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## CONTENTS

## COVER STORY

- Xi Jinping's Seoul Visit and Peninsular Security ..... 2  
Chinese President Xi Jinping's recent visit to Seoul cast South Korean diplomacy into a turbulent testing ground for security on the Korean Peninsula.

## SOUTH KOREA'S POLICY REVIEW

- Seoul's Rejection of N.K.'s Unreliable Peace Offensive ..... 8  
North Korea's proposal lacks sincerity and is preposterous as it blames South Korea for growing inter-Korean military tensions and strained bilateral ties.

## NEWS FOCUS

- International Concern over Japan's Remilitarization ..... 12  
The constitutional reinterpretation is set to deepen concerns over a possible revival of Japanese militarism from the early 20th century.
- Kaesong Industrial Park After 10 Years ..... 16  
The most important task to realize the long-term development of the factory park is to prepare a legal device to erase the Korean Peninsula risk.
- Cabinet Reshuffle for Boosting Trade and Investment ..... 22  
With the launching of the new ministry, the North Korean leadership is trying to concentrate resources and expertise in foreign trade and investment into one place.

## INTERVIEW

- N.K.'s Nuclear Stockpile Could Rise Sharply: FAS Chief ..... 26  
Within a few years, they could have, they could start getting to the level of a state like Pakistan or India in terms of their plutonium production.

## TIP ON NORTH KOREA

- N. Korea's Outrage over American Movie ..... 28  
Pyongyang's hysterical reaction shows that soft means can be more powerful than sanctions in affecting the country that has withstood international sanctions.

## OPINION By Jo Yang-hyeon

- Significance and Prospects of N. Korea-Japan Deals ..... 31  
With the doors of Washington, Seoul and Beijing closed to the North, Pyongyang-Tokyo negotiations will likely increase Japan's influence on Pyongyang.

## STUDIES By Kim Jin-moo

- Types of Potential Changes in the North Korean Regime ..... 36

## MAJOR DEVELOPMENTS

- Internal Affairs / External Affairs / Inter-Korean Affairs / Foreign Tips ..... 47

- PEOPLE & CHRONOLOGICAL REVIEW ..... 61

**COVER PHOTO** : South Korean President Park Geun-hye (R) and her visiting Chinese counterpart Xi Jinping pose prior to their summit talks at the presidential office Cheong Wa Dae in Seoul on the first day of the latter's two-day state visit on July 3. It was the first time for a Chinese president to visit South Korea before visiting North Korea since 1992 when South Korea and China established diplomatic relations. (Yonhap)

# Xi Jinping's Seoul Visit and Peninsular Security

**Chinese President Xi Jinping's recent visit to Seoul cast South Korean diplomacy into a turbulent testing ground for security on the Korean Peninsula.**

■ By Lee Kwang-ho

As the Northeast Asian situation is fluctuating amid strategic interests of regional powers, South Korea is facing a tough diplomatic challenge. Seoul's delicate position in its long-standing security alliance with the United States, strategic partnership with China and practical cooperation with Japan appear to be now undergoing significant changes with the intricate web of geopolitical issues.

Chinese President Xi Jinping's recent two-day state visit to Seoul drew international attention as it came amid growing volatility in Northeast Asian security landscape beset by geostrategic rivalry between regional powers. The Seoul-Beijing summit came amid fast, complex shifts in the regional order including security threats from North Korea, Japan's rightist expansionism, growing U.S.-China rivalry and Japan's approach toward North Korea.

South Korean President Park Geun-hye and Xi held their summit on July 3 and discussed regional security issues and agreed on a set of measures to elevate the Seoul-Beijing bilateral partnership to new heights. Park and Xi expressed their clear opposition to nuclear weapons on the Korean Peninsula and agreed to explore ways to relaunch the long-stalled six-party talks to end Pyongyang's nuclear programs.

The summit comes as tensions remain high on the divided Korean Peninsula over North Korea's missile and nuclear weapons programs. North Korea has threatened to carry out a new form of nuclear test in anger over the United Nations condemnation of its ballistic missile launches and atomic bomb tests. North Korea has displayed an apparent sign of displeasure with Xi's trip to South Korea by firing several short-range missiles and rockets into the sea off its east coast in recent weeks.

Chinese President Xi Jinping (C) and his wife Peng Liyuan (L), accompanied by South Korean President Park Geun-hye (R), wave toward a group of children during an official welcoming ceremony at the presidential office Cheong Wa Dae on July 3. Xi made a two-day state visit to Seoul, and became the first Chinese leader to visit the country before visiting North Korea. (Yonhap)



The addition of firm opposition to nuclear weapons on the Korean Peninsula in the joint communique released after the summit came for the first time. Both (South Korea and China) have supported the idea of making efforts to materialize visible progress in the denuclearization of the Korean Peninsula through various meaningful conversations among chief negotiators to the six-party talks, said Park in the joint press conference. I believe President Xi's visit to South Korea will send a clear message against North Korea's nuclearization and for peace and stability on the Korean Peninsula.

### **Park-Xi Summit in Seoul**

The latest Seoul-Beijing communique laid out the future direction of Seoul-Beijing relations in politics, security, future-oriented reciprocal cooperation and cultural and human resources exchange, vowing to establish a mature strategic cooperative partnership that will allow each party to discuss shared interests and mid- and long-term problems more closely and frequently based on mutual trust.

Despite the pomp surrounding the summit, Park and Xi fell short of making progress in their efforts to deal with the most pressing issue stopping North Korea's nuclear weapons program. In their joint news conference, Park said that she and Xi shared the view that they must realize North Korea's denuclearization and resolutely oppose another nuclear test.

But in an apparent attempt to avoid provoking the North, neither Xi nor the joint communique directly mentioned North Korea. The statement said that the two sides reaffirmed their firm opposition to development of nuclear weapons on the Korean Peninsula. Evidently, the united stance by Seoul and Beijing sends a clear message to North Korea, which has repeatedly defied international pressure to give up its nuclear weapons. The North has vowed to develop its economy and nuclear arsenal in tandem, viewing its nuclear program as a deterrent against what it claims is Washington's policy of hostility.

Park and Xi, who met for the fifth time since they both took office early last year, also reached a consensus on coming up with conditions for resuming the long-stalled six-party

talks after gathering opinions from the multi-lateral talks other participants, which are North Korea, the United States, Japan and Russia. They agreed that the six nations of the denuclearization talks should establish conditions to jump-start the discussions meant to end North Korea's nuclear program.

Park and Xi also called for a faithful implementation of the 2005 deal reached at the six-party talks and U.N. resolutions punishing North Korea for its missile and nuclear tests. China voted in favor of tougher sanctions by the United Nations Security Council to punish Pyongyang for its third nuclear test in February 2013.

North Korea agreed to scrap its nuclear programs in exchange for diplomatic concessions and economic aid under a landmark 2005 deal with the six-party member states. However, the North later backtracked from its commitment and conducted nuclear tests in 2006, 2009 and 2013, drawing international condemnation and U.N. sanctions. Relevant nations should steadily pursue the six-party talks process and hold bilateral and multilateral talks and coordination and solve mutual concerns, Xi said in the press briefing after the summit.

However, this lacks any progress from the past because China called for the unconditional reopening of the talks, while South Korea and the U.S. demanded that Pyongyang first take some action to show its sincerity. The North's Kim Jong-un regime says it will only return to the talks if they are without preconditions. Launched in 2003, the nuclear talks were last held in Beijing in late 2008.

In this context, Xi's visit to Seoul raises, in a fundamental way, the question of whether South Korea will be able to work out and implement more sophisticated and proactive

strategies to strike a delicate balance between China and the U.S.

Xi also said China supports a peaceful unification of the rival Koreas, which still technically remain in a state of war since the 1950-53 Korean War ended in a truce, not a peace treaty. The Chinese leader's visit reflected the turbulent geopolitical situations in Northeast Asia, in which there can be no lasting friends or enemies. Xi's visit to Seoul is seen by some observers as a snub to North Korea as the Chinese leader chose to travel to Seoul first, instead of Pyongyang, a traditional ally of Beijing.

It is the first time for a Chinese president to visit South Korea before traveling to North Korea since 1992, when Seoul and Beijing established diplomatic relations. China fought on North Korea's side against South Korea and the U.S.-led U.N. forces in the Korean War, but has been economically drawn to South Korea in recent decades.

## Seoul's Delicate Position

Geographically, the Korean Peninsula is where the interests of four major powers intersect. The best outcome is for all of them to get along well with South Korea. Beijing's strategic shift to Seoul appears to be part of its wider geopolitical plan to establish a regional sphere of influence to counter that of the U.S. After the summit, however, the two leaders had a rather weird press conference where they didn't take any questions from reporters.

This approach will make it increasingly difficult for Seoul officials to strike a delicate balance between the two superpowers. The typical South Korean stance is that it will maintain a close security alliance with the U.S.

while boosting comprehensive partnership with China. But Beijing's growing assertiveness may be forcing a choice on Seoul, which would be hard to circumvent with diplomatic rhetoric.

In contrast, the strengthening ties between Seoul and Beijing have estranged Japan and North Korea, which are moving to improve their relations. Coinciding with Xi's visit to South Korea, Japan eased part of its unilateral sanctions on North Korea on July 4 in return for North Korea setting up a committee to reinvestigate the fate of Japanese abductees.

Tokyo's attempts at expanding its military role by reinterpreting its war-renouncing constitution and glossing over its pre-1945 wartime atrocities have facilitated a joint response by Seoul and Beijing. But the two leaders showed clear limitations in breaking new grounds in regional issues, how the two countries would jointly cope with resurgent Japan.

The two sides omitted any mention of it in both their news conferences and the joint statement. What they did was an inclusion of an agreement in an appendix to the joint communique to conduct a joint study on wartime sexual enslavement by Japan.

Their virtual silence offered a stark contrast to what the Tokyo government has been doing recently, including the undercutting of an apology for the sex slavery, the declaration of collective self-defense and the lifting of some sanctions on the North. Tokyo was obviously concerned about Seoul and Beijing getting closer, and it showed it by reaching out to Pyongyang right before the summit.

South Korea was also reluctant to jointly condemn Japan's comeback as a global military power, remaining careful not to give the impres-



Japanese Prime Minister Shinzo Abe tells reporters at his official residence in Tokyo on July 3 that his government will lift some sanctions against North Korea, citing progress in bilateral talks on a reinvestigation of the North's kidnapping of Japanese nationals decades ago. (Kyodo-Yonhap)

sion to the United States that Seoul was breaking away from their trilateral alliance.

Despite Seoul's desire for Xi to criticize Japanese Prime Minister Shinzo Abe's move to reinterpret the postwar pacifist constitution to allow Japanese troops to defend allies under attack, he did not mention the issue at the summit.

Instead, the two leaders ended up agreeing to have research institutes from both countries conduct a joint study on Japan's trafficking of both Korean and Chinese women to Japanese military brothels across Asia before and during World War II and exchange copies of related documents.

Unlike South Korea, which expressed concerns about Japan disrupting a joint front against the North, a Chinese foreign ministry spokesman said he hoped Tokyo's move would help to promote regional peace and stability. However, China's CCTV reported that the two leaders agreed to hold a joint ceremony next year to mark the 70th anniversary of the liberation of Korea from Japan's colonial rule and China's victory in fighting the Japanese.

Park and Xi also mulled cooperation in regional defense, pledging to maintain the current tendency of the satisfactory development of defensive and military relations so far and hold high-level foreign and defense talks regularly. However, they did not explicitly specify any sensitive defense issues, such as China's unilateral declaring of an air defense identification zone (ADIZ), which overlaps Korea's own.

### Concern over Japan's Militarism

Mindful of the apparent concern about their silence, Park and Xi jointly expressed concerns on July 4 about Japan's move to expand its military reach and undermine the 1993 Kono Statement on comfort women during a closed-door luncheon, said Ju Chul-ki, a senior secretary for foreign affairs and national security in Seoul.

The announcement came as a surprise because the two leaders refrained from commenting on Japan in a joint statement following their summit on July 3. The two leaders discussed a lot about Japan, but we didn't include the discussions in the statement for various reasons, said the senior secretary. They agreed that Japan has taken a revisionist approach to history and voiced concerns about

the expansion of its military forces and its exercising of the right to collective self-defense.

In Seoul, Xi also delivered a speech at Seoul National University, where he struck a noticeably conciliatory tone on the relationship between China and South Korea, while disapproving of Japan's past imperialism in a nuanced way. In the early 20th century, the rise of militarism in Japan led the country to invade the Korean Peninsula and China, said Xi during the speech. The lecture was attended by some 500 students, professors and politicians, and lasted an hour.

People in the two countries suffered immensely because of Japan's brutal invasion, he continued. When the war against Japan was at its highest pitch, the Chinese and Korean people shared their suffering and helped each other.

Throughout the speech, the Chinese leader emphasized that China and Korea have always cooperated whenever the two countries faced challenges. His emphasis on the joint suffering under Japanese militarism is interpreted by some analysts as an attempt to form a unified front against Japan.

Analysts said that Seoul needs to develop a more prudent, creative external policy strategy that will help it continue to maintain practical partnerships with regional powers. Given the volatile political landscape in Northeast Asia, the direction the relationship between South Korea and China goes will affect a complex web of regional relations including Sino-U.S. relations and Sino-Japan relations one reason why the summit drew global attention, said Suh Jin-young, professor emeritus at Korea University.

The good thing is that South Korea's strategic value has been increasing amid the great-power

competition. But the bad thing is the possibility that South Korea could face pressure from regional powers (to take sides).

Observers said the U.S., in particular, closely watched the summit between Park and Xi as it could impact its Asia policy, which involves strengthening its network of regional alliances to maintain stability, and the regional status quo, which could be challenged by an emergent China.

### Washington's Asia Policy

The U.S. also wants to bring in an advanced missile defense system, called Terminal High Altitude Area Defense, to South Korea to better handle North Korean threats, but the South remains hesitant as the system could provoke China.

In Washington, U.S. experts said South Korea and China succeeded in bolstering cooperation on economic and other bilateral issues through the summit, but the meeting also revealed their fundamental differences on how to deal with North Korea. We should avoid the mistake made after the U.S.-Chinese Sunnylands summit, when many in the U.S. thought that Chinese policy had shifted and that Beijing was going to be more proactive in pressuring the DPRK (North Korea) to return to the six-party talks and denuclearize, said Joel Wit, a former State Department official and editor of the 38 North website at Johns Hopkins University.

The Xi-Park summit may be intended to send a political signal to Pyongyang but whether it actually entails any substantive change in China's views on how to handle North Korea is entirely unclear, Wit said. Indeed, it is likely that there has been no sub-

stantive shift and Beijing blames the United States and South Korea just as much as Pyongyang for the inability of concerned parties to solve the nuclear and other challenges posed by the North.

Scott Snyder, senior fellow at the Council on Foreign Relations, also said that the Park-Xi summit carries great symbolic significance and showed an intent by both sides to raise the level of relations between the two countries. But Snyder noted that there are inherent challenges involved in efforts to move political relations between Seoul and Beijing forward. South Korea cannot afford to abandon its alliance with the United States, while China envisions a sphere of influence in Asia that implies the marginalization and obsolescence of the U.S. alliance framework, he said.

Chinese President Xi Jinping's visit to Korea was designed to win over the hearts and minds of the Korean public, Beijing said July 4. Chinese Foreign Minister Wang Yi told reporters on the flight back that the visit felt like a trip to see a relative. He explained that the purpose was to bolster bilateral relations and friendliness between the people of the two countries.

Pyongyang must feel seriously isolated as South Korea and China enjoy strong ties while Beijing is distancing itself from a belligerent Pyongyang, analysts said.

The North Korean regime probably feels both a sense of betrayal and crisis through Xi's Seoul visit. This has led it to make two contradictory moves -- conducting belligerent military drills as well as making conciliatory gestures. (Yonhap)

## Seoul's Rejection of N.K.'s Unreliable Peace Offensive

**“North Korea’s proposal lacks sincerity and is preposterous as it blames South Korea for growing inter-Korean military tensions and strained bilateral ties.”**

■ By Kim Tae-shik

On July 1, the government turned down Pyongyang's so-called special proposal for the suspension of all military hostilities between the two sides on the grounds that it lacked sincerity and shifted blame onto the South for the current inter-Korean tensions.

North Korea called on South Korea to cancel the annual South Korea-U.S. joint military drills slated for August to create a favorable atmosphere for the improvement of the inter-Korean relations while reiterating its pledge to seek both economic and nuclear development.

On June 30, the North's powerful National Defense Commission (NDC) proposed that the two Koreas stop all hostilities starting on July 4, which marks the anniversary of the signing of the South-North Joint Communiqué by then South Korean President Park Chung-hee and North Korean leader Kim Il-sung in 1972.

The commission, chaired by the North's leader Kim Jong-un, called on South Korea to scrap the military drills to create an atmosphere friendly to inter-Korean dialogue, as well as for the 2014 Asian Games. North Korea has said it will send athletes to the regional sporting event to be held in the western South Korean city of Incheon in September and October.

The North claims the joint military drills are a rehearsal for a nuclear war against it. Seoul and Washington have said the routine drills are defensive in nature.

The South Korean government rejected the North's proposal the next day in a statement saying that it lacked sincerity and shifted blame for the current inter-Korean tensions to the South.

North Korea's proposal lacks sincerity and is preposterous as it blames South Korea for growing inter-Korean military tensions and strained bilateral ties, read the statement by Kim Eyi-do, spokesman for the Ministry of Unification, which handles inter-Korean affairs.

Pyongyang should demonstrate its sincerity on resolving the nuclear issue -- the fundamental threat to peace on the Korean Peninsula -- if it truly wants peace.

It does not make sense that the North speaks of promoting a peaceful mood while pledging not to relinquish its parallel pursuit of nuclear and economic development under any circumstances, even in the event of a special offer, the ministry spokesman said. If North Korea truly wants peace on the Korean Peninsula, it must not only stop slander and threats of provocations but also show sin-



North Korean leader Kim Jong-un (L) inspects a rocket firing drill. North Korea's official Korean Central News Agency (KCNA) reported the drill on July 10, without elaborating on when and where it took place. (KCNA-Yonhap)



cerity toward resolving the nuclear issue that poses a fundamental threat to peninsular peace.

North Korea has indicated it has no intention of giving up its nuclear programs despite pressure from Seoul and the international community, claiming that they are a deterrent against what it claims is Washington's policy of hostility.

It has indicated plans to conduct a fourth nuclear test and fired various missiles and rockets into the East Sea, including two short-range ballistic missiles on July 13. The latest firing marked the 14th time it launched rockets or missiles in 2014 and the sixth ballistic missile launch this year. The missiles were fired from the northern part of the southern border city of Kaesong, about just 20 kilometers from the military demarcation line (MDL), according to South Korea's Joint Chiefs of Staff.

North Korea may have launched the missiles in protest to the entry of a U.S. nuclear-powered aircraft carrier into South Korea's southern port of Busan on July 11, a military official said, adding that the North may have wanted to show its capability of launching missiles at any place at any time.

The 97,000-ton supercarrier USS George Washington arrived in Busan for joint military exercises with Seoul and Tokyo planned for later July.

## Unchanged Stance in N. Korean Policy

North Korea threatened on July 12 to strengthen its nuclear forces for self-defense. Pyongyang's NDC also said the South Korea-U.S. military drills are challenging the North's efforts to defuse tension on the peninsula and create a peaceful atmosphere.

In response to the recent peace offensive, Unification Minister Ryoo Kihl-jae said at a parliamentary session on July 1 that it is North Korea that has continued slanderous remarks against South Korea, not the other way round.

The July 1 rejection was the first policy decision regarding North Korea made by President Park

Geun-hye's new security and diplomacy team, which was launched in a reshuffle of the Cabinet and the presidential office in June.

Analysts said the government's response meant the new security-diplomacy team put importance on continuing the policies of the previous team made up of hard-line predecessors with military background -- former national security adviser Kim Jang-soo and former chief of the National Intelligence Service (NIS) Nam Jae-joon.

President Park on June 1 nominated Defense Minister Kim Kwan-jin to be her new national security adviser to succeed Kim Jang-soo and tapped Han Min-koo, former chief of the Joint Chiefs of Staff (JCS), as the new defense minister. Park later appointed South Korean envoy to Japan Lee Byung-ki as the new NIS director to replace Nam, who stepped down to take responsibility for major scandals that have undermined the reputation of the intelligence agency.

Political observers then speculated that the government's North Korea policy may have more flexibility in Park's new security lineup.

## **N. Korea's New Statement**

Again on July 7, North Korea urged the South to respond to its proposal in a government statement revealing its plan to send a cheering squad to the Asian Games to be held in the South Korean city of Incheon in September.

The four-point statement said the North and South should reject dependence on outsiders and settle all issues themselves, and demanded that the South stop its reckless behavior of seeking outside cooperation on the nuclear issue.

It also said the two sides should create an atmosphere favorable to the improvement of the North-South relations.

The statement also called on Seoul to lift sanctions imposed after the North's deadly sinking of a South Korean Navy corvette in 2010 and adhere to former conciliatory inter-Korean agreements.

If our aforementioned stances and measures are put into action, they will be instrumental in normalizing North-South relations and in achieving national reconciliation and unity, the North's statement read.

The South Korean unification ministry spokesman refuted the North's assertions saying that North Korea should come to the table for dialogue first instead of repeating unreasonable demands.

It is difficult to understand the North's insistence that its nuclear weapons are not an obstacle to national unification or inter-Korean relations, but guarantee the prosperity and peace of the Korean people, he said.

The government's stance to seek dialogue with the North has not changed, Kim said, adding, The North's unilateral buck-passing attitude cannot solve any problems.

Seoul has not shifted its stance on the May 24 sanctions, Kim also said, suggesting that the government has no plan to lift them. South Korea banned all economic and cultural exchanges with North Korea following Pyongyang's deadly torpedoing of its Cheonan warship in March 2010, apart from a joint factory park project in the North Korean border town of Kaesong and minimum

levels of humanitarian aid for infants and children living in the impoverished country.

On the North's plan to send a cheering squad to the Asian Games, Kim said Seoul will take steps to prepare for the hosting of the North Korean athletes and the cheering squad in accordance with international practice.

The North's government statement said Pyongyang will send a cheering squad to the 17th Asian Games along with its athletes. The North announced on May 23 that it will be sending its athletes to the Incheon Asian Games to be held from Sept. 19 through Oct. 4.

### Civilian Contacts

Meanwhile, there have been signs that Seoul's moves to allow private-level contacts between the two Koreas and observers here are based on expectations that there will be some thaw in the frozen inter-Korean relations with Pope Francis' visit to South Korea in August and the Incheon Asian Games.

Recently, South Korea has been expanding the scope of its permission for civilian contacts between the two Koreas, raising speculation that the South may mull easing the sanctions on Pyongyang.

On July 8, the government gave permission to a Christian humanitarian aid group to visit North Korea to discuss the resumption of joint agricultural projects, officials said.

Officials at the unification ministry said that the government gave a green light to four officials from World Vision to visit the North Korean border town of Kaesong on Aug. 9.

The group planned to resume working-level talks on joint agricultural projects that have been suspended because of the May 24 measures. The government earlier approved plans by South Korean civic activists and scholars to visit Kaesong for discussions on a forest cooperation project and a decade-long project to publish a joint Korean-language dictionary.

It is fair to say that the scope of supportive projects for the North has been expanding, said an official at the unification ministry. But as the backbone of the May 24 measures remain intact, it might be better to see that leeway is expanded. (Yonhap)



The USS George Washington enters a naval base in South Korea's southeastern port city of Busan on July 11. The nuclear-powered aircraft carrier with 6,000 sailors and more than 70 aircraft took part in a joint military exercise with South Korea off the southern coast from July 16-21. (Yonhap)

# International Concern over Japan's Remilitarization

**The constitutional reinterpretation is set to deepen concerns over a possible revival of Japanese militarism from the early 20th century.**

■ By Lee Kwang-ho

Amid deep concerns from its neighboring countries, Japan has finally opened the door for its use of military force abroad. The Japanese government under Prime Minister Shinzo Abe made the turnaround on July 1 by approving a document to reinterpret Article 9 of Japan's so-called pacifist constitution, which bans the exercise of military force abroad.

The Japanese government has so far interpreted this article as effectively denying Japan the right to collective self-defense, which is enshrined in the United Nations Charter. With the decision, Japanese troops will be able to defend allies under attack even though they are not threatened themselves. It will also likely facilitate their use of weapons in peacekeeping operations and participation in the U.N.'s collective security system.

The Abe administration justified the reinterpretation by citing changes in the global security environment, including the nuclear threat posed by North Korea. But the constitutional reinterpretation is set to deepen concerns over a possible revival of Japanese militarism from the early 20th century that still haunts the two Koreas, China and other Asian countries.

Until now, Japan has followed the policy of maintaining a defense-only military posture, which has led it to refrain from building up offensive capabilities. Article 9 of Japan's postwar constitution stipulates, "The Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes ... and that the right of belligerency of the state will not be recognized."

## Constitutional Reinterpretation

Japan will now pursue remilitarization as the new constitutional interpretation has opened the door for its Self-Defense Forces (SDF) to wage war on foreign soil. The Japanese government has sought to address the concerns of countries in the region by setting out specific conditions under which the SDF can dispatch troops overseas.

The resolution approved by Abe's Cabinet listed three main areas to expand Japan's deployment of its self-defense forces: for cooperation with international forces such as the U.N. peacekeeping operations, for response to gray-zone areas or low-intensity situations that

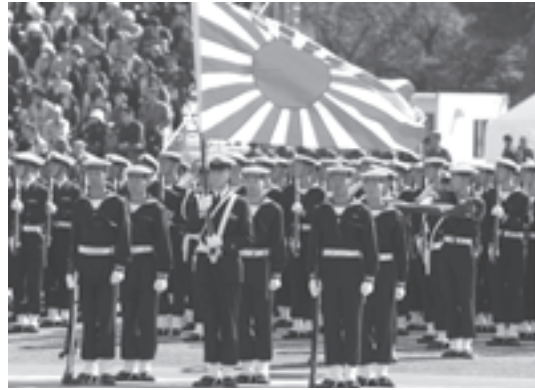
stop short of military attacks, and a limited exercising of collective self-defense.

It listed eight examples in which collective self-defense could be exercised, such as to intercept a missile heading toward the U.S. that crosses Japanese airspace, to rescue overseas compatriots or to protect allied vessels in Japanese waters in case of an attack. The Japanese Diet will have to approve the changes in a majority vote in the fall. Abe's coalition has the support of the majority in the Diet.

However, Tokyo's three criteria in exercising the right to collective self-defense are too vague to be strictly enforced. Abe describes his policy to expand the Japanese military's role on international stages as proactive pacifism, an abstract term few seem to understand. For instance, the SDF can use force when a clear danger exists that threatens the survival of Japan and could fundamentally overthrow the right of the Japanese people to life, liberty and the pursuit of happiness.

Abe's pursuit of the right to collective self-defense and remilitarization is unnerving to Korea and Japan's other former colonies as it is seen as part of his effort to revive Japan's past glory by whitewashing a shameful chapter of its history. Japan has never repented for its wartime atrocities, as shown by Tokyo's latest attempt to water down the 1993 apology for its coercion of foreign women into sexual enslavement during World War II.

The Abe government's announcement marks a major shift in the country's defense-oriented security policy in the face of China's increasing assertiveness in the region and persistent North Korean threats. Japan faces a complex, grave challenge as the surrounding national security landscape undergoes a fundamental change, the Cabinet resolution reads.



Members of Japan's Maritime Self-Defense Force attend an annual military parade to mark the Self-Defense Forces Day at Asaka Base, north of Tokyo, on Oct. 27, 2013. (AP-Yonhap)

Seoul called for Tokyo's efforts to address its neighbors' concerns and to boost transparency in the decision-making process. Any move that affects the peninsula's security and our national interests cannot be accepted unless accompanied by our request and consent, Foreign Ministry spokesman Noh Kwang-il told reporters. The right to collective self-defense does not entitle a country to exercise it in others' territory.

When it comes to Japan's security discussion, the Japanese government should dispel doubts and concerns stemming from history, abandon historical revisionism and behave properly in a bid to win confidence from its neighboring countries, the foreign ministry said in a statement.

The foreign ministry also censured Abe for picking North Korea as a potential target of Japan's exercise of its collective self-defense, asserting that Japan may use the right on the Korean Peninsula only upon a request from South Korea.

South Korea's ruling and opposition parties, as well as civilian organizations, voiced criti-

cism of the Abe Cabinet's approval of the resolution. Lee Wan-koo, ruling Saenuri Party floor leader, said that Japan's reinterpretation of collective self-defense is shocking and added that the country is walking a path very far from the one a normal nation in the 21st century should be going.

The main opposition New Politics Alliance for Democracy strongly condemned Japan's decision, and party co-chair Kim Han-gill expressed alarm that Japan, as a country that doesn't repent for its history of war crimes, has become a nation that can wage war again.

Beijing has also expressed strong misgivings. Chinese Foreign Ministry spokesman Hong Lei said in a briefing on July 1, "People cannot but question whether Japan is deviating from the path of peaceful development that it has been upholding since the end of World War II."

Also in Seoul, President Park Geun-hye and Chinese President Xi Jinping on July 4 jointly expressed concerns about Japan's move to expand its military reach and undermine the 1993 Kono Statement on comfort women.

In a speech, Xi stressed that both China and South Korea have suffered hardship under Japanese militarism. In the first half of the 20th century, Japanese militarists barbarously invaded China and Korea, swallowing up Korea and occupying half of the Chinese mainland, Xi said in his speech delivered to students at Seoul National University.

But North Korea has yet to make any official government-level comment on the Japanese Cabinet's adoption of the resolution. But a pro-Pyongyang newspaper published in Japan, which usually represents North Korean policy, harshly criticized the Japanese government's policy shift toward militarism.

Reminding readers that Abe is the grandson

of a former premier and Class-A war criminal during World War II, the Choson Sinbo newspaper criticized Abe's attempt to divert the current peace system of Northeast Asia to a wartime situation.

The newspaper, published by Chongryon, or the General Association of Korean Residents in Japan, claimed that Japan is dreaming of the annihilation of North Korea, saying that the battleground the present Japanese regime is persistently dreaming to wage war on is not China, but Korea.

Recently, isolated North Korea and Japan appear to be a little bit closer after the Tokyo government has decided to lift some of its unilateral sanctions on Pyongyang in return for North Korea setting up a committee to reinvestigate the fate of Japanese nationals abducted to North Korea in the 1970s and 1980s.

Should Pyongyang actually produce and repatriate Japanese nationals, analysts point out this could be a turning point in the relationship between the two countries, which do not have bilateral diplomatic relations.

Meanwhile, the U.S. displayed its support, saying the country has every right to equip itself when necessary. "We encourage them to do that in a transparent manner, and we remain in touch with them about these important issues," State Department spokesperson Jen Psaki said at a regular news briefing.

Washington has pushed for trilateral defense cooperation between South Korea, Japan and the United States. Defense Secretary Chuck Hagel welcomed the move in a statement on July 1, calling it an important step for Japan as it seeks to make a greater contribution to regional and global peace and security.

Later in Washington, the defense chiefs of Japan and the United States agreed on July 11

that Tokyo's recent reinterpretation of the constitution should be reflected in new bilateral defense cooperation guidelines due out by the end of the year.

After talks with Japanese Defense Minister Itsunori Onodera, Hagel said Washington strongly supports what he described as a historic decision made by Shinzo Abe's Cabinet to lift a long-held ban on collective self-defense.

President Barack Obama has been very supportive of Abe's policy to reclaim its right to exercise collective self-defense, said Ben Rhodes, the U.S. president's deputy national security adviser for strategic communications, in a briefing the same day.

While there is a deepened rift between Seoul and Tokyo in regards to historical issues, Washington has encouraged bolstering the military alliance between Seoul, Washington and Tokyo to counter regional threats such as North Korea and China's growing military capacity.

But a trilateral security pact between the U.S., Korea and Japan could potentially isolate China, which continues to have tense relations with Tokyo because of territorial and historical disputes. Japan and China are at odds over the sovereignty of the Senkaku Islands in the East China Sea, called Diaoyu in Chinese. Patrol airplanes and ships have been shadowing each other in the area, raising concerns about an unwanted clash.

Above all, Korea's greatest concern is Japanese forces entering its territory through the so-called right to collective self-defense. On the day of Abe's defense policy shift announcement, the chairmen of the Joint Chiefs of Staff (JCS) of South Korea, the U.S. and Japan met in Hawaii for defense talks.



Thousands of Japanese citizens protest Japanese Prime Minister Shinzo Abe's collective self-defense policy in a rally near his official residence in Tokyo on July 1. (EPA-Yonhap)

This was the first time Korea's Adm. Choi Yun-hee, U.S. Gen. Martin Dempsey and Japan's Gen. Shigeru Iwasaki met in person, and they agreed to trilateral cooperation on North Korea's nuclear and missile threats.

South Korea's Joint Chiefs of Staff said in a statement that Choi made it clear that Japan's self-defense right cannot be exercised without South Korea's explicit consent in cases affecting Korea's security and interests, a point which Dempsey and Iwasaki agreed upon.

Diplomatic experts in Seoul explained that China might suppress its temptation to settle old scores with Japan in seeking global hegemony. Washington, for its part, might seek ways to co-prosper with the resurgent China and induce Japan to stick with its peaceful constitution.

Seoul, instead of watching the faces of surrounding powers, needs to come up with a more proactive initiative such as a Northeast Asian security mechanism, based on a long-term strategy, the experts pointed out, saying it must first restore estranged ties with Pyongyang. (Yonhap)

# Kaesong Industrial Park After 10 Years

**The most important task to realize the long-term development of the factory park is to prepare a legal device to erase the Korean Peninsula risk.**

■ By Kim Tae-shik

After 10 years since its launch, the inter-Korean industrial park in the North Korean border town of Kaesong is assessed to have been a forum for inter-Korean economic cooperation that has been a boon for both sides and played a role as a test bed for economic integration of the two Koreas in the future.

The park, the most representative symbol of inter-Korean reconciliation, marked the 10th anniversary of its launch on June 30. During the 10-year span, the experimental economic cooperation project has made remarkable growth becoming a noticeable economic community of the two Koreas, with about 52,000 workers and managers of the two sides working together, but it also exposed the problem of what some call the Korean Peninsula risk as was shown in the five-month suspension last year.

The joint park was created as a product of the historic inter-Korean summit of 2000. A model complex of the joint factory park was dedicated on a lot of 93,000 square meters on June 30, 2004, with 15 South Korean companies launching their factories in the North

Korean territory.

Under harsh conditions in the initial days, South Korean companies built their factories to operate on North Korean soil one by one. Despite less than ideal conditions, cheap but quality North Korean labor and low cost lands lured South Korean entrepreneurs into investing in the complex. Kettles, the first product of the inter-Korean collaboration, were rolled out in December of that year.

## Remarkable Growth

According to the South's unification ministry, which handles inter-Korean affairs, the production at the complex recorded a steep increase every year from US\$14.91 million in 2005 to \$469.5 million in 2012, a growth of more than 31 times in seven years.

Last year, the park's production plummeted to \$223.8 million due to the five months of suspension but the production has recovered to the level of 2012 this year, with the first quarter production reaching \$106.8 million. The accumulated production in the 10 years recorded \$2.37 billion.



The park had a smooth start amid a reconciliatory mood between the two Koreas. The creation of the first-phase construction of land spanning 3.3 million square meters was completed in June 2006. The number of South Korean companies operating in the park rose to 65, and the number of North Korean workers grew to 22,000 in November 2007.

The volume of cargo going to and coming from Kaesong grew four-fold from 198 tons a day in 2006 to 840 tons worth \$7 million this year.

The amount of snacks, bread and confectionery South Korean companies offer to North Korean workers rose from 13 tons in the initial year of the complex to 2,000 tons a year now, up over 130 times.

The number of South Korean companies operating in the park rose from 15 in 2004 to 125 now, and the number of North Korean workers they hire grew from 6,000 to 52,000 during the cited period.

By industry, textile companies took the lion's share at 73, or 58.4 percent, followed by 24 machine and metal companies, 13 electric and electronic companies, and nine chemical firms.

Female workers led their male counterparts by 7:3, and the average age of the North Korean workers there is 37.9 -- 41.9 years for male and 36.4 years for female workers.

The average monthly payment for the North Korean workers is tallied at \$130.8 as of March this year compared with \$60 in 2004. In addition to the wage, South Korean employers pay \$13.5 per worker as social security expense.

The 10-year history of the Kaesong park is a history that South Korean government and businesses shared with North Korean authorities and workers.



North Korean leader Kim Jong-il (L) welcomes visiting South Korean President Kim Dae-jung upon the latter's arrival at Sunan Airport in Pyongyang on June 13, 2000 for the first-ever inter-Korean summit talks. (Yonhap)

Cooperation from the North Korean authorities contributed to the smooth progress of the park, and the North's cooperation reflected the significance of the park in North Korea's politics and economy.

### **Contribution to N. Korean economy**

The contribution of the park to North Korea's economy is the most significant.

For the impoverished North Korea, the Kaesong park has been a stable source of getting foreign currency and served as a foundation for the country's economic development. At present South Korean companies pay \$870 million a year to North Korea as wages for workers and their social security expenses.

The park also served as a source of income for more than 50,000 workers from Kaesong city and nearby areas. In other words, about 200,000 North Koreans rely their lives on the 50,000 workers who earn wages at South Korean factories in the park considering a worker supports a four-member family.

The significance of the Kaesong park in North Korea's special economic zone development is also assessed to be very great.

North Korea has tried to invite foreign capital through special economic zone development for more than 20 years, beginning with the Rason economic and industrial zone in 1991, but the Kaesong complex is regarded as a sole success case.

Experts say North Korea has accumulated substantial know-how on the special economic district development through the experience at the Kaesong complex.

North Korea's economic officials and workers learned various production management methods like tax affairs, accounting and incentive systems as well as technical know-how in the manufacturing industry like clothes and footwear.

Some North Korean officials, who have experience with the Kaesong park, have been deployed to other economic development zones while the Kaesong experience was reflected in enacting legal systems for North Korea's other special economic zone systems like the law for the Hwanggumphyong and Wihwa Island special economic zones.

Cho Bong-hyun, senior researcher of the IBK Economic Research Institute in Seoul, said the Kaesong complex will help North Korea learn about market economy and that such experience will lend confidence to North Korean authorities concerned about economic reform and opening.

The political significance of the Kaesong park is not small because it is the result of the first inter-Korean summit talks in 2000, which North Korea praises as the achievement of Kim Jong-il for the national unification.

The joint factory park was supposed to

develop an area of 66.1 square kilometers in three phases -- 3.3 square kilometers in the first phase, 8.3 square kilometers in the second phase and 18.2 square kilometers in the third phase plus an extended area of 36.3 square kilometers.

### Original Plan and Peninsula Risk

With the deterioration in the Seoul-Pyongyang relations, however, the driving force to promote the development of the park weakened substantially from the phase two. The phase two projects were suspended after seismic surveys between late 2007 and early 2008 although the two sides confirmed the progression of the phase two projects in the second inter-Korean summit talks between South Korean President Roh Moo-hyun and North Korean leader Kim Jong-il in October 2007.

South Korea's punitive measures against the North following the deadly torpedo attack on South Korean naval ship in 2010 made the construction work of the park to further dwindle. On top of that, North Korea unilaterally shut down the park for five months citing heightened inter-Korean tensions in 2013 bringing forth a crisis of survival of the complex, dubbed the last remaining symbol of inter-Korean cooperation.

The park faced its worst crisis last year when North Korea unilaterally suspended the complex. In protest against the international sanctions following the North's third nuclear test and the South Korea-U.S. joint military drills, North Korea unilaterally pulled out its entire 53,000 workers from the park in April last year.

North Korea escalated tension on the Korean Peninsula by conducting its third nuclear test in February last year in defiance

of the international community's warnings. Under the pretext of international sanctions and South Korea-U.S. joint military exercises, Pyongyang issued war threats to South Korea and the United States almost daily, restricted South Korean businessmen's entry into Kaesong on April 3 and pulled out all its workers from the park on April 9.

After months of negotiations the two sides managed to reach an agreement to resume the operation of the complex in August under which the park resumed operation on Sept. 16, 2013.

Under the August 2013 agreement, a joint management committee of the park was created and held meetings four times until December. The committee was unable to hold a meeting, however, for nearly six months after December due to cross-border tension, even though the two sides had agreed to hold it quarterly.

South Korea has continually proposed to the North to hold a meeting after their fourth meeting held on Dec. 19, but the North has not responded. Following months of silence, North Korea accepted Seoul's proposal to hold the meeting on June 23, but counterproposed a date of June 26.

Seoul accepted the North's counterproposal and the two sides held a meeting of the joint committee in Kaesong on June 26, but the meeting produced little agreement.

The sides discussed the timing for the full implementation of the radio frequency identification (RFID) system, a data transfer system to facilitate travel to and from the industrial complex, and the improvement of Internet connection at the complex but failed to reach an agreement.

South Korea completed the RFID system in January this year and has conducted a test-run.



A wide view of the Kaesong Industrial Park in the North Korean border town of Kaesong. The photo, taken in September 2011, was provided by the Unification Ministry. (Yonhap)

The electronic system, aimed at making South Koreans access to the joint complex easier, is expected to allow factory managers here to visit the park and return home at any time on days they are permitted to cross the border, according to the unification ministry.

The government is seeking a solution to the insecurity of the park from internationalizing it. By inviting foreign companies from third countries like Germany and China, the industrial park may be less affected by inter-Korean relations.

Experts say the most important task to realize the long-term development of the park is to prepare a legal and systemic device to erase the Korean Peninsula risk, such as the North's unilateral suspension of the park last year.

Groz-Beckert, based in Germany, opened a sales office at the inter-Korean industrial complex in June 2014 to become the first foreign company to open a business office in Kaesong.

Jeong Se-hyun, a former unification minister who spearheaded Kaesong park project in its early stage, said the Kaesong park project

was a pilot business to build an inter-Korean economic community and that the project was significant in that it served as a test bed for the inter-Korean economic community.

Jeong said the model of the Kaesong park should spread to the entire North Korea, which will consequently contribute to the realization of the national unification.

### Tasks for Park's Development

A unification ministry official said it is most important to develop the complex's business environment by providing better access to and from the park, as well as Internet and telecommunications infrastructure, to help develop the park to the level of international standards. The government hopes to invite more foreign companies and boost stability of the park.

South Korean businessmen operating in the park cited the securing of more North Korean workers and building a dormitory for workers who live far from the park as the most urgent tasks for the sustainable development of the Kaesong park.

The park needs to hire about 20,000 more workers, and they should be supplied from outside Kaesong because most available workers living in Kaesong and its vicinity are already hired by the South Korean companies.

Moon Chang-seop who runs a footwear factory in Kaesong said if the government alone is difficult to finance the construction of the dormitory South Korean companies operating there can share the burden.

A solution can be found in an arrangement in which the government builds the dormitory and the companies that will let their employees live in the dormitory share the construction cost, he said.



This photo, taken on Sept. 17, 2013, shows North Korean workers at a factory in the Kaesong Industrial Park. (Yonhap)

Moon said the Kaesong park is the most desirable joint complex for South Korean companies and is more competitive than operating factories in China or Southeast Asian countries as they can save transportation cost and employ high-quality workforce with lower turnover rate.

He stressed that the development of the park will also be helpful for the South Korean economy as most of the raw materials, foodstuff, equipment and other supplies should be shipped from South Korea. Industry sources said the number of South Korean contractors and subcontractors for the 125 South Korean

companies operating in Kaesong is estimated at about 5,800.

Moon advised that small and medium industries of South Korea had better to join the

Kaesong park rather than operating worksites in foreign countries, as it would benefit both Koreas. (Yonhap)

### Chronology of the Kaesong Industrial Complex

August 2000: South Korea's Hyundai Asan Corp. and North Korea adopt a memorandum of understanding on the development of the industrial zone.

June 2003: Work starts to build the first-phase work on a lot of 3.3 million square meters.

June 2004: Fifty South Korean firms sign an agreement to enter the park. A model zone dedicated.

December 2004: The first product of the park is rolled out.

September 2005: Park sells factory sites to 24 South Korean companies.

May 2006: First phase land development of 3.3 million square kilometer is completed.

November 2006: The number of North Korean workers hired by South Korean companies in the complex surpasses 10,000.

January 2007: Accumulated production at the park surpasses US\$100 million.

June 2007: Exactly 183 companies apply to do business in the park in the second selling of factory sites by the park.

November 2007: The number of North Korean workers hired by South Korean companies in the complex surpasses 20,000.

November 2008: Accumulated production at the park surpasses \$500 million.

March 2009: North Korea blocks the land route three times during the South Korea-U.S. joint military drill Key Resolve.

May 2010: South Korea announces the May 24 measures, which ban all exchanges between the two Koreas. New investment in the Kaesong park is prohibited.

January 2012: The number of North Korean workers hired by South Korean companies in the complex surpasses 50,000.

January 2013: Accumulated production at the park surpasses \$2 billion.

April 2013: North Korea pulled all its workers from the park. Operations at the park are suspended.

May 2013: All South Korean officials and businessmen withdrew from Kaesong.

August 2013: The two Koreas adopt an agreement on the normalization of the Kaesong industrial park; they agree to form a joint committee to operate the complex.

September 2013: Operations at the park resume.

January 2014: South Korea completes the development of the RFID system. Test-run of the system starts.

May 2014: South Korean Cardinal Andrew Yeom Soo-jong visits the Kaesong industrial park.

June 2014: Groz-Beckert, based in Germany, becomes the first foreign firm to open an office at the inter-Korean industrial complex in Kaesong since 2008.

June 2014: A meeting of the joint committee for the Kaesong industrial park is held for the first time in six months.

## Cabinet Reshuffle for Boosting Trade and Investment

**With the launching of the new ministry, the North Korean leadership is trying to concentrate resources and expertise in foreign trade and investment into one place.**

In contrast to its formidable advancement of its military capabilities, North Korea has so far failed to overcome economic difficulties and feed its hungry populace. This is ascribable in part to tightened international sanctions for its continuous missile and nuclear tests, which ultimately caused penalties to be imposed on the North's trade, banking and travel.

Yet the reclusive country has been making strenuous efforts to help its staggering economy overcome difficulties by attracting more investment from overseas, which is critical for achieving sustainable growth so as to guarantee the survival of the regime. The socialist country is now speeding up its economic rehabilitation through the reshuffle of its economy-related organizations under the Cabinet.

To this effect, North Korea has recently established a new ministry to take care of external trade affairs by combining two state committees in charge of luring foreign investment and developing special economic zones established in 2010 and 2013, respectively.

According to the North's official Korean Central News Agency (KCNA) on June 18, the country decided to reorganize the Ministry of Foreign Trade as the Ministry of External Economic Affairs by merging the Joint

Venture and Investment Commission and the State Economic Development Committee with it. It reported that the new ministry was established due to a decision by the North's parliament, the Presidium of the Supreme People's Assembly (SPA).

### New Ministry and Officials

Initially it did not name the specific duties of the new ministry or who leads it. But it was confirmed later that former trade minister Ri Ryong-nam has become the minister of the newly established entity. In a report of July 15, the KCNA introduced Ri as the minister when it carried a news of a meeting between North Korea's ceremonial head Kim Yong-nam and a visiting Mongolian president's special envoy, where Ri was present along with other officials.

With the launching of the new ministry, the North Korean leadership will be trying to concentrate resources and expertise in foreign trade and investment into one place in order to improve its ability to bring in more money to the country, according to experts.

In addition, North Korea has appointed a new economy-related official to a vice premier of the Cabinet. In its report on June 19, the

KCNA announced that Choe Yong-gon was appointed vice premier of the DPRK (North Korea) in accordance with a decree of the SPA Presidium.

Choe was the third man to be appointed to a vice premiership since April 9, when the North's SPA conducted a Cabinet reshuffle. In May, the country named Kim Tok-hun, chairman of the people's committee of Jagang Province, as vice premier of the Cabinet. Also on May 29, Rim Chol-ung, senior official of the North's Railway Ministry, was named a vice premier.

The three new vice premiers were all connected with economic affairs, an indication that the socialist country is now speeding up its economic rehabilitation and luring more foreign investment from overseas.

Choe Yong-gon visited Seoul in 2005 as a member of the North Korean delegation for the South and North Korean ministerial talks. Experts explained that his appointment will be connected to various economic cooperation projects between the two Koreas in the future when their sour relations turn into normal ones.

Pyongyang has been rushing to set up special economic zones all across the country, easing relevant regulations and giving greater leeway to managers of factories and cooperative farms to boost production.

In a move to boost economic cooperation with overseas Koreans, Pyongyang has sought ways to make access to the North easier for businesspeople. North Korea seems to be turning more to overseas Koreans amid difficulties in attracting foreign investment due to international sanctions, said Kim Yong-hyun, a professor of North Korea studies at Dongguk University in Seoul. Kim Jong-un has been pushing for such economic cooperation pro-



North Korean leader Kim Jong-un emphasizes the importance of economic development while making his New Year's address on Jan. 1. (KCNA-Yonhap)

jects in an organized fashion compared with his predecessors, he added.

Commenting on the newly established ministry, Cho Bong-hyun of the IBK Economic Research Institute in Seoul, said, The new ministry merges committees that carried out nominally different functions but in fact mostly did the same things. The latest step seems to be aimed at streamlining the process and boosting economic development.

### Connection with Jang Song-thaek?

There were also questions as to whether the purging of Jang Song-thaek, once-powerful uncle of North Korean leader Kim Jong-un, in December had influenced the fate of the State Economic Development Committee, as he was rumored to be closely affiliated with the committee.

Some experts speculated that the decision was aimed at getting rid of some remaining followers of the late Jang in the committees. Jang was executed on corruption and treason charges. Others believe that the North Korean regime is taking disciplinary action against the

committees for failing to produce tangible results.

Nicholas Hamisevicz of the Korea Economic Institute of America suggested the connection. The first thing that comes to mind when I see the Joint Venture and Investment Commission is its past connection with Jang Song-thaek, Hamisevicz told NK News, a U.S. news site focusing on North Korea. So this move could be still part of the fallout from the Jang Song-thaek purge.

He also pointed to a number of reports that North Korea has been looking for ways of acquiring more money and investment.

The North Korean leadership may be trying to concentrate resources and expertise in foreign trade and investment into one place in order to improve its ability to bring in more money to the country, he said.

North Korea appears to have reinstated two key officials in charge of economic projects with China, a diplomatic source said recently, in a sign Pyongyang may try to restore its business partnership with Beijing after the purge of Jang.

Kim Ki-sok and Kim Chol-jin, chief and deputy chief of the North's State Economic Development Commission, had been sacked in connection with the purge and execution of Jang Song-thaek, but have been reinstated after undergoing an ideology re-education, the source said on the condition of anonymity.

After his reinstatement, Kim Ki-sok made secret visits earlier this year to Beijing and Shenzhen, southern China, during which he met with Chinese business people, according to the source.

Late last year, North Korea announced that it was setting up 14 additional economic development areas in the country, including a

special zone in its northwestern city of Sinuiju near its border with China, apparently to attract more foreign investment.

In a separate dispatch, the KCNA also reported details about the other 13 smaller economic development zones. It said one economic development zone will be created in North Phyongan Province, Kangwon Province, Ryanggang Province and Nampho City; two in North Hwanghae Province, Jagang Province and South Hamgyong Province; and three in North Hamgyong Province.

Pyongyang has been moving to create economic development zones ever since leader Kim Jong-un called on regional governments to create special zones in each province during a plenary session of the Workers' Party Central Committee members in late March.

In May 2013, the SPA Presidium enacted a law on economic development zones that would give tax and other benefits to foreigners investing in the zones. North Korea has four special economic zones: the Hwanggumphyong and Wihwa islands, Kaesong Industrial Complex, Mount Kumgang region and Rason.

In addition, North Korea has recently promoted its tourism facilities, including an already built ski resort on the east coast. Also, North Korean leader Kim Jong-un has launched an ambitious plan to transform the strategically important city of Wonsan into a tourist destination.

On June 12, the KCNA reported that the world-class Masikryong Ski Resort and Songdowon International Children's Camp were successfully built and areas of Wonsan, Ullim Falls, Sokwang Temple and Thongchon are being peculiarly spruced up as cultural recreation grounds for people in the Wonsan-Mount Kumgang area.



The first meeting of North Korea's newly-formed Supreme People's Assembly takes place at the Mansudae Assembly Hall in Pyongyang on April 9. The meeting significantly beefed up the Cabinet's economic capabilities by expanding the number of vice premiers in charge of the economy to three and launching the Ministry of External Economic Affairs through the merger of three major economic agencies. (KCNA-Yonhap)



The KCNA said, The DPRK law on the Mount Kumgang International Tourist Special Zone, the law on the economic development zone and the laws related to foreign investment are applied to the relevant areas and objects in the Wonsan-Mount Kumgang International Tourist Zone.

### **Attraction of Investment**

News media report also has it that North Korea has been revving up efforts to attract investment from overseas Koreans amid difficulties in inviting foreigners to the sanctions-hit country. We are to focus more on the projects that aim to create circumstances where overseas Koreans can successfully make economic transactions (in North Korea), said Pak Kyong-jin, who leads the Economic Cooperation Office for Overseas Koreans based in Pyongyang.

He made the comment earlier this year in an interview with a monthly magazine titled *Joguk*, or *Homeland*, published by the

pro-Pyongyang General Association of Korean Residents in Japan. We will try to complete the drawing up of legal and instrumental measures to protect overseas Koreans interests and give them special treatment, he said, adding such projects have been making good results. The office was established last year as part of Pyongyang's efforts to facilitate investments by Koreans living abroad, with its services getting into full swing in January.

These days North Korea has been promoting tourism and even selling precious minerals to China, but even this is getting difficult amid strained relations with Beijing. At this juncture, North Korea has a closer relationship with Russia, once the ideological mentor to Pyongyang.

Russian officials and news media say the past few months have seen genuine renaissance in Russian-North Korean relations. The North has also tightened relations with Russia in other business areas including transportation and logistics as well as in the energy industry. (Yonhap)

## N.K.'s Nuclear Stockpile Could Rise Sharply If LWR Goes into Operation: FAS Chief

“Within a few years, they could have, they could start getting to the level of a state like Pakistan or India in terms of their plutonium production.”

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

North Korea can significantly increase its nuclear stockpile if a light water reactor under construction at its Yongbyon nuclear complex goes into operation, a U.S. nuclear scientist warned, urging Washington to restart negotiations with Pyongyang.

North Korea has so far used a 5-megawatt reactor at Yongbyon to make plutonium for nuclear weapons, roughly at a speed of one bomb worth of plutonium a year. But since a few years ago, the North has been building a larger-scale light water nuclear reactor that experts say could give Pyongyang enough plutonium to make about five or six weapons a year.

From the bigger light water reactor they're making, what I'm arguing is that in principle, if that can operate effectively and at high power over every year, they could probably make 30-40 kilograms just from that reactor, Charles Ferguson, president of the Federation

of American Scientists (FAS), said in an interview with Yonhap News Agency in July.

About 6-7 kilograms of plutonium is necessary to make one nuclear bomb, according to experts.

### Bigger Light Water Reactor

Ferguson said the North could use its uranium enrichment facility to make low enriched uranium as fuel for the light water reactor, rather than directly producing weapons-grade highly enriched uranium, because it can make plutonium out of spent fuel from the light water reactor.

It depends on how frequently they refuel the reactor. They can take spent, radiated fuel out of the reactor quickly within a couple of months, then the plutonium coming out is more weapons grade. That's one option for them. They can use this kind of smaller light water reactor, he said.

The North could double its plutonium stockpile within just one year of operating the reactor, he said.

Within a few years, they could have, they could start getting to the level of a state like Pakistan or India in terms of their plutonium production, he said. That's why it is so important not to neglect North Korea but to re-engage on the political problem or to see if we can head off this production of more and more plutonium.

Six-nation negotiations to end the North's nuclear program have been stalled since the last round of talks in late 2008. Since then, the North conducted two more nuclear tests, one in 2009 and the other in 2013, and restarted the 5-megawatt reactor that had been shut down in 2007.

South Korean officials have warned the North could carry out its fourth nuclear test at any time.

North Korea has called for the unconditional resumption of nuclear negotiations. But South Korea and the U.S. have demanded the North first demonstrate through action it stands by its own commitment to abandon its nuclear program before any negotiations reopen.

## Nuclear Waste Disposal

On civilian nuclear energy cooperation talks between the U.S. and South Korea, Ferguson said there are a few options the U.S. government can take with regard to Seoul's demand to use the so-called pyroprocessing technology, a reprocessing technology considered posing less proliferation risks because it leaves separated plutonium mixed with other elements.

Seoul wants Washington to allow it to use the technology because it can reduce the headache of disposing of nuclear waste in a nation with a small territory. But Washington has been reluctant to allow South Korea to do that due to proliferation concerns.

The 1974 nuclear cooperation pact, known as the 123 agreement, had been scheduled to expire in March. But the two countries extended it by two years to March 2016 as they failed to find a compromise. Negotiations to revise the pact have been under way, with the last round taking place in Washington in June.

In 2010, the two sides also launched a joint 10-year study to see if the pyroprocessing technology is feasible.

If it works -- we don't know if it works, we're testing -- if it works, it might allow the reduction of the volume of the waste to be stored and it can reduce the time required to store the waste, Ferguson said of how effective the technology can be.

Ferguson said the U.S. could give Seoul temporary permission to use the technology pending on the results of the study or give permission to do certain types of activities based on what the sides have learned so far from the joint study.

Another option could be we'll give you advanced consent to do these activities, Ferguson said. You can do it for a period of time, 10 years, 20 years, 30 years. That's what the Korean negotiators want. That's their preferred option ... and it's very similar to the agreement Japan, the U.S. agreed to in 1988. (Yonhap)

## N. Korea's Outrage over American Movie

**Pyongyang's hysterical reaction shows that soft means can be more powerful than sanctions in affecting the country that has withstood international sanctions.**

North Korea has shown hysterical reaction to an upcoming American comedy movie featuring an assassination attempt on North Korean leader Kim Jong-un and issued strong warning against the release of the movie since the U.S. film giant Columbia Pictures released a trailer of the movie *The Interview* in June.

On June 25 the North's foreign ministry condemned the release of the trailer as the most undisguised terrorism and threatened to take a strong and merciless countermeasure if the movie is put released in theaters, without specifying what the countermeasure would entail.

The action-comedy film, set to be released in the United States on Oct. 10, is about an American talk show host and his producer recruited by the U.S. government to assassinate the North Korean leader during their visit to the reclusive country for an exclusive interview with him.

The enemies have gone beyond the tolerable limit in their despicable moves to dare hurt

the dignity of the supreme leadership of the DPRK, the statement carried by the North's official Korean Central News Agency (KCNA) said, calling the U.S. a kingpin of international terrorism. DPRK is acronym for Democratic People's Republic of Korea, the North's official name.

The U.S. has gone reckless in such provocative hysteria as bribing a rogue movie maker to dare hurt the dignity of the supreme leadership of the DPRK. This act of not fearing any punishment from heaven is touching off the towering hatred and wrath of the service personnel and people of the DPRK, it decried.

The North's statement said the distribution of such film in the U.S. is absolutely intolerable as it is the most undisguised terrorism and a war act to deprive the service personnel and people of the DPRK of their mental mainstay and bring down its social system.

The dignified and worthwhile lives the North Korean people enjoy at present and the great changes taking place in the country

would be unthinkable apart from the supreme leadership of the DPRK and that's why they regard the supreme leadership as dearer than their own lives, the ministry statement claimed.

It is their firm determination and stamina to mercilessly destroy anyone who dares hurt or attack the supreme leadership of the country even a bit.

Those who defamed our supreme leadership and committed the hostile acts against the DPRK can never escape the stern punishment to be meted out according to a law wherever they might be in the world, it warned adding If the U.S. administration connives at and patronizes the screening of the film, it will invite a strong and merciless countermeasure.

## Letters to U.N. Chief, White House

North Korea also filed a protest with the United Nations against the U.S. movie, calling on the U.S. government to ban the release of the movie, a U.S. report said.

In a letter sent to U.N. Secretary General Ban Ki-moon on June 27, North Korean Ambassador to the U.N., Ja Song-nam, called the movie *The Interview* an insult to the North Korean leader, the Washington-based Voice of America (VOA) said on July 9.

Allowing the production and release of the movie about targeting a head of state is an explicit support for terrorism and an act of war, the letter said, calling on the U.S. government to ban the movie.

North Korea requested that Ban adopt the North Korean foreign ministry statement as an official document and circulate it in a general meeting and the security council, the radio report said.



A poster of the upcoming U.S. film "The Interview," featuring popular American comedic actors Seth Rogen and James Franco, is shown. Randall Park (unpictured) stars as North Korean leader Kim Jong-un in the movie about a hypothetical plot to assassinate Kim. Phrases in Korean read "Don't trust these idiot Americans" and "The war will begin." This image was captured from the official Facebook page of "The Interview."

The broadcaster reported on July 17, citing multiple diplomatic sources, that Pyongyang has also sent a similar letter to the office of President Barack Obama to protest against the film. The White House neither confirmed nor denied the report, it added.

Directed by Evan Goldberg and Seth Rogen, the directors of the 2013 movie *This Is The End*, the new movie stars Rogen and James Franco as a talk show host and a producer who flew to Pyongyang to conduct an

interview with Kim Jong-un, while Randall Park acts as Kim. The shooting of the movie was concluded in December 2013.

The movie starts with character Dave Skylark (played by Franco), host of a talk show, and producer Aaron Rapoport (played by Rogen), winning an exclusive interview with Kim Jong-un, according to VOA. Upon entering North Korea the two receive a message from the Central Intelligence Agency (CIA) to kill their interviewee.

The \$30 million movie is getting attention for being the first American film to use the North Korean dictator as a primary subject.

### Expert's View

Meanwhile, an American expert on Korean affairs said comedy movie could be more painful for North Korea than sanctions.

When it comes to dealing with North Korea, a comedy film can be more effective than sanctions in moving the communist regime, Victor Cha, a former director for Asian Affairs at the National Security Council, said in a recent interview with Yonhap News Agency in Washington.

We've tried military containment, we've tried economic sanctions, we've tried political isolation, but we've never tried Hollywood, said Cha.

It's clearly hit a nerve, Cha said of the North's reaction. I think this one really kind of hit a nerve because it's specifically about Kim Jong-un and it's talking about killing him.

Cha, who serves as the Korea chair at the Center for Strategic and International Studies (CSIS), said the North not only takes the movie as an insult, but it must also be con-

cerned that these things can somehow slip into the country in the form of DVDs and thumb drives and people may start watching it, something that the regime wants to prevent in the totalitarian nation where its leader is revered as a near demigod.

Pyongyang's hysterical reaction also shows that such soft means can be more powerful than sanctions in affecting the North, a country that has withstood an array of international economic and political sanctions imposed for its nuclear program and other bad behavior, he said.

This really seems to bother him. He doesn't care about four U.N. Security Council resolutions. He doesn't care that the U.N. Commission of Inquiry says this is the worst human rights violator in the modern era. He doesn't care about that, Cha said of the North's leader.

A British filmmaker also said that Kim Jong-un and his people are worried about the North Koreans' exposure to the movie, especially teenagers.

Mr. Rogen and Mr. Franco's film will not be released in North Korea, but with more and more Chinese bootleg DVDs turning up in rural North Korean markets every day ... Kim Jong-un and his cronies are surely worried, Paul Fischer, based in London, said in his contribution to the July 3 edition of the International New York Times.

What will happen to him when the walls separating his people from the rest of the world finally come down, and the North Korean people realize that the Kims were never Great or Dear at all, only an appalling, criminal joke? he wrote. (Yonhap)

# Significance and Prospects of N. Korea-Japan Deals

**With the doors of Washington, Seoul and Beijing closed to the North, Pyongyang-Tokyo negotiations will likely increase Japan's influence on Pyongyang.**

■ By Jo Yang-hyeon. *professor at the Institute of Foreign Affairs and National Security (IFANS), Korea Diplomatic Academy in Seoul*

## Meaning of N.K.-Japan Deals

In connection with developments in Northeast Asia, negotiations between North Korea and Japan have drawn the attention of the international community in recent months. In late May, the two countries announced a deal on North Korea reopening an investigation into the fate of Japanese citizens it abducted and Japan lifting some sanctions against the North for its nuclear and missile tests since 2006. If the two countries abide by the agreement, it will likely spark significant change in the situation facing the Korean Peninsula and Northeast Asia, not to mention an improvement in their ties.

North Korea and Japan have not had a normal relationship since the end of World War II in 1945. At the turn of the 1990s, as the Cold War ended, they began to negotiate with each other, in a move to normalize diplomatic relations. In the course of their talks, the North's development of nuclear weapons and missiles, the abduction issue and the legacy of Japan's 36-year-long colonial rule over the Korean Peninsula in the first half of the 20th century have emerged as stumbling blocks.

In the first-ever summit between the sides held in Pyongyang in September 2002, the two countries reached agreement on the basic principle that they will establish diplomatic ties. But their talks were suspended in late October of that year after the 12th round due to growing disputes.

Based on the United Nations Security Council (UNSC) Resolution 1718, adopted in October 2006, Japan has taken measures against the North, such as banning exports of weapons and personnel exchanges as well as freezing funds in Japan. At the same time, independent from the UNSC resolution, Japan invoked its own sanctions against the North, banning the entry of North

Korean-flagged boats into Japanese ports, the shipment of all commodities to the North and their import from the North, and the entry of all North Korean nationals into Japanese territory.

Under the Cabinet of Prime Minister Shinzo Abe, inaugurated in late December 2012 for the second time, Japan took additional steps against the North, banning senior officials of the pro-Pyongyang General Association of Korean Residents in Japan, also known as Chongryon, from entering Japan again once they have left. The measures also excluded high schools run by Chongryon from free tuition and a high school enrollment support fund enacted on April 1, 2010. Moreover, Japan has begun the process of auctioning off a Chongryon building in Tokyo that houses its central headquarters in a move to recover non-performing loans to the association.

In early July this year, the Japanese government announced that it will lift some of its own sanctions against the North after it notified Japan of its establishment of a special committee to reinvestigate the fate of the abductees. The sanctions lifted by Japan regard personnel exchanges between the two countries, the amount of money that can be remitted to the North and North Korean ships entry into Japanese ports. Japan has also said it will consider dealing with the legal status of pro-North Korean residents in Japan and humanitarian assistance.

If and when Japan lifts its sanctions, international cooperation involving Washington, Tokyo and Seoul may suffer, as well as Seoul's own policy toward the North. The question of establishing diplomatic ties between Japan and the North is one of the key axes in the principle for the cross-recognition of the two Koreas

by the four powers -- the U.S., Japan, Russia and China. And a normalized Tokyo-Pyongyang relationship could be a key variable affecting not only the situation facing the Korean Peninsula, but also the future course of security order in Northeast Asia.

### Motives for May 29 Accord

North Korea and Japan have occasionally pushed ahead with bilateral negotiations over the past 25 years. As a result of these moves, they reached an agreement in 2008 to reinvestigate the fate of Japanese citizens abducted to the North, but the North failed to abide by the deal. Accordingly, the May 29 agreement is a return to the 2008 accord. There are, however, various views on the reason they could reach a practical agreement at this time.

First of all, let's think about the reasons from the North Korean perspective. The North's key objective could be to gain hard currency from Japan as compensation for its colonial rule. Economic projects being pursued by the Kim Jong-un regime require huge funds. In other words, the Japanese ability to support the North could be a factor luring it to negotiations with Japan at a time when its economic dependence on China is ever increasing.

North Korea has undoubtedly felt the need to seek measures aimed at taking care of Chongryon and its members at a time when their situation in Japan becomes ever less favorable. In a session of the Pyongyang-Tokyo talks held in Beijing soon after Tokyo District Court allowed the forcible sale of buildings used by Chongryon in March, the North reportedly said there would be no progress in talks unless Japan resolved the issue.

From the viewpoint of the North's balanc-



ing diplomacy with the U.S., Japan, Russia and China, it might have needed to keep in check cooperation among Seoul, Washington, and Tokyo on measures against the regime. The North has made its top foreign policy priority improving relations with the U.S. and eventually concluding a peace treaty with the country. Under the Kim Jong-un regime, there has been no change in this policy. The President Barack Obama administration has been consistent with its strategic patience in the face of the North Korean policy of pursuing nuclear weapons development alongside economic growth. It has done so while stressing the importance of cooperation among the U.S., Japan and South Korea based on the position that the resumption of the six-party talks, the nuclear negotiations involving the two Koreas, the U.S., Japan, Russia and China, requires North Korea's meaningful measures to dismantle its nuclear capabilities in advance. For this reason, North's active approach toward Japan in recent months could be aimed at weakening the close cooperation among Washington, Tokyo and Seoul.

For a similar reason, North Korea could have felt the need to hold China in check. There is a view that the relationship between the two countries is turning from a blood-tied alliance to an ordinary state-to-state relationship. Their relations have become strained since the North's third nuclear test in February last year and the purge of Jang Song-thaek, a once-powerful uncle of Kim Jong-un, in December that year. Furthermore, China has reportedly dissuaded the North from conducting a fourth nuclear test by threatening the suspension of its economic assistance. In sharp contrast, Seoul and Beijing have developed ever closer relations since the inauguration of

the new South Korean government led by President Park Geun-hye in February 2013. Most recently, Chinese news was flooded with reports that Chinese leader Xi Jinping would visit Seoul before his trip to Pyongyang. And in the Seoul-Beijing summit in Seoul in early July, the leaders of the two countries made a commitment for close cooperation to denuclearize the North and reached a consensus to develop a mature strategic partnership for cooperation.

Accordingly, North Korea may have attempted to show its independence by getting closer to Japan while decreasing its politico-economic dependence upon China. Since the emergence of the Ukraine crisis in February, Russia has accelerated the pace of its involvement in East Asian affairs through measures to reinforce its ties with China and North Korea. Russia has reached array of economic agreements with the North during its Deputy Prime Minister Yuri Trutnev's three-day visit to Pyongyang in late April.

Observing the recent Tokyo-Pyongyang negotiations from the Japanese perspective, it is likely that Prime Minister Abe is hoping for a resolution of the Japanese abductee issue in the context of domestic politics. Recently, Abe, who has gained popularity over the issue, declared that he will resolve the situation while in office. Under ever growing domestic pressure for a resolution of the issue, the Japanese prime minister dispatched Isao Iijima, one of his aides, to Pyongyang in May last year as his special envoy, despite the worries of the international community, in particular the U.S.

Abe probably believes that a solution to the North Korean nuclear question is impossible as long as the Obama administration sticks to strategic patience and that the North will

make maximum concessions regarding the abduction issue at a time when it is isolated completely from the international community.

From the perspective of Japanese foreign policy, the North Korea-Japan agreement is significant probably as a Japanese measure aimed at keeping Seoul, Washington and Beijing in check. Japan was isolated from the diplomatic scene in Northeast Asia because of its strained relationship with South Korea and China. The tensions stem from Abe's visit to the Yasukuni Shrine, which honors war criminals among other war dead, and a Tokyo-Beijing territory dispute regarding the Senkaku Islands, also known as Diaoyu Islands in China. While supporting the Japanese government's moves to reinforce the Japan-U.S. alliance, the U.S. is keeping an eye on Japan's revisionist, nationalist behavior. Washington, Tokyo and Seoul have been reinforcing cooperation on the North Korean nuclear issue, but the development of ever closer ties between Seoul and Beijing may have pressured Tokyo. Japan may have chosen North Korea as a bargaining chip in talks with South Korea and China.

### **Influence of N.K.-Japan Deals**

There are growing concerns in the countries participating in the six-way talks other than North Korea and Japan that the latter is giving priority to the abductee issue over the nuclear weapons issue, negatively affecting international cooperation on ending the North's nuclear ambitions. Washington and Seoul have admitted the need to solve the question of the abductees from a humanitarian perspective, but they are calling for transparency in the Pyongyang-Tokyo deals, revealing their inten-

tion to minimize the negotiations' negative effect on international efforts to dismantle the North's nuclear weapons programs. While China has hailed the moves to improve the Pyongyang-Tokyo relationship, it actually appears to be afraid that the Pyongyang-Tokyo negotiations will weaken its influence upon the North. If Japan and North Korea make progress in their talks, the worries of the international community will likely grow.

Also noteworthy is the impression that Japan has decided to deal with the question of the abductees as a humanitarian issue separate from that of North's programs for developing missiles and nuclear weapons. Despite the North's test-firing of a ballistic missile on June 29 this year in violation of UNSC resolutions, Japan held a meeting with the North on July 1 as scheduled, while deciding to lift some of its own sanctions in accordance with the May 29 accord.

There is a possibility that Japan will not reimpose sanctions on the North, apart from international cooperation against the North, as long as it sees progress in the talks on the issue of its abductees, even if the North conducts a fourth nuclear test. If so, it will represent a recognition of the policy of the Kim Jong-un regime to push ahead simultaneously with its nuclear weapons development and economic restoration.

Traditionally, Japan has shown a profound interest in the Korean Peninsula and pursued a policy aimed at increasing its influence on the area. If Japan is successful in its negotiations with the North, it undoubtedly will increase its influence on peninsula-related affairs, including the question of unification of the two Koreas. The Abe cabinet is seeking an active policy regarding national security and defense,

furnished with the image of a strong Japan and proactive diplomacy, and the determination to win the right of collective self-defense. With the doors of Washington, Seoul and Beijing closed to North Korea, Pyongyang-Tokyo negotiations will likely increase Japan's influence on the North.

### Prospects for N.K.-Japan Deals

When taking into consideration the wide gap in the positions of Japan and North Korea on the abduction issue, there remains considerable skepticism about the North's efforts to reinvestigate the issue. The special committee for the investigation is composed only of North Koreans. Moreover, the North could adopt an uncompromising attitude at any time as it deems necessary. But the recent agreement between the two countries is an extension of their 2008 accord and was made after preparatory work. So there are also optimistic views that the Pyongyang-Tokyo dealings will be successful to some extent, if not completely. Eventually, the success or failure of the talks will be up to their leaders who need to persuade each other and accept some compromise.

Taking an objective view, it is not very likely the Pyongyang-Tokyo dealings will result in the normalization of diplomatic ties between them, Japan's lifting of all of its sanctions against the North and Japan's provision of large-scale economic assistance to the North, even if they make progress on solving the question of the abductees. As long as the North does not give up its nuclear ambitions, Japan will likely have to connect the pace of improving its relationship with the North with U.S. policy on Pyongyang. This is because the U.S. can hardly justify its opposition to the

May 29 agreement as long as Japan regards it as a humanitarian matter, but also can hardly tolerate close ties between Japan and the North hampering international cooperation against the North's nuclear ambitions.

While maintaining its cooperation with Washington and Japan on the North's denuclearization, Seoul needs to exert efforts to minimize the negative effect of close relations between the North and Japan, if any, on the aforementioned international cooperation. Accordingly, it needs to join U.S. policy, which approves of the Tokyo-Pyongyang humanitarian talks but asks for sanctions against the North to be lifted in a transparent and careful way. Seoul needs to take an engaged but cool-headed approach toward the talks. It also needs to prepare for rapid progress in the negotiations, although Japan and the North will likely continue to have a rocky relationship despite the May 29 agreement.

Seoul also needs to pay attention to the possibility that a closer relationship between Japan and the North will negatively affect its policy toward the North and weaken its position regarding the unification of the two Koreas at a time when inter-Korean relations are strained. For this reason, it needs to improve its ties with the North by its own initiative. Seoul also needs to take into consideration the fact that its influence on Japan is limited as long as relations between Seoul and Tokyo are strained. For this reason, it should promote friendly ties with Japan, based on its decades-long close trilateral cooperation involving Washington, Tokyo and Seoul. Seoul must also reinforce its cooperation with China and dissuade the country from returning to its close alliance with the North. (Yonhap)

# Types of Potential Changes in the North Korean Regime and Security Policy Options for Seoul

## I. Introduction

Kim Jong-un, the third and youngest son of former North Korean leader Kim Jong-il, who died in December 2011, is now in his early 30s and in his third year of state leadership after assuming power immediately after his father's death. But the Democratic People's Republic of Korea, the official name of North Korea, has yet to get out of an extremely adverse economic situation since the mid-1990s. Collectivism and a command economy, which have long served as key pillars for its absolute dictatorial rule by the suryong, referring to the matchless leader, are being dismantled, while market functions are being proliferated throughout the country at a rapid pace. The execution last December of Jang Song-thaek, the late Kim's brother-in-law and holder of some of the most powerful offices in the North in recent years, indicates that there can be splits even in North Korea's elite society.

Since its official inauguration in April 2012, the Kim Jong-un regime has placed its policy focus on improving people's living standards while pushing ahead with improving economic management to increase productivity through the June 28 measures. But the protracted crisis caused by economic difficulties, among other things, is not simple enough to be overcome through partial economic reforms and opening the country to the outside world. The essential requirements for maintaining the North's own socialist socio-political system are to achieve economic development and put an end to its isolation from the international community. To survive, the country also needs

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to take reform measures and open itself up to other nations, but the Kim Jong-un regime is worried that the measures will backfire and end up hurting North Korea.

Where is the North Korean regime, trapped in this crisis, headed? Will the crisis end in its collapse? Or will North Korea take substantial measures to reform and open-up the country? Possibilities are slim that the conditions facing the North, inside and outside the country, will allow it to muddle through this crisis successfully. It is inevitable that the North will experience a change in its policies and aspects. Whether this change will be voluntary or involuntary is not yet known. But this change, whether radical or gradual, will strongly affect South Korea. Possibilities are high that the change will touch off socio-political unrest on the Korean Peninsula, and adversely affect Northeast Asia. In consideration of these points, this essay will predict the types of potential changes in the North and present security policy options for Seoul in a move to help it prepare for the changes in North Korea.

## II. Lasting Crisis in North Korea and Factors for Maintaining Its Regime

### 1. Level of Crisis

The crisis troubling North Korea is so serious that the North can hardly rehabilitate itself. The crisis was caused by the North's inherent problems, plus the collapse of the Soviet socialist camp at the turn of the 1990s and extreme natural disasters that hit the country shortly thereafter. The extremely adverse situation facing the North Korean economy still in the 21st century indicates that there are

structural problems in the North's command economy. First of all, the North, which had traditionally insisted in running a self-reliant national economy, has conducted three nuclear tests, inviting more intensive international economic sanctions against the country and forcing it to run a closed economy. Under these conditions, its domestic resources have been drained, bringing the North under a vicious circle, despite its strenuous efforts for survival.<sup>1)</sup>

Second, the military-first politics, which were introduced in the North upon the inauguration of the Kim Jong-il regime in 1998, have hurt the North Korean economy because the politics have put a priority on the munitions industry and the military economy.<sup>2)</sup> Third, the new North Korean leadership has expanded the suryong's economy aimed at raising ruling funds for Kim Jong-un, worsening the overall economic situation in the North.<sup>3)</sup>

The troublesome situation facing the North Korean economy has been further affected adversely by more intensive economic sanctions imposed on the North by the international community. The North's three nuclear tests have led to the U.N. Security Council's Resolutions 1718, 1974 and 2094. And the North's bombing of a South Korean warship, the Cheonan, in the Yellow Sea on March 26, 2010, brought about tough economic measures<sup>4)</sup> imposed by Seoul on the North on May 24 that year. Some North Korea watchers are suspicious about the substantial effects of the sanctions against the North. But the effects of those measures can hardly be ignored because of the North's heavy dependence on overseas factors, evidenced by its ever-rising economic dependence on China.

Due to these lasting economic difficulties in the North, the country is trapped in a situation

where nearly all of its citizens have to earn their living through market activities, eroding its socialist system. Today it is natural for North Korean citizens to accept capitalism, while the socialist principle of collectivism is broken down and individualism is proliferated there, with deepening inequality and routine bureaucratic corruption. In addition, there was a change in the North in the public's sense of values, dismantling the traditional family system and giving rise to bribe taking and abuse of authority, plus such crimes as misappropriation of state assets, smuggling, theft, robbery and pickpocketing.

These changes in North Korean society are accompanied by a change in North Korean citizens' consciousness. Materialism and avarice is spreading among them, indicating that North Koreans prefer money and materials much more than their traditional collectivism that values politics and ideology. Their ideological derailment and a change in their sense of values were accelerated when they had access to foreign information through South Korean radio programs, CDs and DVDs. This change in North Koreans' consciousness has brought them under a troublesome psychological situation, where they scorn even state authority.

This socio-economic change in North Korea is undermining the fundamentals of the North's political system. First, spreading in North Korean society is a non-socialist atmosphere where people are more interested in the way to make money than in the *suryong's* benevolent leadership providing them with daily necessities.<sup>5)</sup> Second, the proliferation of market functions in the North has resulted in lax ideological control of the citizens by the authorities concerned there, indicating a potential crisis in the *suryong's* absolute authority.

Third, the burgeoning bureaucratic corruption is weakening the legitimacy of the North Korean regime, eroding the state control of production and distribution, plus public confidence in the state, and causing a crisis in the whole socialist system in the North, a crisis that can generate a change in the ruling structure.<sup>6)</sup> Fourth, the lasting economic crisis in the North has weakened the controlling power of the central government. In particular, economic difficulties, accompanied by weakened state functions for production and supply and the dysfunctional rationing system for daily necessities have led to lax state control.<sup>7)</sup>

Lastly, there's been a change in the class structure, which has served as a mainstay of the North Korean socio-political system. The North Korean leadership has divided its citizens into four classes: the core class, the basic class, the agitation class and the antagonistic class. However, in the current North Korean society, a new class order has emerged determined by one's economic ability, dismantling the existing political class structure. This development came in the course of replacing the state political control with a capitalist order. And the emergence and burgeoning of the bourgeoisie in the North under the dictatorial rule of totalitarianism will expand the potential forces that could challenge the dictator.

## 2. Factors Responsible for Maintaining North's Own Socialist Regime

The North Korean regime is annoyed by the ongoing crisis. The troublesome regime has still maintained itself even through another hereditary succession of state leadership. For this reason, many North Korea watchers have concentrated their studies on the reason why the North Korean socialist regime has sur-

vived. Some North Korea watchers have maintained that the North Korean regime is furnished with stability-oriented factors that outshine destabilizing factors.

First, the waves of the personality cult of founding leader Kim Il-sung and his *juche* idea have been influential in North Korean society. Second, since the inauguration of the Kim's regime in 1948, the North Korean rulers have been ruthless in removing their political rivals and dissident leaders while strengthening social control and oppressing North Korean citizens. Third, there are cohesive forces in North Korean society that have maintained the socialist regime. Some analysts hold the view that these cohesive forces were not formed voluntarily, but forcibly, and that they are simply following the leader's rule. But repeated lessons and brainwashing can result in unconscious voluntary actions.<sup>8)</sup> Fourth, the North Korean regime could have effectively implemented isolation-oriented policies because of the North's special geopolitical nature. In other words, because of its location and its border with its decades-old ally, China, the North has been less influenced by various foreign forces and can effectively control the inflow of foreign information, while securing a deterrent against foreign pressure and interference by developing nuclear weapons. Fifth, the North has benefited from friendly policies by neighboring and other countries toward it. Since the turn of the century, South Korea, the U.S. and Japan have expanded their assistance to the North, helping the Kim Jong-il regime maintain social stability. In particular, China has actively taken care of the North Korean regime in the arenas of the economy and security, contributing much to its survival.

In addition to these factors, totalitarianism and a powerful ruling union in the North have

undoubtedly contributed to the dictatorial regime maintaining power generation after generation.<sup>9)</sup> The North Korean regime has continued to keep the traits of totalitarianism intact. The regime is a typical totalitarian one furnished with autocracy, the *juche* idea as its official ideology and terrorist politics that are effectively implemented by public security organizations such as the Ministry State Security, the North Korean version of secret police.<sup>10)</sup> Despite lasting economic difficulties in the North, elite officials are loyal to the Kim dynasty because they are provided with comfortable living conditions.<sup>11)</sup> As seen in the execution of Jang Song-thaek, the North Korean elite are actually helpless under the will of the dictator. Kim's strong dictatorial rule has subordinated the elite completely to the ruler and this development has further prolonged his dictatorial rule.<sup>12)</sup>

Some analysts believe that the prevalent corruption in the North is strengthening the ruling union and stabilizing the North Korean regime. In other words, the dictator provides the elite officials with economic privileges, and they make money in the market utilizing the privileges in addition to their salaries. Because this development strengthens the chain of command in the power hierarchy, the prevalent corruption in the North reinforces the dictatorial rule there.<sup>13)</sup>

### III. Types of Potential Changes in North Korea

#### 1. A Change from Above

If a change in the North Korean regime starts from above, it will be one of two types. One possible change is when the Kim Jong-un

regime widens the range of policies for reforms and an opening-up, and accelerates the pace of introducing policy measures in that direction, as done by China and Vietnam. The Kim Jong-un regime will survive if it succeeds in reviving the moribund North Korean economy through reforms and an opening-up, and managing political unrest that will likely be caused by these moves. In this case, Kim Jong-un can maintain his leadership for some time. But some day Kim will have to give up much of his autocracy and tolerate many free democratic functions. North Korea will be required to resolve its nuclear question and join the international community if its reform measures and opening-up are successful. The two Koreas will likely develop a much closer relationship.

In the other potential change, the Kim Jong-un regime will collapse in the course of taking measures to reform and open up the country. It will not be easy for the Kim Jong-un regime, which has maintained autocracy for a long period of time, to survive if it attempts to improve its economy through these reforms without influencing its political arena. As it implements these reforms, the North Korean regime will face threats from an array of factors. In other words, if the North widens the scope of policies oriented with reforms and an opening-up, it will have to abide by principles of a market economy when dealing with capitalist countries. Under this environment, foreign information will undoubtedly flood the North, awakening North Korean citizens' self-consciousness and civic sense, providing them with critical views on their political reality and eventually making them overtly ask for political reforms.

This type of a change in the North Korean regime can be followed by the following

developments. First, the political regime will collapse because of a division between ruling forces as seen in the Soviet Union when 1) the ruling elite divides into a reformist faction and a conservative one, and stages a power struggle, 2) Kim Jong-un's grip on power weakens drastically, 3) a group of conservatives carries out a pro-Kim coup d'état, and 4) a group of reform-oriented senior army officers backed widely by the North Korean citizens initiates a coup, ousts Kim Jong-un and seizes power.

Second, measures for reforms and an opening-up taken by the Kim Jong-un regime will inevitably bring about lax social control and the inflow of foreign information en masse. With their heightened consciousness oriented with free democracy, many North Korean citizens will begin to ask for the resolution of economic problems and launch a dissident campaign demanding their political freedom. The campaign will eventually turn into a public rising, resulting in the collapse of the Kim Jong-un regime and the birth of a new one. Under the rule of the new regime, socio-political stability could be maintained in the North or North Korean society could fall into great confusion because of the flooding demands of North Korean citizens. Sharp confrontation between pro-Kim Jong-un forces and anti-Kim ones could result in an anarchical state or a civil war in the North.

Third, a group of senior army officers in the North could pull off a coup if social disorder continues for a long period of time because of a division in the ruling circles or a public uprising, depriving Kim Jong-un of his leadership and organizing a military government. Once the Kim dynastic regime collapses, the new regime in the North can replace the command economy with a market-oriented one. But nobody can deny the possibilities that it



will rule the country in an authoritative way as done by its predecessors.

## 2. A Change after Kim Jong-un's Abrupt Death

Unlike Kim Il-sung and Kim Jong-il, who had designated their successors before their deaths, the abrupt death of Kim Jong-un would most likely deal a heavy blow to the Kim dynastic regime. Kim's sudden death would undoubtedly put an end to the Kim dynasty followed by the emergence of a new regime in the outcomes as follows.

In the first outcome, there will be a huge power vacuum. In an autocracy, every member of the elite is a loyal vassal. The possibilities are therefore slim that any of them will emerge as a potential successor to Kim shortly after his death. The elite will form a collective leadership to rule the North while taking care of their vested interests. But there can be a power struggle in the collective leadership, with policy confrontation between some of the elite. This power struggle can touch off an anarchical state or a civil war in the North.

In the second outcome, after the abrupt death of Kim Jong-un, the core elite in the North will form a collective leadership to rule the country while seeking a change through measures for reforms and an opening-up. Although the ruling elite will seek reforms and an opening-up while putting priority on the protection of their vested interests, there may come a drastic change in North Korean citizens' consciousness. This change could lead to great social disorder caused by citizens' demand for overall reforms and a dissident campaign. In the course of these developments, the dissident movement could turn into a systematic one and the ruling forces could

surrender to the dissident forces, with the eventual replacement of the old regime with a new one, which may drastically change the North's command economy to a market economy. But possibilities are high that the extreme economic difficulties will continue to frustrate the North under the new regime, accompanied by lasting social unrest.

## 3. A Change Caused by Foreign Pressure

There could be a change in the North if Chinese policy toward its ally changes in a way that intensifies pressure on the North, touching off a public uprising against the Kim Jong-un regime, bringing about a massive inflow of North Korean refugees into China, expelling the Kim regime and eventually achieving a change in the North's political regime.

The survival of the North Korean regime so far has been attributable partly to the Chinese economic and security support, which not only benefits the North but coincides with the Chinese communist regime's interests. But this type of change in the North Korean regime assumes that the Chinese policy toward the North can change. China has significantly changed its North Korea policy after the North's third nuclear test in February 2013.

In relation with the North's nuclear issue, China can no longer protect the North from international pressure. It has no options but to join the global community to apply tougher pressure on the North and enforce a change in North Korea's behavior. In other words, China could open its doors to North Korean refugees and take measures aimed at improving the poor human rights situation in the North in a move that triggers a change in the North's

behavior, even if it doesn't directly apply pressure on the North.

If China accepts North Korean refugees, a great number of North Koreans will undoubtedly cross the border unlawfully into China beyond the control capacity of the North's border guards and make the North Korean public security organizations ineffective. With the malfunctioning public security organizations, the Kim Jong-un regime will lose the function to control its citizens socially and politically.

Under these conditions, many North Koreans will naturally explosively express their desire for politico-economic reforms. And their behavior will likely lead to a public uprising, giving rise to an organized dissident campaign asking for Kim Jong-un to step down. Dissident leaders could take power and replace the North Korean command economy with a market economy. But the North could face socio-political disorder or a civil war because of the incompetence of the new regime.

#### **4. A Change Triggered by a Military Coup d'etat**

The Kim Jong-un regime could be ousted in a military coup, which would likely trigger another type of change in the North. The vast majority of North Korea watchers in Seoul and elsewhere have opined that any coup attempt will likely be unsuccessful. Their view is backed by four factors: members of the ruling circles in the North share a destiny, no substitute for the current government exists, the North Korean army is under multiple authorities and mutual surveillance, and any military unit, which plays a leading role in a coup, would likely not be able to occupy the capital

Pyongyang because of its location.<sup>14)</sup>

However, a report on Dec. 9, 2013, which was made in a meeting of the Political Bureau of the Workers' Party of Korea about purging Jang Song-thaek, who acted as the virtual second man in the North for years, said, "The accused Jang brought together undesirable forces and formed a faction as the boss of a modern day factional group for a long time and thus committed such hideous crime as attempting to overthrow the state by all sorts of intrigues and despicable methods with a wild ambition to grab the supreme power of our party and state. This report indicates that Jang attempted a coup, assigning his men to every corner of powerful offices in the Party, government and army, and it implies that effecting a military coup in North Korea is possible."

Despite many factors deterring a coup in the North, there were coup attempts, albeit unsuccessful ones. The North Korean government's efforts for social surveillance and control have also turned lax these days. In addition, the nature of the destiny shared today by the Kim Jong-un regime and the North Korean elite is much different from in the past, as shown by the Jang Song-thaek case.

Accordingly, a coup could take place in the North, when the military is unswerving in its will to resist the policy pursued by the Kim Jong-un regime in relation with its decision to dismantle the North's nuclear capability, or to actively push ahead with economic reforms and an opening-up, and protect its vested interest even through a coup. Second, a coup will likely occur in the North when there are disputes between two powerful rivaling groups in connection with huge economic benefits and one of them mobilizes the military for a coup in a move to bring the other one under its

control.<sup>15)</sup> The military could take power in the North in a coup, but this could cause the country to plunge into socio-economic disorder.

### **5. A Change through a Peaceful Power Transfer under a Compromise**

A change in the North Korean regime in the form of a peaceful power transfer could be made under a compromise between the regime in power and dissident forces. As aforementioned, dissident forces could be formed in the North through various developments. And if their resistance spreads, the Kim Jong-un regime, or the military group that successfully ousts Kim, could make a compromise with the dissident leaders for a peaceful power transfer. The agenda of the compromise could include a revision to the constitution, and the socio-economic and political forms of the North Korean regime. The new regime could easily secure its legitimacy through its popularity and then enjoy socio-political stability.

The North Korean regime could undergo a change through various processes, but five forms of political power could appear in the course of the developments. In the first case, the Kim Jong-un regime will continue to maintain its power, with its successful measures for economic reforms and an opening-up like in China and Vietnam. Second, Kim Jong-un will step down, but senior officials close to him will take power and take care of existing dominant forces' vested interests. Third, the Kim Jong-un regime will be replaced by a government led by dissident, reformist leaders who favor free democracy and a market economy. Fifth, the North will be trapped in a state of anarchy because of the incompetence of the new leaders who ousted Kim Jong-un and took power. This will lead to socio-political unrest

as the new leadership will not be able to meet the public's demands for economic reforms, touching off lasting public street demonstrations. Fifth, a civil war breaks out in North Korea between pro-Kim Jong-un forces and anti-Kim ones.

## **IV. Security Policy Options for Seoul**

A change in the North Korean regime would affect South Korea in different ways depending on the type of the change. If the North proceeds by changing in a gradual, stable way, its influence on the South will be positive. But the South and Northeast Asia will be hurt if civil war erupts in the North or if there is extreme unrest there, leading to an exodus of North Korean refugees, rising military tensions between the two Koreas and no authority responsible for dealing with the North's nuclear weapons. For this reason, Seoul needs to prepare a complete plan for all possible contingencies.

Regardless of the type of any future change in the North, the aforementioned plan needs to set the policy objective in a way that achieves the unification of the two Koreas while putting top priority on maintaining peace and stability on the Korean Peninsula. Under this policy goal, first, South Korea needs to eliminate or, at least, minimize the negative influence of the North's change on the South. Second, it needs to utilize the change in the North Korean regime as a chance to unify the two Koreas under the South's initiative. Possibilities are not high that a change in the North will automatically lead to the unification of the two Koreas. Third, the South needs to form a system that facilitates international cooperation in

an effort to cope with any change in the North. The South cannot stand alone in dealing with all of the problems that stem from a change in the North, such as social unrest and a civil war.

### **1. In Case of Substantial Reforms and an Opening-up in the North**

If North Korea seeks a change through reforms and an opening-up gradually or drastically, in the first phase, South Korea needs to support the North in an effort to help the change proceed in a stable way. In the second phase, South Korea must make a growing number of influential senior officials in the North friendly to it, while securing peace and stability on the Korean Peninsula. In the third phase, it needs to attempt to form a confederation with the North in the course of achieving the unification of the two Koreas.

Even if the North Korean regime seeks to change through gradual reforms and an opening-up that separate political and economic affairs, it will undoubtedly place the top priority on its security. For this reason, the North will likely approach the question of settling its nuclear issue and that of building mutual confidence between the two Koreas in a very careful manner. In this situation, it will be proper for the South to push a peace process on the Korean Peninsula forward in connection with the developments regarding the dismantlement of the North's nuclear capability and inter-Korean military relations, with the policy objectives to form mutual military confidence between the two Koreas and normalize their ties. Accordingly, the strategy of the South Korean government should be as follows. First, the South needs to go ahead with the project to dismantle the North's nuclear

capability in parallel with measures for a peace process step by step, because the North will unlikely agree to dismantle its nuclear capability in a short period of time and the peace process is meaningless unless the North discards its nuclear capability.

Second, the South needs to maintain its military deterrent to some extent in accordance with its evaluation of the North's military threat even if the peace process is under way. Third, it needs to take measures aimed at facilitating a change in the North while reinforcing its alliance with the U.S. and maintaining military stability on the peninsula. Lastly, it needs to build an international cooperation system aimed at supporting and guaranteeing the peace process.

### **2. In Case of Extreme Socio-Political Unrest in the North**

If the North is mired in extreme socio-political unrest, its influence upon the South will undoubtedly be great, and in particular, its export-oriented economic sector will be devastated. The South will need to take measures that are aimed in the first phase at stabilizing North Korean society, in the second at establishing a pro-South reform-oriented regime or at helping the new regime rule the country in a stable way, and in the third at forming a confederation with the legitimate democratic government in the North and attaining the unification of the two Koreas. It also needs to consider its direct intervention in the troublesome North Korean situation in close cooperation with the international community.

Such a troublesome situation in the North may provide the South with a chance to achieve the unification of the two Koreas. But it's more urgent to successfully deal with the

North's weapons of mass destruction, while preventing the North from attacking the South. International military intervention might be needed for handling the issue regarding weapons of mass destruction.

### 3. In Case of a Civil War in the North

A civil war may break out in North Korea if pro-Kim Jong-un forces resist a new leadership that topples the Kim regime or the new regime divides into two rivaling factions. A civil war will undoubtedly result in carnage and a large number of refugees while threatening security on the Korean Peninsula and Northeast Asia. The South will need to first extend military support to the pro-South reform-oriented forces in the North in a move to help them win the war, second take measures to help the pro-South forces rule the country in a stable way and third push forward the unification of the two Koreas jointly with the North.

## V. Conclusion

Today, the future of North Korea is uncertain because factors facilitating a change coexist among factors against a change. With his legitimacy backed by the Mt. Paektu bloodline, Kim Jong-un reigns over the North Korean citizens as absolute dictator while the North Korean elite officials are all loyal to the Kim regime. The North is still managing to strictly control society and there are no developments signaling any power struggle, dissident activities or social unrest in the country.

But the North is faced with a grave situation that grew out of economic difficulties, and the purge and execution of Jang Song-thaek may

indicate a weak power base of the Kim Jong-un regime. The Kim Jong-un regime seems to have failed to solve the country's structural problem and possibilities of a crisis in the North will continue to rise. And no North Korea watchers can deny the possibility that the Kim Jong-un regime will change its policy behavior in an effort to find a way out of the deadlock. Possibilities, however, are not high that the North's attempt for partial reforms will be successful as long as it maintains the socialist autocracy. And the North's replacement of its command economy with a market economy might be inevitable for its change and survival, but an attempt in this direction may threaten the North Korean socialist regime itself.

South Korea needs to assume various types of changes in the North Korean regime will take place and prepare measures to counter developments caused by these changes. The South's top priority should be to help the North achieve a stable, peaceful change. If the North Korean regime collapses, there will be a series of developments, including the emergence of many North Korean refugees and a rise in military tensions on the Korean Peninsula, which may turn into an armed conflict. For this reason, the South needs to provide measures against the collapse of the North Korean regime. But a change in the North Korean regime could provide a chance for the South to achieve the unification of the two Koreas under its initiative.

(This is an excerpt from the Korean essay carried in Defense Policy Study, Vol. 30, No. 1 (Spring 2014), a journal published by the Korea Institute for Defense Analyses in Seoul.)

**Notes:**

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- 2) Cho Bong-hyun, The Economic Agenda and Prospects in the Kim Jong-un Regime, Unification Policy Studies, Vol. 21, No. 1 (2012), cf.
- 3) Hwang Jang-yop, National Life That Is More Precious than Individual Life (Seoul, Zeitgeist, 1999), pp. 15-16.
- 4) The May 24, 2010 measures call for 1) banning North Korean ships from sailing in the South Korean waters, 2) suspending trade between the two Koreas, 3) prohibiting South Korean citizens from touring North Korea, 4) banning their investments in the North, and 5) shelving all official projects assisting the North, among other things.
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- 6) Kim Jong-wook, The Bureaucratic Corruption and Transformation of the Ruling System in North Korea: Focusing on Developments after the Period of the Painful March under Trials, Unification Policy Study, Vol. 17, No. 1 (2008), pp. 372-382.
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- 9) The various communist regimes, fascism, national socialism, and Peron's government in Argentina are all basically, though not wholly, alike and have six characteristics in common. These traits are an official ideology or doctrine advancing a chiliastic claim, a single mass party under the

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- 11) Lee Ki-dong, Prospects for North Korea's Plan for Another Hereditary Power Succession and a Change in the Power Structure in the North, a paper presented in a forum on the unification strategy held in 2009 under the sponsorship of the Institute for Far Eastern Studies under the umbrella of the Kyungnam University in South Korea, p. 4.
- 12) Han Byung-jin, A Theoretical Study on the Durability of the North Korean Regime, State Strategy, Vol. 15, No. 1 (2009), p. 136.
- 13) Park Hyung-joong, The Political Regime and Three Models of Corruption in North Korea. The Search of Theoretical Models for Studies of Corruption in the North, Studies of National Defense, Vol. 56, No. 2 (2006), pp. 61-62.
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- 15) Ibid., p. 8.

**Notice:**

We would like to clarify that an essay published in the July edition of Vantage Point under the title of "Can N. Korea Catch Two Rabbits at Once: Nuke and Economy?" was an excerpt from a same-title paper published in The Korean Journal of Defense Analysis Vol. 26, No. 2, June 2014, 133-153.

**Internal Affairs****N. Korean leader calls for rigorous standard in airport project**

North Korean leader Kim Jong-un has urged officials to rigorously meet requirements for technical regulations in building its second airport terminal, the country's state news agency said on July 11.

Kim stressed the need for the soldier-builders to enhance their responsibility and role, during his inspection tour of the construction site of a new terminal of its international airport, the North's Korean Central News Agency said in a dispatch. Requirements of technical regulations and construction methods should be rigorously met in construction.

The dispatch did not give details about the date of his visit, as it has often done in a country shrouded in secret.

The comments appear to underscore Kim's commitment to constructing a safe building following a deadly collapse of an apartment building in Pyongyang in May.

North Korea has said improper construction and irresponsible supervision of the high-rise construction are to blame for the disaster, though it did not provide the death toll.

South Korea believes the disaster claimed the lives of a considerable number of people, noting about 92 households may have been living in the high-rise apartment.

North Korea began the project to build the second terminal for the international airport, the main gateway to Pyongyang, in 2012, and the construction is about 75 percent complete, according to KCNA. (Yonhap)

**Key N. Korean nuke developer dies of heart attack**

A North Korean official who played a key role in developing North Korea's nuclear weapons has died of a sudden heart attack, the country's state news agency said on July 9.

Gen. Jon Pyong-ho died of acute myocardial infarction on July 7 at age 88 and his funeral is under way, the North said in an obituary carried by the Korean Central News Agency.

Jon had been a leading figure in North Korea's much-denounced nuclear weapons development, having served as the ruling Workers' Party secretary in charge of arms development.

Jon made a special contribution to converting North Korea into a satellite producer and launcher and a nuclear weapons state, the obituary said.

Jon was included in the United Nations' sanctions lists last year following the country's third nuclear test in February.

The North has repeatedly vowed to develop its economy and nuclear arsenal in tandem, viewing its nuclear program as a deterrent against what it claims is Washington's policy of hostility. (Yonhap)

**External Affairs****Envoy of Mongolian leader arrives in N. Korea**

A special envoy of Mongolian President Tsakhia Elbegdorj arrived in Pyongyang on July 14, North Korea's state news agency said.

Khaltmaa Battulga, a member of Mongolia's parliament, and his entourage arrived in the North, the official Korean Central News Agency said, without giving further details.

In October, Elbegdorj visited North Korea but did not meet with his North Korean counterpart Kim Jong-un.

Elbegdorj was the first foreign head of state to visit Pyongyang since 2011 when Kim took over the country following the sudden death of his father and long-time leader Kim Jong-il. (Yonhap)

**N. Korean daily slams Abe's rearmament moves**

North Korea-affiliated media slammed Japanese Prime Minister Shinzo Abe's pursuit of greater military power on July 7, despite recently improving Pyongyang-Tokyo ties following an agreement on abducted Japanese.

Carrying an article titled "Japan's Accelerating Militarization," Tokyo-based pro-Pyongyang newspaper Choson Sinbo said, "The ultimate goal of the Abe administration's exercise of the right of collective self-defense is the reinstatement of conscription."

Through greater military power, the Japanese administration is dreaming of a plot to wipe out North Korea, the newspaper said.

The newspaper also said Abe came to power to transform Northeast Asia's current state of peace into war, describing the Abe government as the biggest threat to Japan. (Yonhap)

**Aide to N. Korean leader visited Beijing in June: school**

A close aide to North Korean leader Kim Jong-un visited Beijing in early June and toured one of Beijing's leading vocational colleges, according to the Chinese school on June 27.

Ma Won-chun, director of the Designing Department at the North's omnipotent National Defense Commission, represented a group of 21 North Korean officials during the visit to Beijing Polytechnic College on June 10, the college said in a statement posted on its website.

Ma, who doubles as deputy director of finance and accounting department of the North's ruling Workers' Party, appears to be one of five close aides to Kim.

"I hope to understand advanced experience in the fields of resource construction and information management," Ma was quoted as saying in the statement.

A diplomatic source with knowledge of Ma's visit to Beijing said Ma had not met with senior



Chinese diplomats.

In an apparent sign of China's displeasure with North Korea's unruly behavior, diplomatic exchanges between the two nations remain limited to low-level officials. (Yonhap)

## **N. Korea slams Japan for attempts to distort wartime sex slavery**

North Korea joined South Korea on June 23 in slamming Japan for attempting to distort the country's history of sexually enslaving Asian women during World War II, calling on the neighbor to stop efforts to whitewash past atrocities.

The denunciation came after Japan announced on June 20 that Seoul and Tokyo officials had coordinated the wording of the so-called Kono Statement, a landmark apology from Japan for its imperial military's coercion of mostly Korean and Chinese women into sexual slavery during the war.

It was seen as the Japanese government's apparent attempt to nullify the past apology, briefly leading to angry reactions from Seoul, as well as Beijing.

Japan's sexual slavery crime is an outrageous, unprecedented crime against the humanity, which will not change despite anybody's denial, Pyongyang's official news wire, the Korean Central News Agency (KCNA), said in a Korean-language dispatch.

Japan's nagging denial of the sex slavery crime will internationally isolate the country and bring forward a political downfall, Pyongyang said, echoing criticism from Seoul and Beijing.

Japan should face up to history and immediately end its attempts to distort the Kono statement, the North said.

The Kono statement has been a key element of the basis of relations between Seoul and Tokyo, together with a broader 1995 apology for the colonial occupation, known as the Murayama statement.

Japan's growing attempts to whitewash the wartime sexual enslavement have been at the center of recent political tension between Seoul and Tokyo.

Historians estimate that up to 200,000 women, mainly from Korea and China, were forced to work at front-line brothels for Japanese soldiers during World War II. (Yonhap)

### **Inter-Korean Affairs**

## **S. Korea OKs biz consortium's trip to N. Korea**

South Korea on July 13 allowed officials of a business consortium to travel to North Korea to inspect a project that involves the two Koreas and Russia.

A group of 38 government officials and representatives from the consortium comprising three

South Korean companies will visit the North on July 15 for a week-long a feasibility study on the so-called Rajin-Khasan logistics project, the unification ministry said.

The project is designed to make the North Korean northeastern port city of Rajin a logistics hub by linking it to Russia's Trans-Siberian railway. The first on-site inspection was made in February.

The visit is aimed at assessing the viability of the project. The government plans to provide necessary assistance, considering the trust between Seoul and Moscow and other factors, the ministry said.

Any trip to the North requires the approval of the South Korean government as well as the North's consent. The Koreas still technically remain at war since the 1950-53 Korean War ended in a truce, not a peace treaty.

The three South Korean firms are the state-run railroad operator KORAIL, No. 1 steelmaker POSCO and the second-largest shipping company, Hyundai Merchant Marine Co.

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

Last September, Russia reopened a 54-kilometer stretch of railroad track linking Khasan, a Russian eastern border city, and Rajin after a five-year renovation.

The project is closely linked to the Eurasian Initiative, proposed by South Korean President Park Geun-hye, which calls for building more infrastructure and freeing up trade between Eurasian nations to create what could become a large single market rivaling the European Union.

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

## **N. Korea crosses truce line into South 5 times this year: sources**

North Korean soldiers have crossed the inter-Korean armistice line into South Korea five times this year as part of their beefed-up ambush infiltration training, military sources in Seoul said on July 8.

In accordance with the order by its leader Kim Jong-un, North Korea has been proactively carrying out their drills for surprise attacks and border intrusion inside the Demilitarized Zone, or DMZ, areas, this year, a military source said. He declined to be identified.

Over the course of the training, soldiers from the North crossed the military demarcation line (MDL) five times this year. Spotting them, we fired warning shots and expelled them, the source added.

Hiding in an underground tunnel inside the DMZ during the day, the soldiers from the communist country have in general launched their operations at night, he noted.

The DMZ is a 259-kilometer strip of rugged no-man's land stretching from coast to coast, strewn with land mines and barbed wire. The MDL runs along the middle of DMZ and was established after the agreement that ended the 1950-53 Korean War.

In the latest case, three North Korean soldiers infiltrated into the DMZ area under the South's jurisdiction on June 19 and came some 600 meters away from a guard post in the city of Paju, just

north of Seoul, to break a bell that South Korea set up for North Koreans hoping to defect to the South.

Closed-circuit television footage shows the soldiers ripped the machine off and ran away. The whole process took just two minutes, another Army source said.

The case prompted the United Nations Command here to send a notice to the North, urging it to stop such provocative actions, and requesting that the South Korean army carry out an extensive inspection to check its readiness against the communist country along the border regions, he noted.

After an incident in October 2012 in which a North Korean soldier knocked on a window of a South Korean military barracks to defect, the authorities here set up dozens of bells in the DMZ to help ensure the safe arrival of possible defectors. (Yonhap)

### **Koreas to resume joint excavation of N. Korean palace site**

Historians of South and North Korea have agreed to resume a joint project to excavate an ancient royal palace site in the communist state, a Seoul scholar said on July 2.

We had contact with the North's Korean Council for Reconciliation and Cooperation in Kaesong on July 1 and reached a verbal agreement to restart the Manwoldae excavation project in July, Shin Jun-young, secretary general of the South Korean Office of the Association of Inter-Korean Historians, told Yonhap News Agency by phone.

On July 1, five South Korean members of the association, an academic group composed of historians of the two Koreas, visited the North Korean border town of Kaesong to discuss resuming the project and check the ruins of Manwoldae, a Goryeo Dynasty (918-1392) palace.

Kaesong served as the capital for most of the dynasty and is now home to an industrial complex run by both Koreas.

The agreement opened the way for restarting the project after two years and seven months of suspension following the death of former North Korean leader Kim Jong-il in December 2011.

The two sides plan to fix the resumption date in the future, with the date most likely to be set for late July when the rainy season is over, according to the South Korean scholars.

When the project is resumed, South Korean scholars will go stay in North Korea for more than a month, Shin said.

The two Koreas launched the excavation project in 2007, but South Korea first halted it in 2010 as part of its sanctions against Pyongyang for the sinking of a South Korean warship blamed on the North. The project was temporarily resumed in November 2011 but has been suspended since Kim's death.

Manwoldae is part of a group of historic monuments and sites in Kaesong that was inducted into the UNESCO world heritage list in 2013. The Manwoldae palace was constructed in 919 but was completely destroyed during the Red Turbans invasions of Korea in the 14th century. (Yonhap)

## **N. Korean archers to train in S. Korea ahead of Incheon Asiad: officials**

Archers from North Korea are scheduled to train in South Korea this summer in their preparations for the Asian Games to be held south of the border, officials here said on July 1.

According to the Korea Archery Association in Seoul, the North Koreans are set to arrive in Incheon, the host of the Asian Games located west of the capital city, in early August and train for about two weeks.

The Asian Games will be held from Sept. 19 to Oct. 4.

The association said the North Koreans will be the beneficiaries of a joint program by the Asian Games organizers and the Olympic Council of Asia to support athletes from underdeveloped nations with their training.

I heard that about 16 or 17 athletes and coaches will first train in China and then arrive here, an official with the South Korean archery governing body said. We don't yet have details of the North Koreans' plans, but our national team should be prepared for possible joint training programs.

Despite lingering tensions on the divided Korean Peninsula, archers from the two nations have been on good terms, the official explained.

Whenever we've run into North Korean archers at international events, we've often exchanged information on other teams and offered them technical advice, the official added. If we end up having joint training sessions, it will be much the same story.

South Korea is one of the world's premier archery nations, having grabbed 33 out of a possible 44 Asian Games gold medals and 19 gold medals at the Summer Olympics, more than any other country.

North Korea hasn't been nearly as dominant, with just one gold and six medals overall at the Asian Games. At the most recent Asian Games four years ago in Guangzhou, China, Kwon Un-sil grabbed the bronze in the women's individual event.

North Korean leader Kim Jong-un has shown an interest in archery since taking over the communist state about two years ago. He has visited with national team archers in their training center in Pyongyang and ordered the sports officials to develop new techniques and equipment. (Yonhap)

## **Hyundai Asan officials to inspect suspended resort facility in N. Korea**

A group of officials from the South Korean operator of the now-suspended inter-Korean tour project in North Korea's Mount Kumgang will visit the country to inspect their resort facility there on June 30, the unification ministry said on June 27.

The government approved today Hyundai Asan's request for a North Korean visit intended to inspect the safety conditions of the Mount Kumgang facility, unification ministry spokesman Kim Eyei-do said in a briefing.

The approval was given in consideration of the need to preserve our side's property rights in the Mount. Kumgang area, as well as the practical purpose of conducting emergency safety checks in preparations against a summer rainy season and typhoons, Kim said.

Seven Hyundai Asan workers will cross the inter-Korean border on June 30 for a two-day visit to the mountain resort located above the western part of the border. The two-day visit will not include any contact with North Korean officials, the unification ministry noted.

Hyundai Asan officials made two similar inspection visits to the resort facility last year as part of maintenance efforts for the suspended resort facility.

The two countries started the symbolic inter-Korean economic cooperation project amid a growing reconciliatory mood on the peninsula in 1998. But the tour program came to a sudden halt in late 2008 when a South Korean tourist was shot dead by a North Korean soldier guarding a restricted area.

On June 27, the unification ministry also approved a North Korean visit by 30 Buddhist leaders who plan to cross the border on June 29 to attend a joint religious event marking the 70th anniversary of Han Yong-un's death in a Buddhist temple on the North Korean mountain.

Han was a 20th century Korean Buddhist reformer and poet who fought for the independence of what is now the two divided Koreas against Japan's imperialist ambitions to colonize the peninsula. (Yonhap)

## **N. Korea likely to join 2014 Incheon Asian Para Games**

North Korea may join the 2014 Asian Games for athletes with disabilities to be held in the South Korean city of Incheon in October, a charity worker said on June 25 following a recent visit to the communist country.

This is in addition to the North's announcement of its plan to join the main event of Incheon Asian Games slated to be held from Sept. 19 to Oct. 4. The para games are scheduled for Oct. 18-24.

I held discussions with high-ranking officials from the central committee of North Korea's disabled protection association on June 16, and they said the North side will positively consider participating in the Incheon Asian Para Games, said Shin Young-soon, a co-head of Green Tree Charity Foundation.

The U.S.-based charity group has been providing food and medical equipment to disabled people and medical institutions in the reclusive country. Shin paid an eight-day visit in mid-June to Pyongyang and the Wonsan area, during which she inspected facilities for handicapped people and held a meeting on the Asian sport event.

As North Korea has recently shown strong interest in joining international (sport) events, it appears likely that North Korea will participate in the Incheon Asian Para Games, Shin told Yonhap News Agency.

Shin had also helped arrange North Korea's participation in the 2012 Paralympic Games in London.

For the upcoming Incheon event, the North is likely to dispatch about a dozen players in four sports including table tennis, swimming and archery.

It would be the North's first participation in an Asian Para Games. (Yonhap)

## South, North Korean groups to meet over forestry cooperation

South and North Korean civic groups will hold a meeting on ways to resume forestry cooperation, the unification ministry said on June 25, indicating signs of reviving inter-Korean contacts.

The Unification Ministry approved South Korean civic group Green One Korea's plan to send officials to the North Korean border city of Kaesong on June 26 for a meeting with the North's Council for National Reconciliation, according to spokeswoman Park Soo-jin.

The two sides are expected to discuss forest protection measures as well as reforestation assistance.

The upcoming meeting marks the revival of the two Korea's forestry cooperation, which had been suspended since the South Korean government's sanctions against North Korea were adopted as punishment for the communist country's deadly sinking of the South Korean corvette Cheonan in 2010.

Before the punitive measures banning inter-Korean exchange, the South Korean civic group had been helping the North with reforestation and forestry protection since 2007. (Yonhap)

### FOREIGN TIPS

## Number of foreign tourists to N. Korea jumps 20 pct in H1

The number of foreign tourist arrivals in North Korea soared 20 percent in the first half of 2014 from a year earlier, a pro-North Korean newspaper based in Japan reported on July 15.

The number of foreigners visiting the Democratic People's Republic of Korea (DPRK) is continuing to increase, said the Choson Sinbo. It quoted Ham Jin, head of the (North) Korea International Travel Agency, as saying the figure jumped 20 percent on-year during the January-June period.

But the newspaper did not reveal how many foreign tourists visited the reclusive country during the six-month period.

The newspaper said the country's new ski resort in Masikryong has grown popular among foreigners, along with mountaineering courses and military-related tourist spots.

The lavish resort, opened in January this year, is one of the pet projects of North Korean leader Kim Jong-un who reportedly enjoyed skiing while attending school in Switzerland in the early 1990s. (Yonhap)

## Acquitted N. Korean ship crew members leave Panama: report

Three crew members of a North Korean ship who were recently acquitted of charges of smuggling weapons through the Panama Canal have been released, a U.S. report said on July 13.

Voice of America (VOA) said the captain and two crew members aboard the Chong Chon Gang were released by the authorities in Panama on July 11 and left for Cuba the following day. The three are scheduled to stop over in Moscow and Beijing before arriving in Pyongyang.

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

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

In early June, Panamanian prosecutors demanded an eight-year prison term for the three members.

Julio Berrios, an attorney for the three, told VOA that the North Korean leader Kim Jong-un took great interest in the case and was kept up to date on the crew members' trials and itinerary. (Yonhap)

## **Pyongyang-Vladivostok passengers up 22 pct in H1: report**

Air passenger traffic between the North Korean capital and the neighboring Russian port city of Vladivostok surged more than 20 percent in the first half of 2014 from a year earlier, a news report said on July 16, amid signs of closer ties between the two nations.

The number of passengers between Sunan International Airport in Pyongyang and Vladivostok International Airport in the Russian Far East shot up 22 percent on-year during the January-June period, the Washington-based Radio Free Asia (RFA) reported.

It cited data from the Vladivostok airport, which did not reveal the exact number of passengers and the reason for the jump.

However, RFA attributed the surge to increased bilateral exchanges and cooperation in economic, tourism and other fields.

The sharp increase compares with a 1.7 percent drop in the number of users of Vladivostok International Airport during the six-month period, which totaled 838,000, it said.

North Korea's Air Koryo operates the Tupolev Tu-204 aircraft twice a week, on Mondays and Fridays, on the Pyongyang-Vladivostok route. (Yonhap)

## **China donates US\$1 mln to help feed N. Korean children**

China donated US\$1 million to the World Food Programme (WFP), the United Nations' food assistance body, to help feed malnourished North Korean children and pregnant women, a U.S. report said on July 8.

The donation will be used to provide food to around 1.8 million North Korean babies, children and expecting mothers, according to the report by the Washington-based Voice of America.

China has previously donated the same amount of money for WFP's North Korean assistance program last December.

Since the beginning of 2014, WFP has collected \$49 million in donations for North Korean food

assistance from countries such as Switzerland, Australia and Canada.

The amount accounts for only 35 percent of what WFP needs to accomplish their food aid programs for North Korea in the first half of this year. (Yonhap)

### **Russia-N. Korea economic ties expanding: report**

Economic ties between North Korea and Russia are expanding rapidly as the communist nation seeks to reduce its heavy reliance on its strongest ally China, a report showed on July 3.

Cross-border trade between North Korea and Russia jumped 37 percent to US\$104 million in 2013 from the \$76 million recorded in the previous year, according to the report by Lee Yong-hwa, a researcher at the private think tank Hyundai Research Institute in Seoul.

The North is believed to have forged deeper relations with Russia in an effort to revitalize its economy and prevent it from becoming excessively dependent on China, Lee said in the report.

The researcher said the two countries' economic cooperation is forecast to grow further going forward as the North's attempts to revitalize its moribund economy coincide with Russia's bid to develop its Far Eastern regions.

According to the report, the portion of trade between North Korea and Far Eastern Russia out of the two nations' total trade volume surged to 23.1 percent in 2013 from the 10 percent tallied in 2009, indicating that Russia's Far East development policies have added to the overall bilateral trade expansion.

The socialist country has also tightened relations with Russia in other business areas including transportation and logistics as well as in the energy industry, the report added.

China was the biggest trading partner for North Korea last year with their bilateral trade volume reaching \$6.54 billion, according to data from the Korea International Trade Association (KITA).

But trade between the two Koreas fell to its lowest level in eight years in 2013 due to their strained relations. Inter-Korean trade reached \$1.15 billion last year, down a whopping 41.9 percent from the previous year's \$1.98 billion, the data showed. (Yonhap)

### **N. Korea doubles number of cyber warriors over 2 years: sources**

North Korea has nearly doubled the number of elite hackers over the past two years in an effort to step up cyberattacks, military sources in Seoul said on July 6.

North Korea appears to have some 5,900 personnel for cyberwarfare, up from around 3,000 two years ago, a military source said.

The communist country operates a hacking unit under its General Bureau of Reconnaissance, which is home to some 1,200 professional hackers, he said, noting that they have been carrying out cyberattacks by establishing overseas bases in countries such as China.

While the United States has about 80,000 people in its cyberoperations units, North Korea outnumbers both the U.S. and Japan in terms of the number of elite hackers, another source said. The U.S. has 900, while Japan has 90, according to the source.



Experts say the communist country has been trying to boost its cyberwarfare capabilities as part of its unconventional arsenal.

North Korea has fostered some 100 cyberwarriors per year through training at Mirim University, founded in 1986 upon the instruction of its former leader, Kim Jong-il, and Moranbong University, which was set up in 1990, has been in charge of training professional hackers.

North Korea's cyberattacks have often targeted the websites of South Korean government offices, as well as local banks and media outlets. In response, the South launched the Cyber Command, which has some 400 personnel, to guard against such aggressions online. (Yonhap)

## **N. Koreans caught operating illegal gambling websites in Cambodia**

A group of North Koreans was caught running illegal gambling websites in Cambodia in April, a South Korean government source said on July 2.

Cambodian police arrested the North Koreans during a raid on a villa in Phnom Penh, where they also seized computers and other related equipment, the source said, speaking on condition of anonymity.

The websites facilitated gambling on football matches.

On April 7, a local Cambodian newspaper reported that 15 North Koreans were arrested and detained in Phnom Penh four days earlier on suspicion of operating illegal online gambling sites.

South Korean intelligence officials said they suspect the North Koreans were illegally earning foreign currency while conducting cyber warfare against South Korea.

North Korea is believed to have more than 1,000 hackers operating from China, Southeast Asia and other countries to conduct cyber warfare against the South, according to the intelligence officials. (Yonhap)

## **Humanitarian aid to N. Korea nearly halves in H1: report**

International humanitarian assistance to North Korea tumbled nearly 50 percent in the first half of this year from a year earlier, a U.S. radio report said on July 2.

Citing the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the Washington-based Voice of America said North Korea received US\$19.6 million of humanitarian aid in the January-June period, down 45 percent from the same period last year.

The report, however, gave no reason for the on-year plunge.

Six countries offered aid to the impoverished country during the six-month period, down from 10 a year earlier.

Switzerland led the pack with \$3.82 million, followed by Sweden and Canada. No data was available on aid from Australia, Germany, Italy and Ireland, which provided assistance to the communist country last year, the report said.

Over 65 percent of the aid has been allocated to improve food security and nutrition in the country, it added.

So far this year, the U.N. has extended \$6.49 million in the Central Emergency Relief Fund (CERF) to five of its agencies working in the communist state. The CERF is a type of pooled funds managed by the OCHA to assist humanitarian operations in any country experiencing acute or large, on-going crises.

The North relies heavily on international handouts to feed its 24 million people suffering from chronic food shortages. (Yonhap)

## **N. Korean economic growth slows in 2013**

The North Korean economy is estimated to have grown at a slower pace last year from the previous year as its languid construction sector weighed on the economy, the central bank in Seoul said on June 27.

The Bank of Korea (BOK) estimated that the country's economy expanded 1.1 percent in 2013, slowing from a 1.3 percent on-year expansion in the previous year.

In 2012, the North Korean economy was estimated to have grown at the fastest pace in four years, after contracting 0.9 percent and 0.5 percent in 2009 and 2010, respectively.

A BOK official explained that while the North's construction sector shrank last year, its agricultural output improved on favorable weather conditions.

An expansion in production of coal and iron ore also lent support to growth, the official added.

Pyongyang's construction industry contracted 1 percent on-year, compared with a 1.6 percent decline in 2012, as an increase in the number of residential buildings failed to offset falling demand for road construction works.

Its agricultural and fishery industry, which accounts for 22.4 percent of its total output, expanded 1.9 percent last year, slowing from a 3.9 percent growth in 2012.

Growth in its mining and manufacturing industries, which account for 35.7 percent of overall output, gained traction to reach 1.5 percent, up from 1.3 percent a year earlier.

The data, meanwhile, showed that North Korea's nominal gross national income (GNI) came in at 33.8 trillion won (US\$33.3 billion) last year, which is roughly 2.3 percent of South Korea's 2013 GNI of 1,441.1 trillion won.

Since 1991, the BOK has been releasing the economic growth estimate of the North based on data provided by Seoul's intelligence agency and other institutions specializing in North Korean studies.

The nominal statistics in the report are based on relevant figures in South Korea due to difficulties in procuring data. (Yonhap)

## **N. Korea on course to set up embassy in Venezuela**

North Korea is set to establish a diplomatic mission in Venezuela after recently winning approval from the Latin American country, a U.S. radio report said on June 25.

The Venezuela government has recently approved the North's embassy plan, the Washington-based Voice of America (VOA) reported, citing the official publication of the Venezuela foreign ministry.

If successfully established, it will be North Korea's first embassy in the South American country since the two forged bilateral diplomatic relations in 1974.

So far, the North Korean ambassador based in Cuba has represented his country in Venezuela,

The recent approval came upon the North's repeated approaches to Venezuela.

Former North Korean Ambassador to Cuba Jong Yong-jin relayed his country's hope to set up the embassy during his visit to Venezuela in March last year. The North again filed a request with the Latin American country over the embassy plan last April, VOA said.

In 1991, the North set up a trade office in Venezuela's capital of Caracas before shutting it down in 1999. The office was reopened the next year.

The North has been on friendly terms with Venezuela, a key oil producing country that like the North has an anti-U.S. foreign policy. (Yonhap)

### **Number of N. Korean defectors obtaining refugee status dives in 2013**

Far fewer North Korean defectors obtained refugee status in foreign countries last year compared with a year earlier due mainly to tightened regulations across the world, a U.S. radio report said June 24.

A total of only 71 North Koreans won the recognition as refugees outside of North Korea in 2013, compared with the corresponding figure of 341 in 2012, the Washington-based Voice of America (VOA) reported, citing data from UNHCR, the United Nations' refugee agency.

Last year saw a total of 412 refugee claims by North Korean defectors rejected by foreign countries, doubling from the corresponding number of 204 posted in 2012, VOA noted.

The latest trend came as foreign countries tightened their regulation in granting refugee status to North Korean defectors, the radio report said.

A continuing stream of North Koreans defect from their communist home country in search of economic and political freedom.

Most of them, about 1,500 annually, settle in South Korea which grants residential right to people from the North, but others seek refugee status in a third country.

More than 600 North Korean defectors were reportedly on the verge of being deported from Canada after being found that they have applied for refugee status from the Canadian government following their initial settlement in South Korea.

As of the end of 2013, a total of 1,166 North Korean defectors have been recognized as refugees from around the world, about half of them from Britain. Canada and Germany were also ranked as the countries where North Korean defectors frequently settle in as refugees. (Yonhap)

### **Pyongyang int'l football academy opened to foreign tourists**

North Korea's football academy in Pyongyang has been opened for visits by foreign tourists for the first time since the school was established last year, a travel agency specializing in group tours to the communist country said on June 23.

The Pyongyang International Football School opened in mid-2013 to train North Korean football players and give them the same opportunities to study abroad that are given to outperforming students.

The new school's opening to foreign tourists is seen as part of the country's widening efforts, especially under new North Korean leader Kim Jong-un, to lure more travelers from abroad.

During our June spring tour, Koryo Tours' group became the first tourists to visit the Pyongyang Football Academy opened in June of last year by Kim Jong-un, Koryo Tours, based in Beijing, said on its website.

The visit was made a few days before the 2014 Brazil World Cup officially opened on June 13, with the group of tourists touring the school's classrooms, dormitory as well as numerous artificial pitches, all in very good condition, the website said.

The tourists had a short football match with young North Korean players there, Koryo Tours also said, attaching photos of the tourists posed with red-shirted students and a video clip of a North Korean player dribbling on the field.

The director of the academy has invited the tour agency to bring more tourists in the future, the firm said, adding that it will continue visits to the football school. (Yonhap)

### **Underfunded WFP cuts nutrition program for N. Korea: report**

The World Food Programme (WFP) has decided to curtail its nutrition program for North Korean babies and pregnant women by about 30 percent due to a lack of funding, a U.S. report said on June 19.

The WFP is operating the two-year nutrition program worth US\$200 million in North Korea through 2015, targeting 2.4 million children under the age of 5 as well as pregnant women.

But a lack of funding seemed to lead the U.N. food agency to decide to reduce the operation of its nutrition program, according to Radio Free Asia (RFA).

The WFP's total budget for its humanitarian aid to North Korea reached \$137.5 million, down about 30 percent from its original plan, according to the report, it added.

The number of North Korean children and pregnant women who benefited from the WFP's program reached some 840,000 in May, far below the agency's target.

Ertharin Cousin, the executive director of the WFP, said in late May in Seoul that its nutrition program stands at a very crucial juncture, adding that it had received only 20 percent of the funding required to implement the program.

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

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

In November, the agency said that food production in the North is estimated to have been 5.03 million metric tons in 2013, up 5 percent from the previous year. (Yonhap)

## PEOPLE

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

- June 12 sends a message of greeting to Russian President Vladimir Putin on the occasion of the national day of the Russian Federation.
- 13 inspects the Ryo Islet Defense Detachment standing guard over a forward post off the east coast of North Korea.
- 16 inspects the KPA Naval Unit 167 honored with the title of O Jung Hup-led 7th regiment.
- 20 gives field guidance at the remodeling site of the May Day Stadium.
- 20 gives field guidance at the construction site of the Wisong Scientists Street.
- 27 guides the test-firing of newly developed ultra-precision tactical guided missiles.
- 29 visits the newly built Kalma Foodstuff Factory.
- 30 guides a tactical rocket firing drill of the KPA Strategic Force.
- July 1 inspects the Hwa Islet Defense Detachment, which stands guard over a forward post off the east coast of North Korea.
- 5 guides the drill of the KPA ground, naval, air and anti-air forces for landing on an island.
- 6 provides field guidance to the Songdowon International Children's Camp.
- 7 guides firing drills at a front-line military detachment in the East Sea.
- 8 visits the Kumsusan Palace of the Sun at midnight on the occasion of the 20th anniversary of the demise of Kim Il-sung.
- 15 inspects a civil police post under the KPA Unit 171 and a post of the third company of the second battalion under the unit guarding the forefront.
- 15 guides the live-shell firing exercise of Unit 171.

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

- June 12 sends a message of greeting to Benigno Simeon Cojuangco Aquino, president of the Philippines, on the occasion of the 116th anniversary of its independence.

**Pak Pong-ju**: Premier

- June 16 makes a field survey of the construction of the stockbreeding base in the area of Sepho.
- 23 makes a field survey of the Taeon Heavy Machine Complex.
- 27 makes a field survey of the Sinpho Pelagic Fishery Complex in South Hamgyong Province.
- July 5 makes field surveys of the construction of Wisong Scientists Street and the remodeling of the May Day Stadium.
- 14 makes a field survey of the work to prevent flood damage in Pyongyang and Nampho cities.

## CHRONOLOGICAL REVIEW

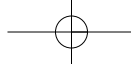
### (Local Events)

- June 18 The DPRK (North Korea) decides to reorganize the Ministry of Foreign Trade as the Ministry of External Economic Affairs by merging the Joint Venture and Investment Commission and the State Economic Development Committee with it.
- 19 Choe Yong-gon is appointed vice-premier, according to a decree of the SPA Presidium.
- 19 North Korea marks the 50th anniversary of leader Kim Jong-il's start of work at the Central Committee of the Workers' Party of Korea (WPK).
- 21 The KCNA says a spell of dry weather continues in North Korea.
- 23 Workers hold an indignation meeting at the compound of the National House of Class Education on the occasion of June 25, the day of struggle against U.S. imperialism.
- 28 The Rason-Yanji festival of angling tourists takes place in Rason City, the economic and trade zone in the northeastern tip of the DPRK.
- 28 The KCNA says the 26,000-square-meter Sunchon Wharf began its operation for the Sunchon-Pyongyang-Nampho shipping service.
- 30 The daily Rodong Sinmun says the DPRK will continue to bolster its nuclear deterrence.
- July 2 Without disclosing the exact date of the event, the KCNA says Kim Jong-un guided the drill for assessing the swimming ability of the commanding officers of the KPA Navy.
- 2 Vice Marshal Hwang Pyong-so, director of the General Political Bureau of the KPA, meets with members of Russia's Central Military Orchestra on a visit to North Korea.
- 2 The KCNA says North Korean researchers succeeded in unearthing relics of salt production dating back to the period of Koguryo in Onchon County, South Phyongan Province, the first of its kind in archaeological research.
- 8 A national memorial service takes place in Pyongyang to commemorate the 20th death anniversary of Kim Il-sung, with the attendance of Kim Jong-un.
- 9 A national meeting takes place at the People's Palace of Culture to commemorate the 120th birth anniversary of Kim Hyong-jik, father of Kim Il-sung.

### (Foreign Events)

- June 12 The 2014-17 plan for cultural exchange between the governments of the DPRK and Cambodia is signed in Pyongyang.
- 13 The KCNA says Kim Yong-nam sent a congratulatory message to British Queen Elizabeth II on June 1 on the occasion of her official birthday, the national day of Britain.
- 14 The KCNA says talks between Ri Su-yong, minister of Foreign Affairs of the DPRK, and Oldemiro Baloi, minister of Foreign Affairs and Cooperation of Mozambique, were held at the Mozambique ministry on June 11.
- 15 A joint meeting of social organizations in Pyongyang takes place to mark the 14th anniversary of the publication of the June 15 joint declaration.

- June 16 A delegation of the Supreme Prosecutor's Office of the Russian Federation headed by Vice-Director Yuri Gulryagin arrives in Pyongyang.
- 17 Minju Joson, the Cabinet newspaper, demands pullback of U.S. Forces from South Korea and Japan.
- 21 Kang Chol was appointed DPRK ambassador to Malaysia, according to a decree of the SPA Presidium.
- 21 Minju Joson blasts a U.S.-S. Korea nuclear war confab against the DPRK.
- 22 The Rodong Sinmun says that what South Korean President Park Geun-hye uttered in her June 6 Memorial Day address disclosed her ulterior intention to incite hostility in the South Korean society toward the North in a bid to remain in confrontation with the DPRK to the last.
- 22 A DPRK Foreign Ministry spokesman slams Australian Foreign Minister Julie Bishop for hurting the dignity of the North's supreme leadership and interfering in the internal affairs of the DPRK in a press interview on June 19.
- 24 A delegation of the Supreme People's Assembly headed by Vice-Chairman An Tong-chun leaves Pyongyang to attend the third Inter-Parliamentary Forum to be held in Moscow.
- 25 A spokesman for the foreign ministry denounces the preview of an American comedy film with a plot of assassinating North Korean leader Kim Jong-un as the most undisguised terrorism and threatens it will retaliate if the film is distributed in the U.S.
- 26 North Korea's Southwestern Front Command threatens to launch retaliatory attacks against South Korea for naval drills in the Yellow Sea.
- 27 An agreement on the joint building, management and protection of the Wonjong-Quanhe new bridge on the DPRK-China border is concluded in Pyongyang between the governments of the DPRK and China.
- 27 The fifth meeting of the north-south joint commission for the Kaesong Industrial Zone (KIZ) takes place in the zone.
- 28 A delegation of the General Bureau of Software Industry, headed by General Director Kang Yong-jun, leaves Pyongyang to visit Mongolia.
- 30 The North's National Defense Commission (NDC) proposes that the two Koreas stop all military hostilities starting on July 4 and calls on South Korea to scrap upcoming joint military drills with the U.S. to create a mood friendly for inter-Korean dialogue as well as for the 2014 Asian Games.
- July 4 The DPRK organizes the Special Investigation Committee to start an all-inclusive and comprehensive investigation into all Japanese residing in North Korea from July 4, under an agreement reached between the governments of the DPRK and Japan.
- 7 North Korea says it will dispatch a cheering squad to the upcoming Asian Games to be held in the South Korean city of Incheon in September.
- 10 A Japanese Diet delegation headed by Kanji Inoki, member of the House of Councilors, arrives in Pyongyang.
- 11 Kang Sok-ju, secretary of the Central Committee of the Workers' Party of Korea (WPK) who is adviser to the DPRK-Japan Friendship Association, has a talk with the visiting Japanese Diet delegation.



- July 12 An NDC spokesman blasts in a statement the entry of the U.S. nuclear aircraft carrier USS George Washington in South Korea's port of Busan.
- 15 Foreign Minister Ri Su-yong had a talk with special envoy of the Mongolian president Khaltmaa Battulga, member of the State Great Hural, and his party at the Mansudae Assembly Hall.

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