade

The key activities for North Korea's foreign currency acquisition are foreign trade and the attraction of foreign capital. Trade with its major trade partner of China takes on various forms, comprising assistance-oriented trade made under an agreement between the governments, general trade made by trading companies and other business concerns, and border trade giving

preferential treatment to companies and merchants in border areas.⁵⁾

Information on the scale of official trade between the North and China is available to the public because these dealings are reflected in the statistics of Chinese customhouses. China's share of the North's total foreign trade crossed the 50 percent mark in 2010. And the comparable figure excluding inter-Korean trade is 80 percent. Trade between the two countries in 2010 totaled \$3.46 billion, a seven-fold increase over 2000. Chinese direct investment in the North increased from \$18 million in 2007 to \$41 million the next year. The Chinese share of total foreign direct investment in the North rose from 27.5 percent in 2007 to 93.7 percent in 2008.⁶⁾ Noteworthy is the fact that the share of minerals in the North's exports to China has increased at a rapid pace in recent years.

Key players in border trade between North Korea and China are Chinese small- and medium-sized companies in cities near the border between the two countries. Despite their important role in trade, the companies are also a stumbling block to economic cooperation between China and North Korea because of their irrational and negative trade behavior. They often declare trade items and prices to customhouses in an incorrect way, and items, amounts and prices of goods exported to the North are unavailable when they are paid in kind, and not in cash. Border trade is mostly done by small Chinese and North Korean merchants who are interested in primary goods and manufacturing on commission. For this reason, it would be unreasonable to expect them to develop goods with competitive edge on the international mar-

ket or to play a role in attracting large-scale foreign capital.

The Chinese central government grants preferential treatment to border trade, in an effort to help Chinese border areas accelerate economic development and establish economic cooperation with neighboring countries. For this reason, many companies in the border areas behave as trade agents for Chinese companies in other areas.⁷⁾ Trade between China and the North includes trade between the North and other foreign countries in which China acts as a go-between. These arrangements vary, including some local corporation of a third country in China engaging in manufacturing on commission in the North; Chinese companies serving as a go-between for the North and a third country; and Chinese companies that import minerals and farm goods from the North for export to other countries.

At issue are some forms of trade between North Korea and China, which include cash transactions, spot trade, “backpack” trade and even smuggling. Detailed information on those forms of trade is unavailable. For this reason, the actual scale of trade between the two countries should be much bigger than the official trade figure. Because of its low international credit rating, North Korea has had to depend mainly on trade with China, with the trade account settled in cash or in kind, since the collapse of the socialist economic camp at the turn of the 1990s. Of course, there are also accounts in banks of the two countries for the remittance of money to be used for settling trade accounts.⁸⁾

However, in reality, remittances of

money for settling trade accounts are not made frequently between trade partners in the two countries.⁹⁾ At the request of Chinese traders, North Korean traders do make remittances. But North Korean traders bring home the cash paid by Chinese traders for their goods, or put the Chinese payments in deposit accounts at Chinese banks to use them for purchasing commodities in China or as operation funds for their offices there.

North Korean traders prefer cash transaction and spot trade because it is a customary practice in border trade between the North and China, and those forms of trade minimize North Korean traders’ probable loss caused by international economic sanctions in light of the U.S.-imposed sanctions against North Korea in September 2005 that froze North’s funds at Banco Delta Asia (BDA) in Macao. Since then North Korean traders have been reluctant to have dealings with banks in order to reduce fees for remittances, or their habitual behavior to evade to open letters of credit and tax problems.

North Korean customhouses often fail to make systematic quarantine of goods imported from China. Goods with dual purposes and some other commodities are often imported from China without making declaration at customhouses. Commodities whose imports are banned, such as luxury goods, parts of machinery and electronic appliances, are occasionally brought from China into the North in the form of “backpack trade.” Trade of many goods between the North and China with no declaration at customhouses and North Korean traders’ carrying of cash into the North are serving as means to meet the North’s demand for

foreign currency to some extent. For these reasons, trade between the North and China will shrink considerably if and when the Chinese authorities concerned take measures against North Korean traders' unofficial, illegal settlement of trade accounts, in a move to reform the Chinese financial system and trading practices.

2. Manpower Exports

Other than trade of commodities with foreign countries, there are two ways for the North to earn foreign currency. One of them regards programs at home and the other concerns projects abroad. The North has developed tourist resorts to attract foreign tourists, providing them with accommodation and services, in an effort to earn foreign currency. At the same time, it sends laborers to foreign countries for the same purpose. North Korean laborers began working in foreign countries in the early 1980s to help raise political funds for the Workers' Party. Now they are working in such sectors abroad as construction, needlework, the restaurant business, trade and transportation.

They work for the industrial or business concerns under joint ventures, or business tie-ups between North Korean and foreign companies, or companies independently established in foreign countries by North Korea. In some cases, they work for businesses invested in by Chinese residents in the North or pro-Pyongyang Korean residents in Japan. Statistics on the North's income from exports of its labor force are unavailable.

But that figure can be estimated in consideration of the wage level of North

Korean laborers abroad, and the scale of the business or industrial concerns run by the North. The number of North Korean laborers working abroad is estimated to range from 60,000 to 70,000 and their earnings range from hundreds of millions of U.S. dollars to billions of dollars.¹⁰⁾

The income from those aforementioned programs has been spent on the operation of the Workers' Party and the state, state-run foreign trade, the production and imports of war supplies, among other things. Officials assigned to programs for earning foreign currency have a mandatory allotment of payments to make to the authorities concerned. They are punished if and when they fail to make those payments. Some of the unfortunate North Korean officials who failed to keep up have attempted to seek asylum in South Korea or other foreign countries since the early 1990s.

3. Attraction of Foreign Capitals and Other Activities

Taepung International Investment Group of Korea, a company established by the top governing office of the National Defense Commission, had its initial efforts to attract foreign capital in 2010 stymied by intense international sanctions despite its status as the group responsible for foreign direct investment in the North. These expectations for brisk activities were renewed in 2011, when it was selected as one of the organizations responsible for implementing the North's 10-year "strategic" economic development plan, which was set to start that year. The North's announcement of the plan on Jan. 15, 2011

was followed by rumors that China would invest more than \$10 billion in North Korea if and when the two countries are successful in their talks for closer economic cooperation. Though the huge investment by China has yet to materialize, in June last year the two countries launched a joint development project for Hwangkumpyong, an islet over Yalu River, and Rason, a North Korean city declared as a free economic and trade zone in 1991.

North Korea was able to siphon off about \$30 million annually from South Korean tourists visiting the Mt. Kumgang resort between November 1998 and July 2008, when the South suspended the program after a North Korean guard shot and killed a South Korean woman visiting the resort. The North has also raked in \$40 million annually since the opening of the Kaesong industrial complex in 2006, with hundreds of South Korean exporters hiring a total of 40,000 North Korean employees.

In addition, estimations are that North Korean refugees or runaways in foreign countries have remitted \$10 million annually to their relatives in the North.¹¹⁾ The North has attempted in recent years even to sell Certified Emission Reductions (CERs), a type of emissions unit (or carbon credits) issued by the Clean Development Mechanism (CDM) Executive Board for emission reductions for producers of clean

energy, such as Korea's hydraulic power stations.¹²⁾ CERs can be purchased from the primary market (purchased from original party that makes the reduction) or secondary market (resold from a marketplace).

IV. North Korea's Illegal Means of Acquiring Foreign Currency

Superficially, North Korea agrees to the international community's ban on illegal activities. But in reality it has repeatedly attempted to acquire foreign currency through unlawful activities banned by the global community.¹³⁾ Illegal activities involving North Korea include sales of weapons; distribution of counterfeit foreign bank notes, in particular fake U.S. greenbacks; sales of narcotics; human trafficking and smuggling of luxury goods. There are various indications that the North Korean government is involved directly and indirectly in these unlawful activities.

It is not easy to find out concrete evidence of the North's involvement in illegal activities, but testimonies of South Korean intelligence officials and North Korean refugees indicate that Offices No. 38 and No. 39 of the Workers' Party, plus the North Korean army and the Cabinet are

Table 2. An Estimate of North's Exports of Weapons

(unit: million U.S. dollars)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Amount	17.5	106.6	229.5	185.0	60.5	124.6	64.2	49.6	49.4

Source: Stockholm International Peace Research Institute (SIPRI)

involved with those illegal activities.¹⁴⁾ The types of illegal activities are reportedly various, but information about those activities can be incorrect because outsiders can hardly investigate the unlawful activities carried out by the North Korean state.

United Nations Security Council (UNSC) Resolution 1718 adopted on Oct. 14, 2006 and UNSC Resolution 1874 adopted on June 12, 2009 ban North Korea's export of weapons and U.N. member states' weapons trade with the North. Most likely North Korea has gained a considerable amount of foreign currency through sales of weapons to Middle Eastern countries. As seen in Table 2, the North's income from weapons sales crossed the \$200 million mark in 2002.

Probably under the initiative of Party Office No. 39, North Korea has raked in \$40 million to \$50 million annually in the first three or four years of the 21st century through selling such drugs as morphine, heroin and methamphetamines.¹⁵⁾ Undoubtedly, the North's drug trafficking has gone down after the seizure of a North Korean boat, the Pongsu, carrying 125kg of heroin which was to be smuggled into Australia. The North's annual income from drug trafficking during 2005-2006 is estimated at \$17.5 million.¹⁶⁾ The U.S. government believes that superdollars, also known as supernotes, which are very high quality counterfeit U.S. one hundred-dollar bills, were most likely produced in North Korea. The North's annual income from the counterfeit U.S. bank notes between 1996 and 2006 is estimated at \$2 million on average.¹⁷⁾ The North's trafficking of fake U.S. dollars has reduced sharply since 2007. The North has also sold fake cigarettes and medical supplies to increase its

foreign currency supply.¹⁸⁾

Many North Korea watchers in Seoul and elsewhere believe that the North has attempted to acquire foreign currency in various legal and illegal ways, but none of them could show correct figures on the amount of foreign currency it has acquired. Some of them, however, believe that the North's foreign currency income even from illegal activities was useful for the survival of the moribund North Korean economy.¹⁹⁾ In any case, North Korea's activities for acquiring foreign currency are a matter of concern and of interest to U.S. policy-makers who want to change the North in a way to guarantee the strategic interests of the U.S.

V. Conclusion

The inflexible management of the military-oriented command economy in North Korea coupled with natural disasters helped bring about the worst-ever economic crisis in the country in the mid-1990s, with millions of its citizens starving to death. At the turn of the year 2000, North Korea began to take various economic measures for reforms while increasing trade with South Korea and China, in an effort to boost its production and supply of products, but the country has yet to be completely free of economic difficulties. The dilemma facing the North under its self-reliance principle is that the economic crisis in the North was caused partly by its economic structure characterized by a low foreign currency proceeds ratio. Moreover, the country can only escape its extremely adverse situation through earning as much

foreign currency as possible. It is so because the normalization of its manufacturing sector requires imports of capital goods and raw materials. Even North Korean citizens need foreign currency to buy food and other daily necessities at the various informal markets that have cropped up. In a move to restore its function of controlling the flow of its bank notes and foreign currencies, the North Korean government carried out a currency reform in late 2009 to redenominate its bank notes. The policy measure was somewhat successful in devaluing the bank notes concealed by the cash-laden money lenders and merchants in their cabinets, but it produced side effects such as sparking an inflationary spiral and encouraging North Korean citizens to conceal foreign currency held by them. These symptoms only serve to worsen the situation facing the North Korean economy.

Despite these developments, North Korea's demand for foreign currency has continued to grow, in particular at a time when the North was in the last stage of preparing for the centenary of its late founding leader Kim Il-sung's birth falling on April 15, 2012. The North needs a lot of political funds in foreign currency should it provide its citizens with impressive presents and launch programs signaling its entry into the province of a Kangsong Taeguk, as it has promised repeatedly. To meet the demand, the North Korean authorities concerned have exerted strenuous efforts to raise a certain amount of foreign currency. The gifts and political functions are undoubtedly essential to cementing the third hereditary succession ushering in the leadership of Kim Jong-un, the

20-something third son of late leader Kim Jong-il, who died late last year, much earlier than expected.

While the U.S. was thinking, "Time is on our side," North Korea has not only succeeded in developing plutonium-based nuclear weapons but furnished itself with the capability to produce uranium-based weapons as well, shocking both the U.S. and South Korea. It was shocking because the North, which has long suffered from economic difficulties, could hardly develop nuclear weapons unless external elements provided the North with the funds to develop them, or there were secret sources for financing the North's nuclear weapons development program.

The U.S.-led international sanctions against North Korea have restricted the North's activities to acquire as much foreign currency as possible. But the U.S. could hardly have prevented the North from raising foreign currency utilizing its channels connected directly or indirectly with China. As a result, the U.S.'s approach is influenced by North Korea's ties with China, putting China under U.S. pressure to have a more active role in its efforts to change the North's behavior. For this reason, U.S. direct pressure on the North can hardly be seen as negative. In the current global environment with trade disputes between the U.S. and China irritating the already uneasy economic situation facing Europe, the U.S. strategy to counter the North's growing pursuit of foreign currency is becoming more and more complicated.

Notes:

- 1) Let's assume that "foreign currency," which is a catchword in this essay, has the same meaning

- as “hard currency” and “foreign exchange.” In other words, foreign currency in this essay refers to world’s major currencies, including U.S. dollar and European euro, which are traded extensively all over the world.
- 2) South Korea’s loans to North Korea, made under inter-Korean agreements, amount to \$930 million and North’s repayment was to begin in June 2012. The loans regard \$720 million worth of food grain, \$130 million worth of construction equipment for roads and railroads, and \$80 million worth of raw materials for such consumer goods as textiles, shoes and soap.
 - 3) North Korea is among the U.N. member states that have not been assigned a credit rating by any of the four rating agencies: Standard & Poor’s, Fitch, Moody’s and Dagong. But its sovereign credit rating should be the lowest because it has declared a moratorium on repayment of most of its foreign debts. Western bank creditors turned their loans to the North into bonds and traded them on the international bond market. But those bonds are now traded at prices less than one tenth of their face value, according to Radio Free Asia on Jan. 31, 2009.
 - 4) North Korea has rarely made public its statistical data and moreover, the data made public so far is inconstant and incredible.
 - 5) Lee Jong-woon, “An Analysis of Border Trade between China and North Korean Companies,” *World Economy Update* (Seoul, The Korea Institute for International Economic Policy, Aug. 10, 2009).
 - 6) Drew Thompson, *Silent Partners: Chinese Joint Ventures in North Korea* (Washington, D.C.: US-Korea Institute at SAIS, February 2011).
 - 7) China exempt companies in border areas given the “right for small-amount trade” from payments of value-added tax and tariffs.
 - 8) North Korea and China in April 2005 opened accounts at the branch of Korea Kwangson Banking Corp. in Dandong exclusively for the settlement of trade accounts between them in Chinese yuan, European euro, Japanese yen and Hong Kong dollar. In 2006 they opened similar accounts in the branch of China Construction Bank in Dandong. If Chinese companies want to remit money to North Korea to settle trade accounts with the North, they can open accounts at one of following North Korean banks: Koryo Commercial Bank, Hwaryo Bank, Korea Kwangson Banking Corp., and Unification Development Bank.
 - 9) Lee Jong-woon, *op.cit.*, p. 6.
 - 10) *The Dong-A Ilbo*, May 11, 2011; Yonhap News Agency, May 11, 2011; Jo Myong-chol, “North Korean Laborers Abroad,” *The North Korean Economy* (published by the Export-Import Bank of Korea), the spring edition of 2009, pp. 8-9.
 - 11) *The Chosun Ilbo*, Feb. 7, 2011.
 - 12) Yonhap News Agency, March 12, 2011.
 - 13) North Korea enacted a law banning money laundering in October 2006 and acceded to the Single Convention on Narcotic Drugs of 1961, an international treaty to prohibit production and supply of specific (nominally narcotic) drugs and of drugs with similar effects except under licence for specific purposes, such as medical treatment and research, in March 2007.
 - 14) Yonhap News Agency, Feb. 14, 2011.
 - 15) Stephen Haggard and Marcus Noland, “North Korea’s External Economic Relations,” *Working Paper 07~7*, (Washington, D.C.: Peterson Institute for International Economics, 2007).
 - 16) *Ibid.*, p. 8.
 - 17) David Asher, “The North Korean Criminal State, Its Ties to Organized Crime, and Possibility of WMD Proliferation,” *Nautilus Institute Policy Forum Online 05~92A*, 2006; Edward R. Royce, “Gangster Regime: How North Korea Counterfeits United States Currency,” *Foreign Affairs*, March 12, 2007.
 - 18) C. Sheena, “Illicit Activity and Proliferation: North Korean Smuggling Networks,” *International Security*, Vol. 32, No. 1, 2007; U.S. Department of States, *International Narcotics Control Strategy Report*, Volume 1: Drug and Chemical Control, *Country Reports: North Korea*, (Washington, DC: Bureau of International Narcotics and Law Enforcement Affairs, 2009); Raphael F. Perl, “Drug Trafficking and North Korea: Issues for U.S. Policy,” *CRS Report*, (Washington, D.C.: U.S. Congressional Research Service, January 25, 2007).
 - 19) Jang Yeong-soo, “Estimates on North Korea’s Demand and Supply of Foreign Currency since the Turn of 2000,” *Korea Economy Review* (Seoul, Korea Development Institute, October 2010).

Japanese Journalist Says Kim Jong-il Did Not Fully Control Military

<Yonhap from SEOUL/ March 21, 2012>

— Former North Korean leader Kim Jong-il was not fully in charge of the country's powerful military, a Japanese journalist said on March 21, as he speculated the military may be behind Pyongyang's recent plan to launch a rocket.

— Kim Jong-il, who died of a heart attack in December, was believed to have complete control of the 1.1 million-strong military as he pursued a military-first, or Songun, politics that channeled the country's scarce resources to the military, the backbone of his totalitarian rule.

— However, Kim's eldest son, Kim Jong-nam, said even his "father did not fully control the military," said Yoji Gomi, a staff writer for Japan's *Tokyo Simbun*, in a meeting with South Korean reporters through an interpreter.

North Korean Orchestra's Planned U.S. Tour Moves Forward

<Yonhap from SAN FRANCISCO/ March 21, 2012>

— Plans for North Korea's national orchestra's U.S. tour are being pushed ahead again amid recent signs of thawing relations between the two countries, news sources said on March 21.

— The North Korean National Symphony Orchestra will perform in Atlanta and other cities if an agreement for the tour is reached, the president of Global Resource Services (GRS), Robert Springs, told the Associated Press. GRS is an Atlanta-based nonprofit group that works in the North.

— "The hope is that (this tour) will provide an opportunity for us to better understand the North Koreans and vice versa," the president said. "The event will help to lead toward more normalized relations."

N. Korea's Life Expectancy 10 Years Lower Than S. Korea

<Yonhap from SEOUL/ March 25, 2012>

— The life expectancy of an average North Korean stood at 69.3, 10.8 years lower than comparable figure for a South Korean, a report by a social health institute said on March 25.

— The report by the Korea Institute for Health and Social Affairs (KIHASA) in Seoul based on a census conducted in 2008, showed the average life expectancy for North Korean men standing at 65.6 years, while for women it reached 72.7.

— In the same year, an average South Korean was expected to live 80.1 years. Men and women were expected to live 76.5 years and 83.3 years, respectively, in the cited year.

— The latest report also showed the health-adjusted life expectancy (HALE) in North Korea stood at 58 in 2007 compared to 71 in South Korea. HALE refers to the average number of years that a person can expect to live without serious health problems.

U.S. Says It Remains Committed to Helping Separated Korean Families

<Yonhap from WASHINGTON/ March 29, 2012>

— The U.S. government said on March 29 that it will continue a humanitarian effort to help Korean-American residents here get in touch with their families in North Korea.

— “The United States supports efforts to reconnect Korean-Americans separated from their family members in the DPRK (North Korea) since the end of the Korean War,” a State Department official told Yonhap News Agency, requesting anonymity. “The plan is a humanitarian issue and we continue to do all that we can to raise this issue in relevant fora.”

— Such a commitment came despite soaring tensions over North Korea’s move to blast a long-range rocket in mid-April.

Kim Jong-un Did Not Adapt Well to School in Switzerland: Report

<Yonhap from BRUSSELS/ April 1, 2012>

— North Korean leader Kim Jong-un did not adapt well to an international school in Switzerland in the 1990s and his grades were poor, a news report has said.

— Kim was absent for 75 days and 105 days in his first and second year at the International School of Bern, respectively, Swiss newspaper *Le Matin Dimanche* reported on April 1, citing unidentified sources.

— Kim sometimes came to the school only in the afternoons, the newspaper said, citing an former classmate of Kim. Kim, who used the pseudonym Pak Un, received 3.5 out of a maximum 6 in natural science and managed to get a minimum passing grade in mathematics, culture, society and German.

North Korea, U.S. Keep ‘New York Channel’ Open: Source

<Yonhap from WASHINGTON/ April 2, 2012>

— North Korea and the United States are keeping their informal communication channel open, although there have been no government-level talks between the two sides since Pyongyang’s revelation of its rocket launch plan, an informed diplomatic source said on April 2.

— “(You) can say that the New York channel remains always open,” the source told Yonhap News, requesting anonymity, in reference to the North’s mission to the U.N.

— Specifically, it means phone calls between Han Song-ryol, North Korea’s deputy ambassador to the U.N., and Clifford Hart, the U.S. special envoy for the six-party talks.

Japan Extends North Korea Sanctions for One More Year

<Yonhap from TOKYO/ April 3, 2012>

— Japan said on April 3 it will extend sanctions on North Korea for one more year, in a move that comes just days ahead of Pyongyang’s planned rocket launch.

— The Japanese cabinet made the decision ahead of the April 13 expiration of current sanctions banning exports to and imports from North Korea. The sanctions also prohibit all North Korean ships from making port calls in Japan.

— Japan imposed sanctions on the communist country following the North’s nuclear and missile tests in 2006, and has since extended the punitive measures.

PEOPLE

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

- March 25 The (North) Korean Central News Agency (KCNA) reports Kim Jong-un has visited the Kumsusan Palace of the Sun in Pyongyang to observe a moment's silence, expressing high tribute to the portrait of his father, late leader Kim Jong-il.
- 27 sends a message of thanks to all service members of the KPA and civilians for expressing profound condolences over the demise of Kim Jong-il.
- 28 receives a letter from the Central Standing Committee of the General Association of Korean Residents in Japan.
- 28 sends out autographs after reading letters presented by officials and other working people of various units and schoolchildren.
- April 4 The KCNA says Kim Jong-un inspected a unit on Ryo Islet defending a forward post on the east coast.
- 5 The KCNA says Kim Jong-un inspected the KPA Navy Unit 155 honored with the title of O Jung-hup-led 7th Regiment.
- 9 receives a congratulatory letter from Hilmi Ahmad Salim, the chairman of the Socialist Freedom Party of Egypt, in celebration of the 100th birth anniversary of Kim Il-sung.
- 10 The KCNA says that Kim Jong-un went round the venue of the State Industrial Art Exhibition under way at the State Industrial Art Centre to mark the centenary of the birth of Kim Il-sung.
- 11 visits the Kumsusan Palace of the Sun and pays high tribute to his grandfather Kim Il-sung and his father Kim Jong-il.
- 12 receives a congratulatory message from Hu Jintao, the general secretary of the Central Committee of the Communist Party of China, upon his election as secretary of the WPK at its conference.
- 13 sends an educational aid fund and stipends to the General Association of Korean Resident in Japan (Chongryon) on the occasion of the centenary of the birth of Kim Il-sung.
- 14 issues Order No. 009 on promoting the military ranks of KPA commanding officers. According to the order, Pak Sun-hwan has been promoted to Lieutenant General, and Kim Yong-hwa, Son Kyong-bok and 68 others to Major General.

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

March 28 meets with Bulgarian Ambassador to the DPRK (North Korea) Georgi Psychinov who paid a farewell call on him at Mansudae Assembly Hall.

April 3 receives credentials from Torbjorn Holthe, the Norwegian ambassador to the DPRK, at the Mansudae Assembly Hall in Pyongyang.

6 attends the completion ceremony of the Huichon Power Station.

- April 8 visits the old home of Kim Il-sung in Mangyongdae with the approach of the centenary of his birth, along with senior officials.
- 10 receives credentials from Mahesh Kumar Maskey, the Nepali ambassador to DPRK, at the Mangyongdae Assembly Hall.
- 14 Kim Yong-nam, the president of the SPA Presidium, meets with foreign guests at the Mansudae Assembly Hall.
- 15 visits the Kumsusan Palace of the Sun and pays tribute to Kim Il-sung and Kim Jong-il on the 100th anniversary of the birth of Kim Il-sung.
- 15 attends the military parade in the Kimilsung Square and makes a congratulatory speech to celebrate the centenary of the birth of his grandfather.

Choe Yong-rim (최영립) : Premier

- March 16 learns about the production and technological updating at the Kimchaek Iron and Steel Complex, North Hamgyong Province.
- 16-17 learns about the work in different fields in Chongjin, North Hamgyong Province.
- 22 visits the construction site of the People's Theatre which is taking shape in the Mansudae area downtown Pyongyang.
- 29 visits the Samjigang Cooperative Farm, Jaeryong County of South Hwanghae Province.
- April 1 inspects the Huichon Power Station and the Huichon Precision Machine Plant.
- 9 learns about work at the Electronic and Technological Product Research Institute on the spot.

CHRONOLOGICAL REVIEW

(Local Events)

- March 16 A spokesman for the (North) Korean Committee for Space Technology says that the DPRK will launch a working satellite, the Kwangmyongsong-3, manufactured with its indigenous technology to mark the 100th birth anniversary of late founder Kim Il-sung.
- 16 The KCNA says a FIFA premier coaching course was held at Kimilsung Stadium in Pyongyang from March 10 to 15.
- 18 The KCNA says spring tree planting is taking place in the North.
- 20 The KCNA says the 415th set of triplets, two girls and a boy, were born in the North on March 19.
- 21 The KCNA says the title of Republic Hero was awarded to mineworker Pak Thae-son and farmer Ri Chang-son.
- 22 The 47th plenary meeting of the Central Committee of the Kimilsung Socialist Youth League is held in Pyongyang.
- 22 An annual meeting of the Olympic Committee takes place at the People's Palace of

Culture in Pyongyang.

- March 24 The KCNA reports that the 5th session of the 12th Supreme People's Assembly (SPA) will be held in Pyongyang on April 13.
- 25 A national memorial service is held in Pyongyang to mark the 100th day since the demise of Kim Jong-il.
- 26 A collection of reminiscences titled "Among People" (Vol. 100) is published in the run-up to the birth anniversary of Kim Il-sung.
- 27 World Tuberculosis Day is observed at the People's Palace of Culture in Pyongyang.
- 29 A national seminar takes place at the People's Palace of Culture in Pyongyang to mark the 30th anniversary of Kim Jong-il's work "On the Juche Idea."
- 30 A national meeting is held at the People's Palace of Culture to mark the 30th anniversary of Kim Jong-il's work "On the Juche Idea."
- 30 A decree by the SPA Presidium on conferring the National Reunification Prize upon 14 people is released.
- April 2 The KCNA says a new school year has begun in schools at all levels throughout the DPRK.
- 3 The KCNA says an organic composite fertilizer factory was built in the area of Phyongchon, Pyongyang, and a completion ceremony took place.
- 3 The KCNA says the 618 cement factory went operational with due ceremony in the North.
- 5 An event takes place in Pyongyang to mark World Health Day.
- 6 The completion ceremony of the Huichon Power Station is held with the participation of Kim Yong-nam and Premier Choe Yong-rim.
- 6 A national sports festival for the Mangyongdae Prize opens with due ceremony at Kimilsung Stadium in Pyongyang to commemorate the centenary of the birth of Kim Il-sung.
- 6 A national taekwondo festival opens with due ceremony at the Taekwondo Hall in Pyongyang on the occasion of the birth anniversary of Kim Il-sung.
- 6 A 10-day film festival begins to commemorate the 100th birth anniversary of Kim Il-sung.
- 7 The KCNA says that the construction of setups in the reclaimed Taegyedo tideland was successfully finished.
- 8 The KCNA says that late leader Kim Jong-il awarded the Kim Il-sung Prize and Order of Kim Il-sung on the occasion of the centenary of the birth of Kim Il-sung.
- 8 The 25th Mangyongdae Prize Marathon takes place in Pyongyang.
- 9 A national photo exhibition opens with due ceremony at the People's Palace of Culture to celebrate the 100th birth anniversary of Kim Il-sung.
- 10 The WPK Central Military Commission and the NDC give a grand banquet at the Mokran House in Pyongyang on the occasion of the 19th anniversary of Kim Jong-il's election as chairman of the NDC.
- 10 The KCNA says that 211 members of the (North) Korean Children's Union were awarded the Kim Il-sung Children Honor on the occasion of the centenary of the birth

- of Kim Il-sung.
- April 10 A national meeting takes place at the April 25 House of Culture to mark the 19th anniversary of leader Kim Jong-il's election as chairman of the NDC.
- 10 A national memorial service takes place at the Central Youth Hall in Pyongyang to mark the 30th anniversary of the death of Choe Hyon, former minister of People's Armed Forces.
- 10 The KCNA says that Choe Ryong-hae and Hyon Chol-hae are awarded the title of KPA Vice Marshal under a joint decision by the WPK Central Military Commission and the NDC on April 7.
- 11 The 4th Conference of the WPK takes place in Pyongyang. In the conference, Kim Jong-il was held as the "eternal general secretary" of the WPK, and Kim Jong-un was elected as "first secretary" of the WPK." The conference also revised the rules of the WPK.
- 11 The KCNA says that experts on space and technology and people working in the media from different countries visited the General Satellite Control and Command Center in Pyongyang in the run-up to the launch of the satellite.
- 11 The KCNA says that Kim Jong-il was conferred the Kim Il-sung Prize.
- 11 An opening ceremony of the 28th April Spring Friendship Art Festival takes place at the East Pyongyang Grand Theatre in Pyongyang in celebration of the centenary of the birth of Kim Il-sung.
- 13 The 5th session of the 12th SPA is held at the Mansudae Assembly Hall. The session decided to hold late leader Kim Jong-il in high esteem as permanent chairman of the NDC and Kim Jong-un as first chairman of the NDC.
- 13 The KCNA says that statues of Kim Il-sung and Kim Jong-il were built on Mansu Hill in Pyongyang.
- 13 The 14th Kimilsungia Festival is opened in Pyongyang in celebration of the centenary of the birth of Kim Il-sung.
- 14 A national meeting takes place at Kimilsung Stadium in Pyongyang to celebrate the centenary of the birth of Kim Il-sung, with the participation of Kim Jong-un.
- 15 A military parade commemorating the 100th birth anniversary of Kim Il-sung is held in Pyongyang, with the participation of Kim Jong-un.
- 15 The SPA Presidium hosts a banquet at the People's Palace of Culture for the participants in the 28th April Spring Friendship Art Festival on the 100th anniversary of the birth of Kim Il-sung.
- 15 An opening ceremony of the Exhibition of Arms and Equipment of the KPA is held on the occasion of the centenary of the birth of Kim Il-sung.

(Foreign Events)

- March 16 The KCNA says a photo exhibition co-sponsored by the KCNA and the AP opened with a ceremony at the Rubin Art Museum in New York to mark the centenary of the birth of Kim Il-sung.
- 16 Russian Ambassador to North Korea Valery Sukhinin hosts a reception at his embassy

to mark the 63rd anniversary of the agreement on economic and cultural cooperation between the DPRK and Russia.

- March 16 The KCNA says the DPRK team beat its Palestinian rival 2-0 at a semi-final match of the 2012 AFC Challenger Cup.
- 17 The DPRK women's football team wins the title of the 2012 U-19 International Women Soccer "Spring of Kuban" held in Sochi, Russia, from March 6 to 16.
- 19 The Unhasu Orchestra returns home after co-performing with the Radio Philharmonic Orchestra of France in Paris.
- 19 The KCNA says the DPRK men's soccer team beat its Turkmenistan rival 2-1 in the finals to win the title of the 2012 AFC Challenger Cup.
- 20 The delegation of the KCNA returns home after its participation in the opening ceremony of the joint photo exhibition held in New York.
- 22 Lao Ambassador to North Korea Kiettisak Keobanhthith hosts a reception at the Taedong River Diplomatic Corps Club in Pyongyang to mark the 57th anniversary of the Lao People's Revolutionary Party (LPRP).
- 23 A spokesman for the Foreign Ministry says in a statement that preparations for launching Kwangmyongsong-3 have entered a "full-fledged stage of action."
- 23 Staff members from the offices of the World Food Program and UNICEF in Pyongyang lay floral baskets before the equestrian statues of President Kim Il-sung and former leader Kim Jong-il at the Mansudae Art Studio in Pyongyang on the occasion of the 100th day after the demise of Kim Jong-il.
- 23 Pakistani Ambassador to North Korea Arif Mahmmod hosts a reception at the Taedong River Diplomatic Corps Club on the Day of Pakistan.
- 24 The KCNA reports Kim Jong-il received more than 39,900 gifts from 170 odd countries.
- 28 Jong Thae-yang (정태양), the ambassador to Kenya, presents his credentials to Kenyan President Mwai Kibaki.
- 29 The KCNA quotes an official of the (North) Korean Committee for Space Technology as saying, "We (North Korea) will take the foreign delegations to a launch site ahead of the rocket launch and later to the General Satellite Control and Command Center in Pyongyang where they will see the satellite being launched in a relevant place."
- 29 A SPA delegation, led by Vice Chairman Hong Son-ok, leaves Pyongyang to take part in the 126th Conference of the Inter-Parliamentary Union to be held in Uganda.
- 29 A delegation of the Democratic Women's Union of (North) Korea, led by its Vice Chairwoman Chae Chun-hui, to take part in the 15th congress of the Women's International Democratic Federation to be held in Brazil.
- 31 A spokesman for the Committee for the Peaceful Reunification of (North) Korea says that the U.S. "overreaction" to Pyongyang's plan to launch scientific and technological satellite Kwangmyongsong-3 for "peaceful" purposes has gone beyond the limit.
- April 2 The KCNA says the DPRK team won the title of the Group A Championship of the Second Division of the 2012 World Women's Ice Hockey, which has been under way in Slovenia since March 25.
- 2 The KCNA says a Rajin-Khassan cargo train service will run from October this year.

- April 3 A government delegation led by Kim Chang-ryong, a councilor of the Foreign Ministry, came back home after visiting Cambodia.
- 4 A delegation of diplomatic officials of the Chinese People's Liberation Army led by Maj. Gen. Qian Lihua, director of the Foreign Affairs Office of the Defense Ministry, arrives in Pyongyang.
- 5 A spokesman for the Committee for the Peaceful Reunification of (North) Korea warns that interception of the satellite would be "an act of war" and would cause a tremendous catastrophe.
- 7 The KCNA says foreign media people arrived in Pyongyang by air and train on April 6 and 7 to visit and cover the launch of the earth observation satellite Kwangmyongsong-3 at the invitation of the (North) Korean Committee for Space Technology.
- 10 A delegation of the Olympic Committee led by Son Kwang-ho, the vice minister of Physical Culture and Sports, leaves Pyongyang to take part in the 18th general meeting of the National Olympic Committees and the 2nd sports conference of the World Olympic due in Russia.
- 14 The 2012-2-14 plan for cultural exchange between the DPRK Ministry of Culture and the Vietnamese Ministry of Culture, Sports and Tourism is signed with due ceremony in Pyongyang.

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