

North Korea

A guide to economic and political
developments

Ian Jeffries

 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

**Also available as a printed book
see title verso for ISBN details**

North Korea

North Korea, the 'Hermit Kingdom', is the world's most secretive state. Leaders-for-life Kim Il Sung and Kim Jong Il have pursued reclusive and repressive policies throughout the 1990s and up until today, even as the country has enacted limited economic reforms, increased its engagement with regional powers China, South Korea and Japan, and entered into a protracted diplomatic battle with the United States over the issue of nuclear weapons.

As one of the nations comprising George W. Bush's 'axis of evil' and a suspected nuclear power in an already tense region, North Korea has been the subject of intense attention recently. Now for the first time there is a comprehensive compendium of political and economic developments in the country from 1989 – when the communist world began to change irrevocably – to the present. This volume includes sections on issues such as the command economy, agriculture, relations with major powers, refugees and defectors, and nuclear weapons. Developments are arranged chronologically by sector, and ample background and summary material is presented in order to place recent developments in the proper historical context.

North Korea: A Guide to Economic and Political Developments is a must-read for Korea scholars and will be of interest to scholars and students studying Asian politics and the 'Hermit Kingdom'.

Ian Jeffries is Reader in Economics and a member of the Centre of Russian and East European Studies at the University of Wales, Swansea. He is one of the foremost authorities on the post-communist world and has written extensively on communist and transitional economies. His publications include *A Guide to the Socialist Economies* (Routledge, 1990), *Socialist Economies and the Transition to the Market* (Routledge, 1993) and *The Countries of the Former Soviet Union at the Turn of the Twenty-first Century: The Baltic and European States in Transition* (2004, the last of a five-volume series written by the author and published by Routledge).

Guides to economic and political developments in Asia

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First published 2006
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada
by Routledge
270 Madison Ave, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group

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This edition published in the Taylor & Francis e-Library, 2006.

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data

A catalog record for this book has been requested

ISBN 0-415-34324-0 (Print Edition)

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Acknowledgements

I am much indebted to the following individuals (in alphabetical order):

At the University of Wales Swansea: David Blackaby; Siân Brown; Dianne Darrell; Michele Davies; Peter Day; Chris Hunt; Frances Jackson; Jaynie Lewis; Nigel O'Leary; Lis Parcell; Mary Perman; Ann Preece; Paul Reynolds; Kathy Sivertsen; Jeff Smith; Syed Hamzah bin Syed Hussin; Clive Towse; Ray Watts; Chris West.

Professors Nick Baigent, George Blazyca, Paul Hare, Lester Hunt and Michael Kaser. (It is with great regret that I heard of the death of George Blazyca.)

Russell Davies (Kays Newsagency).

At Routledge: Yeliz Ali, Simen Bailey. Amrit Bangard, Matt Deacon, Oliver Escrit, Tessa Herbert, Alan Jarvis, Liz Jones, Alex Meloy, Peter Sowden, Alfred Symons, Annabel Watson, Mike Wendling, James Whiting, Vanessa Winch and Jane Young.

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Introduction

Readers will note in the bibliography that I have published extensively on communist and transitional economies, but most books deal with groups of countries. Since the collapse of communism in Eastern Europe and the Soviet Union in and after 1989 the number of countries I have analysed has grown from fourteen to thirty-five! Owing to the large number of languages involved, I have had to rely overwhelmingly on English sources.

I do not even read let alone speak Korean! Thus I am unable to undertake frontier research on the 'Hermit Kingdom', as communist North Korea is still sometimes called. Nevertheless, a vast amount of information is available despite the extreme reluctance of the country to disclose what is going on there. What with globally significant problems ranging from nuclear weapons to famine, there is no problem in justifying giving North Korea the utmost attention. There seems to be an urgent need for a broad-ranging study covering both economic and political developments, with particular emphasis on events since 1991. Since the summer of 2002 North Korea has been making concessions to the market and private enterprise. North Korea has been in dire economic straits in recent years and is aware of the astonishing economic progress that its ally China has been making since 1978 with its model of gradual and partial economic reform.

The two Vietnams were reunited in 1975 and the two Germanys in 1990. But the two Koreas remain divided, with South Korea continuously stretching ahead of its economically benighted twin. Large-scale international aid has kept many a North Korean from death's door. The Demilitarized Zone (DMZ) is a leftover from the Cold War. The invasion of Iraq by George W. Bush's America and US unease at Iran's nuclear policies has given North Korea an added incentive to develop nuclear weapons. Should things go drastically wrong the consequences would, without exaggeration, be catastrophic.

I have tried to write a book which will be of interest to governments, business and academics (from a wide range of disciplines, including economics, politics and international relations). To put North Korea's economic policies in perspective I have included Appendix 1 (on the nature of central planning) and Appendix 2 (on the general issues involved in the transition from command to market economies).

I present a richly endowed ‘quarry’ of up-to-date economic and political information (presented chronologically where appropriate) to allow the reader to dig out any desired facts and figures. This is not (and is not meant to be) original research but a broad-brush painting of the overall economic and political picture. I make extensive use of quality newspapers such as the *International Herald Tribune (IHT)*, *Financial Times (FT)*, *The Times*, the *Guardian*, the *Independent* and the *Telegraph*. Publications such as *The Economist*, the *Far Eastern Economic Review (FEER)*, *The World Today*, *Asian Survey*, *Current Digest of the Post-Soviet Press (CDSP)*, before 5 February 1992 known as *Current Digest of the Soviet Press*, *Transition* and *Finance and Development* have also proven to be invaluable.

A review in the *Times Higher Education Supplement* (29 October 1993) kindly referred to my ‘meticulous referencing’, even though detailed referencing has the potential to be tiresome to readers. But since this is not original research and I am deeply indebted to many sources, I feel it necessary to make every effort to acknowledge the material used. It is not always feasible to name the correspondents or contributors, but I try, as far as possible, to ensure that credit goes where it is due. Partly for this reason and partly for accuracy I make extensive use of quotations, although where these include commonly quoted sayings or speeches I leave out specific sources.

1 An overview of political and economic developments

A brief history

First North and South Vietnam (in 1975) and then West and East Germany (in 1990) were reunited. But North and South Korea are still divided and the land and sea frontiers survive as leftovers from the Cold War era despite the historic meeting in Pyongyang of Kim Jong Il and Kim Dae Jung, the leaders of the two countries, on 13–15 June 2000.

Former South Korean president Kim Dae Jung (*IHT*, 20 June 2000, p. 9): ‘We have reached a turning point so that we can put an end to the history of territorial division for fifty-five years ... We have been a homogeneous nation for thousands of years. We lived as a unified nation for 1,300 years.’

A unified state from AD668 to 1945, Korea was liberated (and divided at the 38th parallel) in 1945, having been part of the Japanese Empire from 1910 to 1945. An isolated state, it was known as the ‘Hermit Kingdom’. At the 1943 Cairo Conference the allies had envisaged an independent and unified Korea.

But the North was occupied by Soviet forces in August 1945 and the United States occupied the South. The Democratic People’s Republic of Korea (DPRK) was proclaimed on 9 September 1948. In the Korean War (1950–3) China backed the North and UN forces backed the South (the Soviet Union having absented itself from the UN Security Council). North Korean troops had crossed the 38th parallel on 25 June 1950. Apart from Chinese forces, the Soviet air force also took part in the war (although this was not formally admitted by the Soviet Union at the time). The war ended in a truce rather than a peace treaty. The armistice was signed on 27 July 1953 by North Korea, China and the United States acting on behalf of the United Nations. Since July 1953 the two Koreas have been separated by the Demilitarized Zone (DMZ), which runs to the south of the 38th parallel in the West and to the North in the East. North Korea occupies 55 per cent of the total territory.

Kim Il Sung was born Kim Song Ju on 15 April 1912 and he adopted the name Kim Il Sung after a famous guerrilla who fought the Japanese. (‘Il Sung’ means ‘One Star’.) Kim Il Sung (who became known as the ‘great leader’) was prime minister (1948–72), president (1972–94) and general

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secretary of the Korean Workers' Party (formed in August 1946 when the Korean Communist Party united with the New Democratic Party). Kim Il Sung was named head of the Korean Workers' Party (Communist Party) in 1948. He died on 8 July 1994 of a heart attack at the age of eighty-two. He had groomed his son Kim Jong Il (the 'dear leader'; born 16 February 1942) to take over when he died, thus ensuring the perpetuation of family rule (the first 'dynastic' succession in communist history).

The succession of Kim Jong Il was much smoother than many had envisaged.

Kim Jong Il . . . skilfully tightened his grip on power over the last decade despite critics who once pegged him for a sickly playboy who would not last long . . . When Kim Jong Il took power many outsiders doubted whether he had the charisma or cunning to hold the regime together. But the secretive leader, in his signature jumpsuit, surprised critics with his resilience, rallying the military around him. (www.iht.com, 8 July 2004)

(There seems, however, to be a struggle within the family over who is to succeed Kim Jong Il: see the entry in the chronology for 17 June 2004 and November 2004. There have even been reports of internal opposition to Kim Jong Il, but in such an isolated country it is difficult to know how seriously to take such reports. North Korea thinks there is a US plot to bring about regime change.) Kim Jong Il became general secretary of the Korean Workers' Party on 8 October 1997. On 5 September 1998 Kim Jong Il was made chairman of the National Defence Commission. Although Kim Il Sung was made 'eternal president', Kim Jong Il was head of state, the post of chairman of the National Defence Commission being proclaimed the 'highest post of the state'. Kim Jong Il rarely travels abroad, but he has certainly visited China (e.g. on 15–20 January 2001 and 18–22 April 2004) and Russia (e.g. on 26 July–18 August 2001 and on 20–23 August 2002). He did not visit South Korea as was envisaged after the 2000 meeting in North Korea with the then South Korean president Kim Dae Jung.

Kim Jong Il draws on three separate belief systems to buttress his rule: communism, Confucianism and ancient Korean shamanism. He is also said to have been born on Mount Paekdu, which is linked to Korean myth with the country's founding. In truth he was born in Russia. (*The Economist*, 18 December 2004, p. 109)

North Korea took care not to antagonize either China or the Soviet Union, but after the disintegration of the latter in 1991 (coupled with the collapse of communism in Eastern Europe in and after 1989) North Korea has been far more beholden to China than Russia (not least in terms of economic aid).

Kim Il Sung practised a strong cult of personality (that has been carried on by Kim Jong Il). The policy of *Juche* (*Chuche*) is normally translated as 'self-reliance'. This helped make North Korea one of the most isolated of the then communist countries. Kim Il Sung described *Juche* as

holding fast to the principle of solving for oneself all the problems of the revolution and construction in conformity with the actual conditions at home and mainly by one's own effort ... Man, a social being that is independent and creative, is master of everything and decides everything. (quoted by Rhee 1987: 890)

'Russia's Itar-Tass agency [is] the only foreign media organization to have a correspondent in [North Korea]' (*Guardian*, 19 November 2004, p. 20).

Relations between North and South Korea

General aspects

Apart from the problem of nuclear weapons (dealt with under the section devoted to relations between North Korea and the United States), North Korea has antagonized South Korea in ways such as the following:

- 1 The *Pueblo* is the [US] navy ship that North Korea seized in 1968 in waters off the country's east coast, setting off an international crisis. One American sailor was killed and eight-two others were imprisoned for nearly a year and tortured into writing confessions' (*IHT*, 20 July 2005, p. 9).
- 2 On 9 October 1983 the assassination, through bombing, took place of seventeen South Korean members of President Chun Doo Hwan's delegation, including three ministers, in Rangoon (Burma).
- 3 'South Korea blames the North for ... the bombing of a Korean Air flight off the coast of Myanmar [Burma] with 115 passengers and crew members on board' (*IHT*, 17 August 2004, p. 6). 'The United States placed North Korea on a blacklist of states fostering terrorism in 1988 after its alleged involvement in the mid-air bombing of a Korean Air jetliner over the Indian Ocean in 1987' (*FT*, 18 September 2001, p. 14). 'Japan accused Pyongyang of kidnapping a Japanese woman so she could teach Japanese to a woman agent who was later held responsible for the 1987 bombing of a South Korean airliner' (*IHT*, 22 November 1999, p. 5).
- 4 On 18 September 1996 a North Korean submarine was found stranded on South Korea's east coast and a manhunt ensued. On 22 June 1998 a North Korean midget submarine was caught in the trawling nets of a fishing boat in South Korean waters. On 12 July 1998 a submersible North Korean boat was found in South Korean waters. On 18 December 1998 South Korean forces destroyed a North Korean semi-submersible.
- 5 On 5 June 1997 there was an exchange of fire between a South Korean patrol boat and a North Korean gunboat escorting fishing boats in what South Korea claims as its waters. On 15 June 1999, in a similar incident, South Korean naval ships actually sank a North Korean gunboat on the South Korean side of the Northern Limit Line, a maritime demarcation line which North Korea has never recognized. There were also naval clashes in disputed waters on 29 June 2002 and 23 August 2003.

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- 6 There were incidents in the Demilitarized Zone (DMZ) on 26 September 2001, 27 November 2001 and 17 July 2003.

On 18 December 1997 Kim Dae Jung was elected president of South Korea. His policy of improved relations with North Korea is called the 'sunshine policy', involving warmer relations between the two countries. South Korea is well aware of the enormous cost of German reunification under more favourable conditions than those facing the two Koreas. President Kim Dae Jung did not wish to see the collapse of North Korea and thus favoured gradual improvements in political and economic relations. South Korea, he believed, should help North Korea via aid, trade and investment.

The 13–15 June 2000 summit in Pyongyang proved to be dramatic, although more in terms of a perceived breakthrough in relations after years of bitter division rather than specific results. This was the first ever meeting of leaders of North and South Korea. The two leaders, Kim Jong Il and Kim Dae Jung, greeted and treated each other warmly and vast numbers of North Koreans cheered them. Contrary to general expectations, Kim Jong Il turned out to have a sense of humour and to be affable, outgoing, self-confident but respectful, relaxed and talkative. Kim Jong Il might even be described as charismatic. Kim Jong Il:

Many people, including those from Europe, say I am leading a hermit's life. I am not such a great figure to be called a recluse. The fact is that I have made many secret trips to countries like China and Indonesia. I have been here and there without people knowing.

There was no formal agenda for the talks but on 14 June the two leaders signed a joint agreement. This included the following: 'Resolve the issues of reunification independently and through the joint efforts of the Korean people'; 'Economic co-operation and the development of the national economy ... in a balanced manner' (South Korea would provide extra aid and encourage South Korean companies to invest more in North Korea); family reunions to be arranged, starting on 15 August (Liberation Day, celebrating liberation from Japanese occupation in 1945; the first official reunion of family members was in 1985); to promote, artistic, cultural and sporting exchanges. The two leaders also agreed to establish a military hotline. Kim Jong Il agreed to visit South Korea 'at the earliest appropriate time'.

Kim Jong Il also showed flexibility on the issue of US troops on the Korean Peninsula.

President Kim Dae Jung on his return to South Korea (16 June) stated:

The danger of war on the Korean Peninsula has disappeared ... The North will no longer attempt unification by force and ... we will not do anything to harm the North ... The dialogue [on security issues] was very fruitful ... We did talk about nuclear weapons and missiles ... I told him [Kim Jong Il] that the missile and nuclear problems do not help regional and world peace as well as inter-Korean co-operation.

President Kim Dae Jung (*IHT*, 20 June 2000, p. 9):

We were able to reach agreement on a ... ‘loose form of confederation’ on the Korean Peninsula in the future – a concept that requires maintaining two governments for the two sides as they are now and creating a conference of ministers and an assembly with which the two sides can jointly solve problems step by step. We also talked about nuclear and missile issues and the issue of United States forces stationed in the South ... We have reached a turning point so that we can put an end to the history of territorial division for fifty-five years ... We have been a homogeneous nation for thousands of years. We lived as a unified nation for 1,300 years ... I have returned with the conviction that, sooner or later, we will become reconciled with each other, co-operate and finally become unified ... Let us coexist and proceed on the path toward unification ... None of this means that everything went smoothly in our talks ... There should not be the slightest wavering in the resolve on the part of the Republic of Korea to maintain national security and sovereignty. But we must ultimately go on the path toward unification by solving one thing at a time ... The North will no longer attempt unification by force and, at the same time, we will not do any harm to the North. In short, the most important outcome of the summit is that there is no longer going to be any war.

Kim Dae Jung (17 July 2000):

Full unification is very difficult to foresee at this point. It could take as long as twenty to thirty years. My point is that it is not important when it occurs but rather how we work together towards that goal by eliminating the danger of war, living together peacefully and extending economic co-operation. (*FT*, 17 July 2000, p. 18)

Kim Dae Jung (18 July 2000): ‘Peaceful co-existence and exchanges may go on for twenty or thirty years. We must not make haste. But in the process we will be working towards ultimate unification’ (*IHT*, 20 July 2000, p. 4).

North and South Korea halted propaganda attacks against each other, e.g. switching off the giant loudspeakers along the heavily fortified border that vilified each other and urged soldiers to defect.

(In 2003 the South Korean company Hyundai was found guilty of secretly and illegally transferring funds to North Korea shortly before the 2000 summit. ‘Hyundai was at the time negotiating a \$350 million contract to exclusively develop businesses in the North. Kim’s government persuaded the group to increase its payment by \$100 million, funded by secret loans from the state-run Korea Development Bank ... Kim Dae Jung: “We wanted to provide \$100 million of support. But there was no legal way to do it ... This was a great investment in the future ... As president I authorized it and I have no regrets”’: *FT*, 19 June 2004, p. 12; *FT*, Magazine, 19 June 2004, pp. 14–15. Kim Dae Jung himself was not prosecuted.)

In late June 2000 Chung Ju Yung (the founder of Hyundai, South Korea’s

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largest chaebol or conglomerate) and one of his sons visited North Korea. The visit resulted in plans to increase investment in the North, including the establishment of a North Korean 'Silicon Valley' in the Mount Kumgang region a few miles north of the Demilitarized Zone dividing the two Koreas. Hyundai has been developing the Mount Kumgang region as a tourist destination. (On 10 August 2000 the Hyundai Group announced that it had signed an agreement with North Korea to build an industrial park in Kaesong. The agreement also provided for South Korean tourists to visit Kaesong: *IHT*, 11 August 2000, p. 11. 'North Korea ... signed an agreement with [Hyundai] ... to develop a permanent meeting place for separated families at Kaesong, North Korea': *IHT*, 16 August 2000, p. 5.)

'The foreign ministers of North and South Korea met for the first time Wednesday [26 July]' (*IHT*, 27 July 2000, p. 5).

Negotiators from North and South Korea met for talks in Seoul. On 31 July 2000 they announced an agreement, including the following:

- 1 To reopen liaison offices at Panmunjom on 15 August, the date observed by both North and South Korea as a national holiday celebrating the end of Japanese rule in 1945. (The offices were first opened in 1992 in accordance with the 'basic agreement' between the two countries in that year. They were closed in 1996.)
- 2 To 'rehabilitate' the rail link that was destroyed in the Korean War. The railway passes through Panmunjom. (A road link was announced later. Work began on the South Korean side on 18 September 2000.)
- 3 To open South Korea to visits by Koreans living in Japan who hold North Korean passports.
- 4 To continue 'ministerial talks in accordance with the spirit of the South-North declaration' signed by the leaders at the June summit. Negotiators were next to meet in Pyongyang, from 29 to 31 August 2000.

On 2 September 2000 sixty-three North Koreans held as spies and guerrillas in South Korean prisons were allowed to go to North Korea. (The problem of South Koreans held in North Korea remained unsolved.)

On 13 September 2000 it was reported that Kim Jong Il would visit South Korea in the spring of 2001. (The visit did not take place.) It was also announced that the defence ministers of North Korea and South Korea would meet in Hong Kong on 26 September.

On 15 September 2000 North Korea and South Korea marched under a special unification flag and wore identical white uniforms during the opening ceremony of the Sydney Olympic Games. But the two Koreas competed as separate teams, with their own uniforms, flags and anthems.

The defence ministers of North Korea and South Korea met for the first time on 25-26 September 2000.

North Korea and South Korea reached agreement Tuesday [26 September] on the limited reopening of the Demilitarized Zone that separates the two countries to allow repair work on a rail link that has been

severed for more than fifty years ... Co-operation from the North Korean military is crucial because the no-man's land across which the two armies face off contains as many as a million mines ... The agreement, which was announced at the first talks between defence ministers from the two Koreas since the civil war they fought from 1950 to 1953, is the highest level confirmation of the reconciliation between the two countries since a historic summit meeting in the North Korean capital in June ... The defence ministers agreed to 'working level' military talks starting in October and a second round of ministerial meetings in the North Korean capital, Pyongyang, in November ... The two sides have also agreed to discuss the creation of a hot line linking the two military commands in their future meetings. (*IHT*, 27 September 2000, p. 5)

'While the military delegations were meeting Monday [25 September], two other delegations met in Seoul to discuss investment possibilities in North Korea' (*IHT*, 26 September 2000, p. 8). 'The rapprochement was further confirmed by a simultaneous meeting of finance ministers from the two countries in Seoul. That meeting reached agreement on legal protections for South Korean companies that invest in the ... North' (*IHT*, 27 September 2000, p. 5).

[On 8 October 2000] the South Korean authorities ... decided to allow twenty representatives of the government and non-government organizations to fly to Pyongyang aboard a North Korean plane Monday [9 October] for observances on Tuesday [10 October] marking the fifty-fifth anniversary of the founding of the Korean Workers' Party. (*IHT*, 9 October 2000, p. 8)

On 13 October 2000 Kim Dae Jung was awarded the Nobel peace prize.

The Kaesong industrial complex ... was the main reason for a ground-breaking economic agreement between ... South and North Korea on Saturday [11 November 2000]. The two ... signed a deal to protect investment, end double taxation, open a direct route for financial transactions and establish a panel to settle trade disputes. (*Guardian*, 14 November 2000, p. 31)

'North and South Korea signed an agreement designed to improve economic co-operation. They provisionally agreed measures to allow remittances across their border, avoid double taxation, provide guarantees for investment and settle cross-border payments' (*FEER*, 23 November 2000, p. 12).

Kim Dae Jung (27 November 2000):

In a series of talks [in Pyongyang] over three days, I was able to engage him [Kim Jong Il] in serious and sincere discussions that produced some significant successes. First, we agreed that the Korean people must first take the initiative on the road to national unification. But we also acknowledged that immediate and complete unification would be difficult to achieve. We concurred that for now the two Koreas should focus

on realizing peaceful co-existence and exchanges. What was noteworthy was that the North withdrew its long-standing demand that a centralized federal government be established for all of Korea to achieve unification. Instead, the North proposed a 'loose form of confederation' as the formula for unification. Its new proposal is very similar to the South's formula of a South–North confederation of one people, two systems and two governments . . . Second, North Korea has consented to the South's view that US troops should continue to stay on the Korean Peninsula. Korea is the only country in the world surrounded by four big powers – the United States, Japan, China and Russia. I have long been convinced that the US presence is necessary for the stability and balance of power in North-east Asia . . . Kim Jong Il also agreed to visit Seoul . . . We expect his visit to take place by next spring . . . The defence ministers have met. They agreed never to wage another war on the peninsula, actively to support the 15 June South–North Joint Declaration and to cooperate with each other in the demilitarized zone to relink the severed inter-Korean railroad . . . We are trying to ascertain how many of the 10 million members of separated families are still living, and their reunions are taking place . . . Apart from rejoining the railroad between South and North Korea, a new highway is also under construction linking the South to Kaesong City just north of the demilitarized zone, where an industrial complex will be built. The South and North have initialled agreements on investment protection, avoidance of double taxation, clearance of accounts and settlement of business disputes . . . By passing through North Korea the cost of transporting cargo can be reduced significantly.

Kim Dae Jung's successor, Roh Moo Hyun, who was elected South Korean president on 19 December 2002 and inaugurated on 25 February 2003, has basically followed Kim Dae Jung's 'sunshine policy'. The official policy is called Peace and Prosperity. The agreed road between North and South was opened on 5 February 2003 (the first road tour to Mount Kumgang taking place on 14 February 2003) and the rail link was established on 14 June 2003 (although the rest of the rail network remained incomplete).

North and South Korea have agreed to open their first road and rail link by October [2004] . . . Authorities would open by October two north–south roads – one up the east coast, the other up the west coast. Also by October freight trains would make test runs on two north–south railroads that parallel the roads. The rail links are expected to open in 2005, five years after they were promised in [the June 2000 summit]. (*IHT*, 7 June 2004, p. 4)

Roh Moo Hyun was elected on a ticket that was cooler towards the United States, reflecting the views in particular of those many young people who do not see North Korea the way many older South Koreans do (being much more influenced by North Korea's invasion in 1950). Popular opinion in South Korea is very much split, particularly between generations, over rela-

tions with the United States. But the new president soon adjusted to the reality of continued dependence on US military support, and US talk of redeploying and even reducing its troops brought the message home:

- 1 'The United States and South Korea yesterday [5 June 2003] agreed plans to withdraw US troops from the South's border with North Korea for the first time since the Korean War ended ... US troops will be redeployed from the border to more southerly locations on the peninsula' (*FT*, 6 June 2003, p. 12). The redeployed troops would be outside artillery range. 'Earlier this year [2004], to allay fears over the American redeployment away from its "tripwire" position on the Demilitarized Zone, the United States promised to spend \$11 billion to upgrade American forces in the south be' (www.iht.com, 17 May 2004).
- 2 In May 2004 announced that the United States was moving 3,600 of the 37,000 troops stationed in South Korea to Iraq.
South Korea had agreed to send some 3,000 of its own combat-ready troops to Iraq (to join the 600 plus non-combat troops – medical and engineering specialists – already there) but delays were experienced.
(‘South Korea has had 600 troops in Iraq since last year [2003] ... The dispatching of the new contingent ... originally scheduled for the spring [of 2004] had been delayed over questions about which area of Iraq they should be sent to and worries about the safety of the troops ... The full complement of 3,600 troops will make South Korea the third largest member of the US-led coalition, after the United States and Britain ... The South Korean government has stressed that its contingent will be engaged in “peace-building and reconstruction” operations, though special forces are reportedly part of the unit’: www.iht.com, 12 August 2004. ‘The much-delayed deployment of South Korea’s brigade to Iraq has gone ahead ... [with the deployment of] 2,800 troops and will add 800 once the brigade has expanded its base in Erbil, in northern Iraq ... The deployment of the 2,800 men took fifty days ... The unit’s operations are expected to be peacekeeping and reconstruction rather than combat. The deployment was planned for this spring ... The deployment started in August under conditions of strictest secrecy’: www.iht.com, 22 September 2004.)
- 3 ‘The United States wants to withdraw a third of its 37,000 troops stationed in South Korea by ... December 2005 ... The figure [of about 12,500] would include about 3,600 already slated to be redeployed this summer ... The withdrawal [announced on 6 June 2004] would be the first major troop reduction on the Korean Peninsula since 1992 ... The announcement comes amid lingering uncertainty over the unresolved twenty-month standoff over North Korea’s quest for nuclear arms and growing concern about the health of the US–South Korean military alliance ... Any troop withdrawals are certain to have a deep impact in South Korea, amid fears of conservatives that North Korea could exploit any security vacuum left by departing US troops ... Many still have painful memories of the North

Korean invasion that triggered the 1950–3 Korean War . . . The proposed changes, along with anti-American sentiment among many young Koreans, have triggered concern that President Roh Moo Hyun may be endangering the US-South Korean alliance by advocating a greater role for his country in its defence'. (*IHT*, 8 June 2004, p. 5)

The US troops along the border have long been considered a 'tripwire' to ensure US intervention if the North attacked. Many in the South also see them as a healthy restraint on the United States, believing that Washington would not take military action to provoke the North when US troops were in harm's way on the border. The US proposal to pull out 12,500 of its soldiers nationwide by the end of next year [2005] would force South Korea to shoulder more responsibility for defending itself from any North Korean military aggression. But the plan, announced Monday [7 June], has raised concern that the North could view a US withdrawal as a sign of weakness . . . The troop reduction would be the first major cut in South Korea since the early 1990s, when the allies co-ordinated the removal of 7,000 soldiers. The United States has stationed troops in South Korea since the end of the Korean War – partly as a deterrent against North Korea and partly as a counterbalance to other regional powers. (www.iht.com, 8 June 2004)

The United States and South Korea could not agree on a set of principles to relocate American troops remaining in South Korea away from the Demilitarized Zone and to withdraw all but a handful of American troops from a base that sits atop some of the most valuable real estate in downtown Seoul. (www.iht.com, 9 June 2004)

Senior Bush administration officials insist that plans to withdraw one-third of the 27,000 US troops in South Korea will not be viewed by Kim Jong Il as a weakening of US commitments to South Korea's security or a lessening of resolve to force North Korea to dismantle its nuclear arsenal . . . [It is argued that] the North Koreans do not see the initiative to reduce forces as a sign of America's diminishing resolve. 'They were the first to complain about the plan to relocate our forces and realign our forces south of the Han river', said Richard Lawless, the [US] deputy under-secretary of defence for Asian and Pacific affairs. They suggested that we would be adding to our combat power by doing that. North Korea's response to previous indications of the American plan has been to say that the United States was positioning itself for a first strike . . . The presence of US troops within range of 10,000 artillery pieces and rockets that North Korea hides in caves along the border . . . makes those troops a target for a first strike . . . US officials said technology would do better at deterring North Korea than US prowess measured solely in numbers of troops. (www.iht.com, 9 June 2004; *IHT*, 10 June 2004, p. 5)

The United States is planning to reduce its troops in South Korea by a third over the next eighteen months as part of the Pentagon's restructur-

ing of its worldwide forces ... The United States has insisted that it remains committed to its military presence in South Korea and pledged \$11 billion of investment to strengthen the US forces that will stay in the country. But many in Seoul believe the partial withdrawal reflects a weakening in the fifty-year-old alliance with Washington, following a wave of anti-American sentiment among young South Koreans and the election of a left-leaning ruling party. (*FT*, 8 June 2004, p. 11)

‘The United States agreed under pressure from South Korea on Wednesday [6 October] to stretch out over an additional three years until 2008 the withdrawal of 12,500 US troops from that country’ (www.iht.com, 6 October 2004).

(‘In the biggest realignment of forces since the Cold War President George W. Bush announced on Monday that US military strength in Europe and Asia would be reduced by 60,000 to 70,000 over the next decade’: *IHT*, 17 August 2004, p. 5.)

On 26 May 2004 the first meeting took place between military generals from North and South, the first since the end of the Korean War. This was significant because North Korea views South Korea as a puppet state. On 4 June 2004 North and South Korean generals agreed to take steps to avoid clashes at sea (by, for example, using a standard radio frequency) and to stop using loudspeaker broadcasts and large billboards along the DMZ.

By 15 August [2004] the hundreds of propaganda signs and loudspeakers are to be entirely removed from both sides of the inter-Korean border ... Kim Dae Jung’s ‘sunshine policy’ was devoted both to avoiding a second Korean war and to diminishing the huge socio-economic gap between the two neighbours. South Korea’s agriculture ministry is drawing up plans to revive the North’s failed farm sector. Other ministries are working to rehabilitate the North’s electric power system and railroads. If South Korea’s electric grids and rail lines are linked to Russia, the North could earn large royalties. South Korea’s unification ministry is planning to start broadcasting North Korean news programmes next month [July 2004] ... Last week a South Korean charity opened a 100-bed children’s hospital in Pyongyang. The group, which brought eleven South Korean children to the opening, is also building a milk factory in Pyongyang. (*IHT*, 26 June 2004, p. 6)

North Korea now has embassies in forty-one countries (up from nineteen in 2000) and diplomatic ties with 155 ... North Korea began opening up immediately after its first summit meeting with South Korea in 2000. Since then it has established diplomatic ties with nineteen new countries, including Britain, Australia and nations of the EU. (*IHT*, 21 August 2004, p. 4)

In August–September 2004 South Korea admitted that its scientists (without permission, according to the government) had conducted small-scale nuclear experiments – in 2000 involving enriching uranium with lasers

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and in 1982 involving plutonium extraction. 'North Korea warned on Wednesday [8 September] that the uranium enrichment experiment in 2000 could "accelerate a north-east Asia nuclear arms race" and accused the United States of applying a "double standard" to the nuclear programmes of the two Koreas' (www.iht.com, 9 September 2004).

Two large explosions on 8 and 9 September 2004 in North Korea close to the Chinese border led to much speculation. It quickly became clear that there was no nuclear test. North Korea claimed that the explosions were connected with a hydroelectric project.

The government's low key approach to human rights problems in North Korea is controversial.

Ko Kyung Bin (a senior official at the unification ministry in South Korea, which handles relations with North Korea): 'The question is whether we take a "loud and symbolic" approach or a "silent and substantial" track. If we get loud about human rights North Korean authorities will make the country more isolated and the human rights situation there will get worse' ... It is an approach that drives the government [in South Korea] ... to abstain from voting on the UN Human Rights Commission's annual resolution condemning North Korea. (www.iht.com, 14 July 2005)

Economic and social comparisons between North and South Korea

Although it is notoriously difficult to quantify economic and social magnitudes in North Korea, the following give some idea of comparative dimensions.

Demographic comparisons

In 1987 North Korea's population was 21.7 million compared with South Korea's 42.8 million (Jeffries 1990: 263). In 1996 the respective figures were 23.9 million and 43.5 million (*IHT*, 5 March 1997, p. 6). In 1997 the respective figures were 23 million and 46 million (*The Economist*, Survey, 10 July 1999, p. 24). In 1998 North Korea's population was 21.9 million compared with South Korea's 46.4 million (*The Economist*, 1 July 2000, p. 83).

In 1996 life expectancy at birth in South Korea was seventy for men compared with sixty-seven in North Korea, while the respective figures for women were seventy-seven and seventy-four (*IHT*, 5 March 1997, p. 6). In 1997 male life expectancy was sixty-nine years in South Korea and sixty-one years in North Korea, while female life expectancy was seventy-six years and sixty-five years, respectively (*The Economist*, Survey, 10 July 1999, p. 14). 'Life expectancy [in North Korea] has fallen from 66.8 years in 1993 to 60.4 years' (*Guardian*, 6 August 2002, p. 13).

In 1996 the infant mortality rate was eight per thousand live births in South Korea compared with twenty-six per thousand live births in North Korea (*IHT*, 5 March 1997, p. 6).

In 1987 nearly 70 per cent of the North Korean population was urbanized

(Jeffries 1990: 263). Only 25 per cent of the work force is employed in agriculture (*Transition*, April 1998, vol. 9, no. 2, p. 20). 'North Korea is at least half urban' (*IHT*, 5 August 2002, p. 6). 'Two out of three North Koreans live in the towns and cities . . . Huge but unknown numbers of workers have been moved into farming' (*The Economist*, 13 March 2004, p. 64).

Family members and exchanges

More than 7 million South Koreans have relatives in North Korea (*FEER*, 26 February 1998, p. 13). 'An estimated 15 per cent of South Koreans have relatives living in the North, but they have been unable to contact them because of a ban on postal and telephone links between the two Koreas since the civil war' (*FT*, 1 July 2000, p. 6). 'More than 7.6 million people in the South have relatives on the other side of the border' (*The Economist*, 1 July 2000, p. 83). 'There are some 1.2 million people in the South with immediate family members in the North. If second and third generations are added, the total reaches nearly 7.7 million' (*FEER*, 24 August 2000, p. 21). 'South Koreans have relatives living in the North, but they have been unable to contact them because of a ban on postal and telephone links between the two Koreas since the civil war' (*FT*, 1 July 2000, p. 6). 'Approximately 10 million family members [have been] unable to contact each other since the peninsula was divided' (*FEER*, 28 September 2000, p. 14). 'Approximately 10 million family members [have been] unable to contact each other since the peninsula was divided' (*FEER*, 28 September 2000, p. 14). 'South Korea estimates that 7 million of its own people and 3 million from the North have relations they have not seen since 1953' (*The Economist*, 30 September 2000, p. 91). Former South Korean president Kim Dae Jung (27 November 2000): 'We are trying to ascertain how many of the 10 million members of separated families are still living.'

The first official family exchange visits took place in 1985.

Meetings . . . have been organized unofficially for years, mostly in northern China. According to Seoul's unification ministry, 458 families were reunited in the 1990s. Most of these reunions are arranged by brokers who employ a network of ethnic-Korean Chinese nationals and North Koreans. For a fee, typically \$1,500, they track down family members in the North; another \$5,000 to \$7,000 buys a reunion . . . Most of the 1.5 million first-generation North Korean refugees still living are now in their seventies and eighties. So the South's unification ministry does what it can by referring families to recommended brokers and helping cover costs by giving each reunited family 3 million won (\$2,600). And it will continue to do so even with the official reunions taking place next week . . . Only fifty families have been officially united in the forty-seven years since the end of the Korean War. (*FEER*, 19 August 2000, p. 18)

An exchange (the second) took place on 15–18 August 2000 involving 100 family members from North Korea flying to Seoul and 100 family members from South Korea flying to Pyongyang.

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The third reunion of family members took place on 30 November–2 December 2000, involving 100 people from South Korea and 100 from North Korea flying to Pyongyang and Seoul respectively. The reunion was meant to have taken place earlier.

North and South Korea exchanged mail for 600 families on Thursday [15 March 2001], the first contact in more than fifty years for the relatives. ‘We exchanged 300 letters from each side with North Korean officials at Panmunjom after checking their names and addresses’, South Korea’s Red Cross said . . . The exchange was the first since the Korean Peninsula was partitioned in 1945. (*IHT*, 16 March 2001, p. 6)

The fourth family reunion took place on 28–30 April 2002, 100 travelling to North Korea and 100 travelling to South Korea.

More than 100 South Koreans flew to Pyongyang . . . for a five-day visit on the first commercial flight between the countries since they were divided . . . Previous flights by South Koreans for brief family reunions have been funded by their government. (*The Times*, 15 September 2003, p. 12)

(The issue of defections to South Korea is dealt with, below, under the section entitled ‘Political prisoners, kidnappings and refugees’.)

Per capita and total income

‘*Per capita* GNP in the two Koreas may have been equal as late as 1975. Between 1975 and 2003, however, South Korea’s *per capita* output nearly quintupled’ (Nicholas Eberstadt, *FEER*, March 2005, p. 31).

In 1995 *per capita* income in North Korea stood at \$957, compared with \$10,076 in South Korea (*FEER*, 27 June 1996, p. 71).

The South Korean central bank estimates that in 1997 North Korea’s *per capita* income was \$741, about one-thirteenth of South Korea’s (*FEER*, 2 July 1998, p. 63). In 1997 GDP per head was \$9,500 in South Korea and \$741 in North Korea (*The Economist*, Survey, 10 July 1999, p. 14).

‘In rare official data given to the United Nations Development Programme last year [1998] Pyongyang claimed that *per capita* income had halved in three years to just \$481 in 1996’ (Aidan Foster-Carter, *The World Today*, 1999, vol. 55, no. 3, p. 11).

In 1998 GDP per head was \$6,823 compared with \$573 in North Korea (*The Economist*, 1 July 2000, p. 83).

In 1999, according to South Korea’s central bank, North Korea’s *per capita* GDP was \$714, only a twelfth of that of South Korea (*FT*, 21 June 2000, p. 10).

According to Seoul’s Korea Development Institute, *per capita* income in North Korea is below \$400 (*FEER*, 22 June 2000, p. 20).

South Korea’s *per capita* income in 2002 was \$10,013 compared with North Korea’s \$762 (*FT*, 6 June 2003, p. 12).

'North Korea's *per capita* income has fallen to 8 per cent of that of South Korea' (www.iht.com, 3 June 2004).

'North Korea's *per capita* income reached \$818 last year [2003]' (www.iht.com, 8 June 2004). '[The figure of] \$818 [amounts to] a sixteenth of South Korea's' (*FT*, 9 June 2004, p. 11).

'[North Korea's] *per capita* income rose to \$914 in 2004 ... less than one-fifteenth the \$14,162 posted by South Korea ... [according to] the central bank of South Korea' (www.iht.com, 31 May 2005).

North Korea's annual economic output was \$23 billion in 1990 and \$16 billion in 2000 (*FT*, 21 February 2002, p. 10). 'North Korea has ... a GDP that is 4 per cent of that of South Korea' (*IHT*, 12 March 2003, p. 3). In 2002 GDP in South Korea was \$505 billion. In North Korea the figure was \$15 billion (*IHT*, 28 July 2003, p. 2). 'The North's nominal national income [in 2003] was the equivalent of \$18.8 billion, about 3 per cent of that of South Korea' (www.iht.com, 8 June 2004).

'The North, with a population of 22.5 million, had a Gross National Income of \$20.8 billion in 2004 ... [according to] South Korea's central bank' (*FT*, 1 June 2005, p. 9).

In the 1930s the area now constituting the North was more rapidly industrialized, especially in terms of heavy industry, than the South (Suh 1983: 199). In 1946 agriculture in North Korea contributed almost 60 per cent of national product (Yoon 1986: 61).

A [South Korean] report spells out how North Korea, once the peninsula's industrial showcase, is now an industrial wasteland ... In 1945 industrial development was concentrated in the north ... North Korea can [now] boast industrial equipment with a value of \$2 billion, according to the Bank of Korea, South Korea's central bank. By contrast, the same industrial inventory in South Korea is worth \$489 billion. (www.iht.com, 29 April 2004)

Energy needs are dominated by coal (75 per cent), backed up by hydro-electric power (15 per cent), with a deliberately low importance attached to oil (10 per cent), which the country lacks (figures quoted by Halliday 1987: 30). 'North Korea is a land rich in minerals such as coal, iron ore and tungsten' (*Foreign Policy*, November–December 2003, p. 46).

Trade

According the International Institute for Strategic Studies (IISS), North Korea spent more than a quarter of GDP on defence in 1996, compared with the USA's 3.6 per cent (*The Economist*, 18 October 1997, p. 164). The military budget is around \$5.4 billion a year, according to the IISS – anything from a fifth to a third of GDP. The armed forces run a parallel economy, with their own mines, farms and factories (*The Economist*, Survey, 10 July 1999, p. 112). Edward Olsen estimates that North Korea spends 30 per cent of its budget on defence, while the IIST estimates that in 1998 North Korea spent

an estimated \$2.4 billion on its armed forces compared with a South Korean military expenditure of \$10.2 billion (Smith 2000: 599–600). ‘As of mid-2000 the North Korean armed forces are the world’s fifth largest, its ground forces are the world’s third largest, and its special operations are the world’s largest’ (Samuel Kim, *Asian Survey*, 2001, vol. XLI, no. 1, p. 26). There are 1.17 million men under arms in North Korea. South Korea has 672,000 (Selig Harrison, *FT*, 18 July 2003, p. 19). ‘The North spends 14.3 per cent of the country’s GDP on its military compared to the 3.1 per cent by the South’ (*FEER*, 25 October 2001, p. 65). ‘The CIA estimates that 30 per cent of the country’s GDP goes to the military’ (*IHT*, 3 January 2004, p. 4).

Economic links with South Korea were largely severed and the commission set up in 1985 to deal with the re-establishment of commercial links became bogged down by intense rivalry. Nevertheless, the two countries have started to trade (albeit indirectly via third countries) on a small scale, with no duties on the North’s imports into South Korea (*FT*, 17 January 1989, p. 6; *IHT*, 2 February 1989, p. 1, and 3 February 1989, p. 2; EIU, *Country Report*, 1989, no. 1, p. 31).

It was not until 27 July 1991 that North Korea actually officially recognized that direct trade had taken place (the first since 1948), specifically an exchange of southern rice for northern coal and cement (Shim Jae Hoon, *FEER*, 22 August 1991, p. 21).

In 1997 North–South trade amounted to \$308.3 million, much of it in textiles going to North Korea where workshops turned them into clothing for sale in South Korea (*IHT*, 20 June 1998, p. 11).

In 1999 inter-Korean trade amounted to \$333.5 million, ‘its highest total since it began in 1989’ (*The Economist*, 15 April 2000, p. 22). ‘[In 1999] goods and services worth \$122 million moved from North to South, while \$212 million headed in the opposite direction’ (*IHT*, 15 April 2000, p. 9). Inter-Korean trade amounted to \$333 million in 1999, most of it humanitarian aid such as fertilizers and food (*FEER*, 22 June 2000, p. 20).

In 2001 inter-Korean trade was \$223.4 million (*Asian 2001 Yearbook*, FEER, December 2000).

‘Inter-Korean trade reached \$406 million in the first eight months of 2003, up 45 per cent from the 2002 total’ (Park 2004: 146).

‘Inter-Korean trade grew by one-eighth in 2003 to \$724 million ... South Korea’s shipments of food and other relief goods to the North totalled \$435 million’ (www.iht.com, 8 June 2004).

In a policy that started 14 May [2004] the South Korean government will reimburse half of all financial losses incurred by South Korean companies trading with the North. Designed to promote inter-Korean trade, the policy affects 480 companies and sets an annual \$421,000 limit per company. (*IHT*, 25 May 2004, p. 5)

‘Inter-Korean trade fell 3.8 per cent to \$697 million last year [2004] as South Korea imported fewer agricultural products from the North’ (www.iht.com, 31 May 2005).

Foreign direct investment

Foreign direct investment (mainly South Korean) in North Korea has to date been very limited despite attempts to improve inducements since the September 1984 joint venture law (.e.g. wholly foreign-owned companies are now permitted). The Rajin–Sonbong special economic zone has (founded in 1991) has proved to be a disappointment. It is North Korea's contribution to the Tumen River development area, which also involves Russia and China. South Korean companies are involved in other areas in North Korea, such as Nampo and Kaesong. South Korean companies have continued to invest in North Korea despite it being typically unprofitable to do so. Family connections and patriotism (eventual reunification) explain their willingness to take a very long-run view of commercial prospects. South Korea's Hyundai company has made such large losses in the Mount Kumgang tourist resort in North Korea that the South Korean government has had to provide subsidies.

South Korea's largest watchmaker and thirteen other companies on Wednesday [30 June 2004] broke ground for factories in North Korea in the first industrial zone created by the two neighbours . . . Kaesong is the third zone North Korea has opened to try to attract overseas investment . . . North Korea's two earlier industrial zones – Rajin–Sonbong on the Russian border and Sinuiju on the Chinese border – have not been successful, according to South Korean analysts. (www.iht.com, 30 June 2004)

The Kaesong industrial zone was inaugurated in October 2004. High hopes are being placed in the zone as a boost not only to the North Korean economy but also to the South Korean one. 'The initial thirteen companies have invested about \$50 million in the project . . . It is expected eventually to draw billions of dollars in investment' (www.iht.com, 20 October 2004).

A generous South Korean attitude towards aid, trade and foreign investment is in part a result of the effort to ameliorate the cost of any possible reunification of the two Koreans. Estimates of the cost vary enormously, but the more the economic situation in North Korea improves the lower that cost will be.

Relations between North Korea and the United States

The Clinton administration

On 12 August 1994 the United States and North Korea reached a preliminary nuclear agreement. In return for a freeze in North Korea's nuclear programme, the United States was to move towards diplomatic relations, reduce barriers to trade and investment, and help arrange for the construction of two light-water reactors (which produce less plutonium than the graphite-moderated type). Alternative energy supplies were to be provided until the new reactors came on stream. The United States and North Korea formally

signed an agreement on the latter's nuclear programme on 21 October 1994. In March 1995 a US-led consortium, the Korean Peninsula Energy Development Organization (KEDO), was set up to deal with the problem. South Korea bears by far the largest share of the cost. Japan is the second largest contributor and the United States is third. (The eventual bill for the two reactors will be around \$5.2 billion. South Korea and Japan have formally agreed to pay 70 per cent and 20 per cent respectively, while 10 per cent has yet to be assigned: Aidan Foster-Carter, *IHT*, 15 May 1998, p. 8.) There was at the time considerable unease about policies that in effect 'bought off' North Korea whenever it caused international alarm. The danger, critics of Western mollifying policies argued, is that 'bad behaviour' is actually encouraged. The accord came to grief in the administration of George W. Bush, as is discussed below. Supporters of the 1994 accord argue that it was better than any alternative policy and that it hindered North Korea's development of nuclear weapons.

The first of a series of four-nation talks between North Korea, South Korea, the United States and China took place in March 1998.

On 16 March 1999 North Korea agreed to allow repeated US inspections (starting in May 1999) of the suspected nuclear weapons underground site at Kumchangri (about 40 kilometres north-west of Yongbyon. The United States subsequently provided aid but denied that this was connected with the agreement. (North Korea had demanded \$300 million as the price for access to the site.) On 27 May 1999 US officials reported on their investigation on 20–24 May of the North Korean site. The team found an unfinished site, the underground portion of which was an extensive, empty tunnel complex (*IHT*, 28 May 1999, p. 7).

North Korea agreed Sunday [12 September 1999] to a de facto freeze in its [long-range] missile-testing programme ... In exchange the United States agreed to encourage the process of developing normal relations and of eventually removing the array of decades-old sanctions that have banned all commercial and other exchanges except for humanitarian food aid. (*IHT*, 13 September 1999, p. 1)

'North Korea agreed to refrain from additional tests of the missile as long as negotiations with the United States continued' (*IHT*, 16 September 1999, p. 5).

The United States lifted much of a more than four-decade-old trade embargo against North Korea on Friday [17 September 1999] after what American officials called a pledge ... not to test-fire a long-range missile ... Trade in consumer goods and raw materials will now be legal. American airlines will have their government's blessing to land in North Korea, US companies to invest there and American citizens to remit money. Trade in goods with military use will remain prohibited. (*IHT*, 18 September 1999, p. 1)

The US yesterday [17 September] lifted many of the sanctions imposed on North Korea ... The US administration said it would allow trade and

travel links with North Korea in recognition of its pledge to refrain from testing long-range missiles ... Trade in most consumer goods, commercial transport of cargo and passengers, and funds transfers between individuals in the US and North Korea would be allowed in most cases ... Strict controls will remain over goods that could also be used in weapons manufacture, and international-based sanctions – restrictions based on multilateral arrangements – will remain in place ... US sanctions under the Trading with the Enemy Act have barred trade with the country for nearly half a century. (*FT*, 18 September 1999, p. 4)

Pyongyang signalled it was placing its missile development programme on hold 'to preserve a positive atmosphere' during continuing talks with the United States. A joint statement ... said the two sides will continue talks over missile testing and other matters. (*FEER*, 23 September 1999, p. 14)

A US presidential spokesman:

The United States is taking this action in order to pursue improved relations with North Korea. It is our understanding that North Korea will continue to refrain from testing long-range missiles of any kind as both sides move towards normal relations.

A special Clinton administration panel led by a former defence secretary, William Perry, has recommended [it was reported on 15 September 1999] that the United States step up diplomatic and trade relations with North Korea at a 'markedly faster rate' in hope of ending the communist government's programme to develop nuclear weapons ... The classified final report ... [was] presented to Mr Clinton a few days ago ... The panel ... recommended that the United States attempt to improve relations with North Korea at 'a markedly faster rate, but as North Korea takes steps to address our security concerns' ... Mr Perry's eighteen-page report recommended that the White House appoint an ambassador-level senior official to oversee all aspects of policy toward North Korea. (*IHT*, 16 September 1999, p. 5)

Former US defence secretary William Perry's report was formally published on 13 October 1999.

William Perry ... has recommended ... that the United States and its Asian allies try to coexist with ... North Korea rather than seek to undermine them or to promote internal reform ... Mr Perry said that the United States should gradually eliminate sanctions and reduce the pressures that North Korea sees as threatening, in exchange for assurances that North Korea does not have a nuclear weapons programme and will not test, deploy, produce or export long-range missiles ... Mr Perry, who spent ten months reviewing North Korea policy at the request of President Bill Clinton, concluded that an attempt to hasten the demise of the North Korean government would take too long and had no guarantee of

success. Such a policy would raise the risk of a destructive war on the Korean peninsula and would give ... [North Korea] time to proceed with its weapons programme ... His recommended strategy includes these points: (1) the United States should seek complete and verifiable assurances that North Korea does not have a nuclear weapons programme and the complete and verifiable cessation of testing, production, deployment and export of long-range missiles; (2) step by step the United States would ease pressures on North Korea...; (3) the United States would normalize relations with North Korea and relax trade sanctions. (*IHT*, 14 October 1999, p. 4)

On 19 June 2000 the United States eased economic sanctions against North Korea. 'The move [was] foreshadowed in September [1999] ... US officials say the step Monday [19 June] was unrelated to the historic meeting last week in Pyongyang' (*IHT*, 20 June 2000, p. 9).

On 19–20 July 2000 President Vladimir Putin of Russia visited North Korea. Russia had rejected the US proposal to set up a national missile defence (NMD) system, a missile shield to defend the whole of US territory against a small number of strategic (intercontinental) nuclear missiles from what are now called 'states of concern' (formerly 'rogue states') such as North Korea, Iran and Iraq. Putin believed that there were other ways of tackling the problem, including diplomacy and security guarantees for North Korea. (On 1 September 2000 Bill Clinton announced that a decision regarding deployment of the NMD would be left to his successor as US president. Factors included technical failures during tests.) The Putin visit resulted in a specific proposal relating to North Korea's intercontinental ballistic missile programme. Putin (19 July):

[Kim Jong Il] voiced an idea under which North Korea is even prepared to use exclusively the rocket equipment of other countries for peaceful space research if they offered it ... North Korea is even prepared to use exclusively the technology of other countries if it is offered rocket boosters for peaceful space research ... One should expect other countries, if they assert that the DPRK poses a threat for them, would support this project. One can minimize the threat by supplying the DPRK with its rocket boosters ... The efforts of Russia alone are not enough.

It was not clear exactly what the idea involved. The United States indicated that it would be prepared to launch satellites for peaceful purposes on North Korea's behalf but would not transfer rockets or technology to North Korea for the purpose.

In a confidential exchange of letters North Korea is reported to have reaffirmed to Russia that it will drop its intercontinental ballistic missile programme if other countries will launch two or three satellites a year for Pyongyang at their expense ... The letters described Thursday [4 August], with their demand that the launches be paid for by countries

with concerns over the missiles, strongly suggest that Pyongyang envisages that the launches indeed would be outside North Korea . . . Well-informed sources here [in Moscow] said the letter to Mr Putin reiterated that North Korea would abandon its intercontinental ballistic missile programme in exchange for the help with satellite launches, which Pyongyang say are for peaceful purposes. Going a step further than what was earlier disclosed, the North Koreans also asked that the ‘concerned countries’ – those that have criticized its missile programme – pay for the two or three launches a year Pyongyang was requesting, the sources said. (*IHT*, 5 August 2000, p. 2)

On 12 August 2000 Kim Jong Il met forty-six South Korean media executives in Pyongyang. He seemed to cast some doubt upon the seriousness of the missile offer (*IHT*, 15 August 2000, pp. 1, 4).

On 28 July 2000 US Secretary of State Madeleine Albright met North Korean foreign minister Paek Nam Sun: ‘the highest diplomatic contact between the two nations since the Korean War’ (*IHT*, 29 July 2000, p. 5); ‘the first ministerial level talks between the USA and North Korea’ (*FT*, 29 July 2000, p. 9).

On 10 October 2000 President Bill Clinton met in the White House with Jo Myong Rok. ‘Jo Myong Rok, the first vice-chairman of North Korea’s National Defence Commission . . . is considered to be second in command to . . . Kim Jong Il’ (*IHT*, 4 October 2000, p. 6).

The forty-five-minute session [was] the first between an American president and a senior North Korean official . . . The North . . . is keen to be dropped from the US list of terrorist nations, which includes Libya, Iraq and Cuba. There were hints Friday [6 October], after the two sides issued a joint communiqué in which North Korea said it was opposed to all forms of terrorism, that it might soon be granted. Washington has demanded such a renunciation of terrorism as a condition for removing North Korea from the state department list of terrorist sponsors. Its removal would open the way for aid beyond strictly humanitarian assistance . . . and open the door to Pyongyang’s involvement in international financial institutions. (*IHT*, 11 October 2000, p. 7)

President Bill Clinton may visit North Korea before leaving office, a joint US–North Korean communiqué said Thursday [12 October]. The communiqué, issued at the end of two days of talks with a special envoy from North Korea, came after Secretary of State Madeleine Albright announced plans to visit Pyongyang in the near future . . . Mrs Albright said her visit to North Korea would probably take place before the end of the month [October] . . . The visit to Washington by Jo Myong Rok, first deputy chairman of North Korea’s National Defence Commission, included talks with Mr Clinton, Mrs Albright and defence secretary William Cohen. (*IHT*, 13 October 2000, p. 10)

(President Clinton did not, in fact, visit North Korea.)

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US Secretary of State Madeleine Albright visited North Korea on 23–24 October 2000.

During the final hectic weeks of his administration, President Bill Clinton secretly invited Kim Jong Il to come to Washington . . . Kim turned down the invitation, according to Clinton's Secretary of State Madeleine Albright . . . Albright's account appears in her new book, *Madam Secretary* . . . The invitation to Kim was extended after Clinton concluded that time constraints and other factors did not allow him to accept a publicly announced invitation from the North Korean leader to visit Pyongyang. (*IHT*, 7 August 2003, p. 5)

The Bush administration's approach to negotiations over North Korea's nuclear programme

President George W. Bush (inaugurated on 20 January 2001 after a disputed election) has been hamstrung by the quagmire (unexpected by the US administration) resulting from the invasion of Iraq (which began on 20 March 2003). The United States has at least shelved any thought of an attack on North Korea, while Iraq has added to the incentive of countries like North Korea to acquire nuclear weapons as a way of deterring a US attack. ('After the US-led invasion of Iraq last year [2003] Kim Jong Il said the United States would not have attacked Saddam Hussein if he had had nuclear weapons': www.iht.com, 9 September 2004. 'Kim Jong Il has said in the past Mr Bush would not have invaded Iraq if Saddam Hussein had had nuclear weapons capable of use': www.bbc.com, 12 September 2004. Vice-foreign minister Choe Su Hon in an address to the United Nations General Assembly on 28 September 2004: '[North Korea [has] no other option but to possess a nuclear deterrent [because of US policies designed to] eliminate [North Korea and make it] a target of preemptive nuclear strikes . . . Our deterrent is, to all intents and purposes, the self-defensive means to cope with the ever-increasing US nuclear threats and, further, prevent a nuclear war in north-east Asia': www.iht.com, 28 September 2004.) Countries like Japan and South Korea could very quickly develop nuclear weapons of their own if they felt threatened enough.

President Bush has a visceral dislike of Kim Jong Il which rules out any direct negotiations. Among other things he has described the North Korean leader as 'untrustworthy' and North Korea itself (on 29 January 2003) as 'an oppressive regime'. President Bush has used the term 'rogue nation' to describe North Korea (e.g. on 27 February 2001). (On 19 June 2000 the former US Secretary of State Madeleine Albright declared that the term 'rogue state', which referred to countries like North Korea, Iran and Iraq, would no longer be used to describe countries such as North Korea. Instead, the term 'states of concern' would be used.) On 30 January 2002 President Bush described North Korea, Iran and Iraq as 'an axis of evil'. Six-nation talks (involving North Korea, South Korea, the United States, China, Russia

and Japan) were first held in Beijing on 27–29 August 2003. Talks between North Korea and the United States were, however, held on the sidelines of the main talks.

The United States has not ruled out any option in its policies towards North Korea. Although it has often said that it has no ‘intention’ of attacking the country, the United States has rejected a non-aggression treaty demanded by North Korea. Such a treaty would rule out any preemptive strike by the United States. The most the United States has offered are ‘security guarantees’, which would appear to rule out a US attack if North Korea dismantles its nuclear programme. North Korea has offered a ‘simultaneous package solution’ of synchronized concessions. The United States has no intention of reviving the idea in the 1994 accord of building two light-water reactors in North Korea. Work stopped on the reactors on 1 December 2003. The United States has involved other countries in ‘tailored containment’ and the Proliferation Security Initiative. The idea is to prevent the export (including through means such as naval interceptions) of weapons of mass destruction, drugs (such as heroin and amphetamines) and counterfeit money.

President George W. Bush, in a significant shift in his approach to North Korea, authorized US negotiators to say last week that he is prepared to take a range of steps to aid [North Korea] . . . from gradually easing sanctions to an eventual peace treaty, according to senior officials. But, officials emphasized, these inducements would be phased in slowly only as North Korea starts surrendering its nuclear weapons, dismantling the facilities to develop them and permitting inspectors free run of the country. The proposals were described to the North Koreans at the talks in Beijing last week. They constituted a major departure from the official White House statements earlier this year that North Korea would see no benefits until it shipped all its weapons out of the country and dismantled all of its nuclear facilities. (*IHT*, 6 September 2003, p. 3)

A senior US official suggested last week that North Korea could expect reciprocal steps by the United States and its allies as Pyongyang moved towards full, verifiable dismantling of its nuclear weapons . . . US officials deny a policy shift, though White House comments suggest the United States would respond after North Korea began to disarm . . . Charles Pritchard, who resigned as special envoy for negotiations with North Korea just before the Beijing talks resumed, said there was a shift in the US position, but only a small one. (*FT*, 9 September 2003, p. 11)

One of the fiercest US critics of the Bush negotiating approach is Charles Pritchard. ‘Charles Pritchard resigned [on 22 August 2003] as special envoy for negotiations with North Korea . . . Mr Pritchard hinted at why he had to quit, saying the United States needed to engage North Korea in direct, bilateral talks with a full-time negotiator’ (*FT*, 9 September 2003, p. 11).

Charles Pritchard, who resigned this summer [2003] as the State Department special envoy for North Korean nuclear issue . . . [said]: ‘We’ve

gone under his [Bush's] watch from the possibility that North Korea has one or two weapons to a possibility – a distinct possibility – that it now has eight or more.' (*IHT*, 15 October 2003, p. 1)

Charles Pritchard was a member of the unofficial US delegation that visited Yongbyon nuclear site in January 2004.

Mr Pritchard was the envoy in talks with Pyongyang in October 2002 when, according to the US account, North Korea admitted that it possessed a secret HEU [highly enriched uranium] programme. North Korea has since denied it made such an admission, but Mr Pritchard said he stood by the US account and continued to believe US intelligence on the programme's existence. Describing last week's visit, he confirmed reports that the delegation toured the Yongbyon facility . . . and that they were shown empty ponds and canisters that had stored 8,000 fuel rods. (*FT*, 16 January 2004, p. 7)

Jack [Charles] Pritchard (who resigned as special envoy for negotiations with North Korea in August 2003): 'Time is not on the American side', Kim Gye Gwan, deputy foreign minister off North Korea, told me a few weeks ago. 'As time passes our nuclear deterrent continues to grow in quantity and quality.' Those words are an indictment of US intelligence as well as a potential epitaph on the Bush administration's failed policy in North Korea. On 8 January North Korean officials gave an unofficial American delegation, of which I was a member, access to the building in Yongbyon where 8,000 spent fuel rods had once been safeguarded. We discovered that all 8,000 rods had been removed. Whether they have been reprocessed for weapons-grade plutonium, as Pyongyang claims, is almost irrelevant. American intelligence believed that most if not all the rods remained in storage, giving policy-makers a false sense that time was on their side as they rebuffed North Korean requests for serious dialogue and worked laboriously to devise a multilateral approach to solving the rapidly escalating crisis . . . In December 2002 North Korea was suspected of having one or two nuclear weapons, acquired before agreeing in 1994 to freeze its known nuclear programme and to allow it to be monitored. More than a year later North Korea may have quadrupled its arsenal of nuclear weapons. During the intervening period the Bush administration has relied on intelligence that dismissed North Korean claims that it restarted its nuclear programme at Yongbyon with the express purpose of reprocessing previously sealed and monitored spent fuel to extract plutonium to make a 'nuclear deterrent'. Now there are about 8,000 spent fuel rods missing – evidence that work on such a deterrent may have begun . . . American policy in North Korea is hardly better than American intelligence. At best it can be described only as amateurish. At worst it is a failed attempt to lure American allies down a path that is not designed to resolve the crisis diplomatically but to lead to the failure and ultimate isolation of North Korea in the hope that its government will collapse. (*IHT*, 23 January 2004, p. 6)

Charles Pritchard [is] a retired [US] army colonel and the former point man on North Korea for Secretary of State Colin Powell ... Charles Pritchard: 'This [Bush] administration has adamantly refused to deal directly with North Korea, and they are not going to make any progress until that happens ... Now they [the North Koreans] may have developed as many as six nuclear weapons to add to the two that they confirmed that they have.' (*IHT*, 7 May 2004, p. 2)

Former US president Bill Clinton said the following:

North Korea has greater capacity to produce atomic weapons than Iraq does. So for the North Koreans their 'cash crops', if you will, are missiles and bombs. So I think it is urgent that before they, out of economic necessity, get more irresponsible, we do what we can with the South Koreans and the Russians to make a big deal with them, a verifiable deal to end all nuclear programmes and their long-range missile sales ... [In return North Korea should get] the international recognition they crave [as well as cash for food and energy programmes] ... [The United States should] give them a non-aggression pact if they want that, because we'd never attack them unless they did something that violated that pact anyway ... [North Korea's] behaviour is a form of attention-seeking and it wishes to be reconciled with its neighbours and the United States]. (*IHT*, 28 January 2003, p. 4)

The third round of six-nation talks were held in Beijing on 23–26 June 2004.

President George W. Bush has authorized a team of US negotiators to offer North Korea ... a new set of incentives to give up its nuclear weapons the way Libya did late last year [2003] ... The proposal would be the first significant, detailed overture to North Korea since Bush took office three years ago. (www.iht.com, 23 June 2004)

'Administration officials described the proposal they made as more tangible and more specific than any offered in the past' (*IHT*, 24 June 2004, pp. 1, 8). 'Under the US proposal ... the North must first commit to dismantle its nuclear programmes, including a highly enriched uranium programme that Pyongyang denies it has' (www.iht.com, 19 July 2004).

[North Korea] would have three months, what the [US] officials call a 'preparatory period of dismantlement', to seal and shut down the North Korean nuclear facilities, similar to what Libya committed to ... After that, Bush's aides say, the continuation of the oil and the talks would depend on North Korea's permitting international inspectors to inspect suspected nuclear sites and meeting a series of deadlines for disclosing the full nature of its facilities, disabling and dismantling them, and the shipping them out of the country ... The Japanese, the South Koreans, the Russians and the Chinese ... but not the United States ... would provide North Korea with fuel oil roughly the equivalent to the 45,000

tonnes the United States was sending the country under the 1994 agreement. The United States halted those shipments eighteen months ago. (www.iht.com, 23 June 2004)

[The United States] called for a three-month freeze of Pyongyang's plutonium- and uranium-based weapons programmes in return for fuel-oil assistance from South Korea and Japan. This would be followed by a complete dismantling of North Korea's nuclear programme, with all nuclear materials removed from the country. The North Koreans would in exchange receive security assurances from the United States and its Asian allies and a dialogue with Washington on lifting American economic sanctions and removing North Korea from a list of terror-sponsoring countries ... [Under the 1994 agreement] North Korea received energy aid for simply freezing its nuclear programmes following inspections ... North Korean diplomats responded to the US disarmament plan by offering a counter-proposal of their own ... [namely] a freeze at Yongbyon that would be verified by the United States or China but not by the IAEA [United Nations International Atomic Energy Agency] ... North Korean negotiators implied that their proposal dealt only with the Yongbyon plutonium reactor ... There was no mention of the country's nuclear weapons and its enriched-uranium programme, which North Korea now denies exists. On top of that North Korean officials said any disarmament moves should be preceded by large-scale economic aid and normalization of diplomatic relations ... North Korea is unlikely to reject the proposal out of hand, but it will probably delay its response as long as possible, says Charles Pritchard, a former US negotiator with North Korea. 'The benefit to them of stringing it out and not answering ... without discarding the package now is that it keeps the Bush administration ... from declaring the process dead immediately after the [November US presidential] elections and moving toward a more confrontational approach,' he says ... Few anticipate much progress in resolving the nuclear crisis prior to the presidential shutdown in November ... Democratic Party challenger John Kerry ... has said he would pursue bilateral negotiations along with the six-party talks. (*FEER*, 8 July 2004, pp. 18–19)

('Analysts have argued that it would not make sense for Pyongyang to grant concessions to US President George W. Bush's administration now when it might get a better deal should John Kerry, the Democratic candidate be elected': *FT*, 17 August 2004, p. 10.) 'US Assistant Secretary of State James Kelly ... said North Korea proposed at the Beijing meeting it would freeze its nuclear weapons programmes for rewards, including energy, lifting of sanctions and removal from the list of nations sponsoring terrorism' (www.iht.com, 16 July 2004).

On Saturday [24 July] North Korea said ... [that the Bush plan] was a 'sham offer' because it required North Korea to disarm and submit to intrusive inspections before it could get the full benefits of economic con-

cessions from the United States, Japan, South Korea and Russia. North Korea has insisted on returning to a 'freeze' in its nuclear programme, similar to the one in effect from 1994 until late 2002 ... Bush has vowed never to return to a freeze, saying it enables the North to resume work on nuclear weapons. In its statement Saturday North Korea said that because it would not be rewarded for merely freezing its programmes, 'the landmark proposal made by the United States' was not worthy of consideration ... North Korea's statement seemed to dispute the sequence of concessions, not the goal. 'It is a daydream for the United States to contemplate forcing' North Korea 'to lay down arms first under the situation where both are in a state of armistice and at war technically', it said. (*IHT*, 26 July 2004, p. 7)

North Korea rejected a United States proposal that it should follow Libya's lead and give up its nuclear ambitions if it wanted a swift end to its international isolation and to open the way for an influx of economic aid. North Korea called the US proposal a 'daydream' that was 'not worthy of future discussion'. (*FEER*, 5 August 2004, p. 10)

'North Korea is deploying new land- and sea-based ballistic missiles that can carry nuclear warheads and may have sufficient range to hit the continental United States, according to the authoritative *Jane's Defence Weekly*' (*IHT*, 4 August 2004, p. 1). 'Japanese military analysts are sceptical that North Korea possesses miniaturization technology to fit a nuclear warhead into a missile' (*Guardian*, 4 August 2004, p. 10).

A new assessment of North Korea has come in one of three classified reports commissioned by the Bush administration earlier this year [2004] from the American intelligence community. Circulated last month [July] the report concluded that nearly twenty months of toughened sanctions, including ending a major energy programme, and several rounds of negotiations involving four of North Korea's neighbours had not slowed the North's efforts to develop plutonium weapons, and that a separate, parallel programme to make weapons from highly enriched uranium was also moving forward, though more slowly. (*IHT*, 9 August 2004, p. 1)

North Korea said Monday it would not attend working meetings before the next round of six-party talks ... and it also said it had no intention of immediately shutting down its nuclear facilities 'A nuclear freeze is possible and it can lead to the dismantlement of the nuclear programme only when the situation develops in the direction of the United States dropping hostile acts' against North Korea, the [foreign] ministry official said ... In June North Korea offered to freeze its nuclear programme in exchange for energy, a lifting of US economic sanctions and removal from Washington's list of state sponsors of terrorism. It said the freeze would be a step toward eventual dismantling of the programme ... Under the [US] plan some benefits would be withheld to ensure that North Korea co-operates. (www.iht.com, 16 August 2004)

'The US House of Representatives has passed a bill to promote human rights in North Korea and make it possible for refugees from there to seek asylum in the United States, prompting sharp complaints from the North' (www.iht.com, 5 October 2004).

[US] Secretary of State Colin Powell wound up a three-day visit to East Asia on Tuesday [26 October] ... Another source of possible disagreement in the American approach toward North Korea emerged, this time over a new law passed by the [US] Congress calling on the United States to make human rights an element in the nuclear talks. (www.iht.com, 26 October 2004; *IHT*, 27 October 2004, p. 6)

'One month ago President George W. Bush signed into law the North Korean Human Rights Act, which provides funding for refugees and for increased American radio broadcasting into North Korea' (www.iht.com, 17 November 2004).

President George W. Bush signed a bill to promote human rights in North Korea and to provide humanitarian aid to its citizens and refugees, as well as making them eligible for asylum in the United States. The North Korean Human Rights Act of 2004 allows Congress to spend at least \$20 million on programmes aimed at promoting the rule of law and developing a market economy. The law says that any such aid must be closely monitored to ensure that its does not go toward military spending. (*FEER*, 28 October 2004, p. 13)

The North Korean Human Rights Act ... authorizes up to \$24 million annually through 2008 to promote North Koreans' human rights through humanitarian aid and to protect refugees from retribution by Pyongyang by providing humanitarian and legal assistance and helping them obtain political asylum in the United States. (*Asian Survey*, 2005, vol. XLV, no. 1, p. 19)

(President George W. Bush was reelected in November 2004 and was sworn in on 20 January 2005.)

US condemnation of North Korea for its human rights violations have not seemed to threaten Pyongyang's co-operation in the search for missing servicemen ... In the months after the Korean War ended in 1953 Pyongyang and its Chinese allies turned over the remains of several thousand American servicemen. Then all co-operation ground to a halt until 1990, when North Korea began turning over remains to visiting US congressional delegations ... In 1996 Pyongyang agreed to stop excavating and repatriating remains on its own and to allow American forensic experts to lead the operations. (*FEER*, 14 October 2004, p. 20)

Although they remain technically at war, the militaries of the United States and North Korea are successfully co-operating at one level: repatriating the bodies of US troops killed in action in the North ... With

8,100 US personnel still unaccounted for from the Korean War ... [the US military] has been conducting missions to locate fallen troops in North Korea since 1996. (www.iht.com, 16 October 2004)

Another round of six-party talks was generally anticipated before the end of September 2004, but they were delayed until July 2005. (See below.)

Selig Harrison (chairman of the Task Force on US Korea Policy at the Center for International Policy):

Although it is now widely recognized that the Bush administration misrepresented and distorted the intelligence data it used to justify the invasion of Iraq, most observers have accepted at face value the assessments the administration has used to reverse the previously established US policy toward North Korea. But what if those assessments were exaggerated and blurred the important distinction between weapons-grade uranium enrichment (which would clearly violate the 1994 Agreed Framework) and lower levels of enrichment (which were technically forbidden by the 1994 accord but are permitted by the Non-proliferation Treaty and do not produce uranium suitable for nuclear weapons? A review of the available evidence suggests that this is just what happened. Relying on sketchy data, the Bush administration presented a worst-case scenario as an incontrovertible truth and distorted its intelligence on North Korea (much as it did in Iraq) and seriously exaggerated the danger that Pyongyang is secretly making uranium-based nuclear weapons ... To break the diplomatic deadlock the United States urgently needs a new strategy. Washington should first deal with the very real and immediate threat posed by the extant stockpile of weapons-usable plutonium that Pyongyang has reprocessed since the breakdown of the Agreed Framework ... [Since the 1994 agreement collapsed there is clear evidence that Pyongyang has reprocessed some or all of the 8,000 plutonium fuel rods at the Yongbyon reactor that had been safeguarded under the accord; Harrison 2005: 109] ... Measures to locate and eliminate any enrichment facilities that can produce weapons-grade uranium are essential but should come in the final stages of a step-by-step denuclearization process ... What first deputy foreign minister Kang Sok Ju ... actually told James Kelly [on 4 October 2002] ... according to foreign minister Paek Nam Sun, was deliberately ambiguous: that North Korea is 'entitled' to have such a [uranium enrichment] programme or 'an even more powerful one' to deter a preemptive US attack. According to Paek, Kang also stated that North Korea is entitled to pursue an 'NCND' (neither confirm nor deny) policy concerning the specifics of its nuclear capabilities, just as the United States does. (Harrison 2005: 99–101)

'Mr Harrison, who has had high-level access to North Korea since 1972, helped broker the 1994 pact' (*FT*, 10 December 2004, p. 10).

'The Task Force on Korean Policy ... includes former US chiefs of staff and ambassadors' (*Guardian*, 11 December 2004, p. 17).

The idea that America should set aside its uranium concerns is given a bipartisan rebuttal in the current issue of *Foreign Affairs* by Robert Gallucci, who negotiated the 1994 plutonium deal with North Korea under the Clinton administration, and Mitchell Reiss, the just departed head of policy planning in the Bush administration's State Department. Turning a blind eye to evidence of North Korea's enrichment work would, they argue, leave Mr Kim with a covert supply of fissile material, whether for bomb making or for export, including terrorists groups. (*The Economist*, 12 February 2005, p. 57)

In mid-2002 the Bush administration obtained clear evidence that North Korea had acquired material and equipment for a centrifuge facility that, when complete, could produce enough weapons-grade uranium for two or more nuclear weapons per year . . . Pyongyang's dismal record demonstrates both the centrality of the uranium enrichment issue to the six-party process and the need to ensure that any solution to the North Korean nuclear issue is thorough and verifiable. The United States and its partners in the six-party talks are not willing to negotiate over part of North Korea's nuclear weapons programme while leaving Pyongyang in possession of the capability to continue its nuclear weapons effort. To focus solely on the more visible plutonium programme would mean turning a blind eye to a parallel programme that has the potential to provide North Korea with a covert, steady supply of fissile material for the fabrication of nuclear weapons or export to terrorist groups. (Reiss and Gallucci 2005: 142–4)

Richard Haass, who served as director of policy planning in the State Department during Bush's first term, is highly critical of the Bush administration's approach in a new book, *The Opportunity* (published by Public Affairs). The Bush approach, he wrote was a 'diluted hybrid' of diplomatic options that lost 'valuable time' that could have been used to stop North Korea from moving forward with its weapons programme. Haass said Bush's vague proposal, which was largely drafted by Stephen Hadley, now the national security adviser, fell 'short of what the North would accept', but also failed to include any clear penalties for refusing to co-operate. North Korea felt no pressure to negotiate, Haass concluded, and never returned to the table. Haass, who has supported diplomatic approaches, also wrote that the United States should not rule out the use of military force. He said it should make clear to North Korea that any retaliation for attacks on its nuclear sites would 'lead to a war that would end with regime change, that is their removal from power, and the effective end to North Korea as a separate state'. (www.iht.com, 5 June 2005)

Pyongyang rejected the incentives Washington offered it last year [2004] and the failure to include any clear penalties in the deal put little pressure on North Korea to compromise. Neither the carrot nor the stick was

adequate. In addition, the Bush administration lost valuable time by resisting the prospect of bilateral talks with North Korea. This was a mistake . . . The best path available now is to continue to work with these states . . . China, Japan, South Korea and Russia . . . on a diplomatic package that would give North Korea security assurances, energy assistance, and specified political and economic benefits in exchange for forgoing its nuclear programmes (fuel and weapons alike) and agreeing to robust international inspections. Sequence matters in all this; it is unrealistic to expect North Korea to satisfy all nuclear-related requirements before it receives any benefits. Washington and its partners should also agree on what economic and political sanctions would be imposed on Pyongyang if it failed to accept such an agreement by a specified date or if it crossed a red line, such as testing a nuclear device . . . There is always the option of accepting a de facto nuclear status for North Korea . . . The United States should declare publicly that any government that uses weapons of mass destruction, threatens to use them, or knowingly transfers WMD or key materials to third parties opens itself up to the strongest reprisals, including attack and removal from power. (Haass 2005: 74–7)

‘Thus far the Bush administration has consistently shown that it would rather resolve . . . challenges through regime change . . . [But] it is highly unlikely to have the desired effect soon enough’ (p. 67).

Regime change, limited military action, diplomacy and deterrence can all be considered as alternative policies. They are better understood, however, as components of a single comprehensive approach toward state such as North Korea . . . Deterrence is a way to make the best of a bad situation. Military action or, more precisely, the threat of it can buttress diplomatic prospects. But diplomacy should be the heart of US policy . . . because it could succeed, because it must be shown to have failed before there is any chance of garnering support for other policies, and because all the other options are so unattractive. (pp. 77–8)

(Richard Haass is President of the Council on Foreign Relations. He was Director of the US State Department’s Policy Planning Staff from 2001 to 2003. This article was drawn from his recently published book entitled *The Opportunity: America’s Moment to Alter History’s Course*.)

‘[North Korea’s] ambiguous attitude toward six-party talks keeps officials guessing whether it is willing to negotiate away its nuclear threat or is simply prevaricating to buy time for a bigger arsenal’ (www.iht.com, 3 July 2005).

‘President George W. Bush insists that he wants to resolve the nuclear crisis through diplomacy, but he has not officially ruled out a military option, which he has called a “last choice”’ (www.iht.com, 7 July 2005).

The six-party talks resumed on 26 July 2005.

How many nuclear weapons does North Korea have?

Anyone trying to come to a definitive answer to North Korea's position on nuclear weapons would be driven mad by years of inconsistent or ambiguous statements about whether or not it has nuclear weapons and about whether or not it has embarked on an alternative method of producing weapons via highly enriched uranium (HEU, which requires centrifuges but not nuclear reactors). The United States claims that in the meetings that took place in North Korea on 3–5 October 2002, North Korea, presented with new US intelligence, admitted that it has been conducting a clandestine HEU programme in violation of the 1994 accord (which froze the plutonium route). (See Selig Harrison, above.) Pakistan has admitted helping North Korea with the HEU programme in exchange for missile technology. In May 2004 the International Atomic Energy Authority claimed that North Korea had supplied Libya (which gave up its nuclear programme in December 2003) with enough uranium hexafluoride to make one nuclear weapon if the already slightly enriched material were to have been enriched in centrifuges. (North Korea has maintained its moratorium on the testing of long-range missiles, agreed on 12 September 1999, but it has tested others.)

North Korea's inconsistencies and ambiguities may well constitute a deliberate policy of keeping others guessing. North Korea has consistently maintained, however, that it is 'entitled' to have nuclear weapons because without them it would be vulnerable to a preemptive attack by the United States. North Korea's major moves are as follows:

North Korea formally lifted its nuclear freeze on 12 December 2002 (reasons given including the suspension of oil deliveries on 15 November 2002 and the alleged threat of a US attack). The United States has no intention of ever allowing the completion of the two light-water nuclear reactors involved in the 1994 accord (work on which was suspended on 1 December 2003). North Korea consistently complained about delays in the construction of the two reactors and other problems experienced with the 1994 accord. For example, on 4 June 2001 the executive director of the Korean Peninsula Energy Development Organization (KEDO) said that the first reactor would not be delivered until 2008 – five years late. What part such problems played in explaining North Korea's actions is, of course, difficult to say.

On 10 April 2003, having given the required ninety days notice, North Korea withdrew from the Nuclear Non-proliferation Treaty (which it signed in 1985) – the only country to have done so.

On 12 May 2003 North Korea nullified the 1992 South–North Joint Declaration on Denuclearization of the Korean Peninsula. There has been no nuclear test in North Korea, but some claim that there was a joint test in Pakistan on 30 May 1998.

No one knows for sure what is happening in North Korea, but the picture as far as the United States is concerned is becoming clearer:

Until North Korea started to reprocess the approximately 8,000 spent fuel rods which had been kept in storage ponds until the 1994 accord fell apart,

the United States consistently estimated that one or two nuclear weapons had been made from plutonium (in the early 1990s). The number of nuclear weapons capable of being made from these 8,000 or so plutonium rods is not known for certain, the literature mentioning a low of four and a high of ten.

New intelligence estimates that North Korea may have produced one or two nuclear weapons in recent months – or perhaps more – have immersed the Bush administration in another internal debate about the quality of intelligence information about illegal weapons . . . Some of his advisers say it is possible that North Korea is telling the truth about having turned the 8,000 [8,017] nuclear fuel rods into enough weapons-grade plutonium for several warheads . . . Others . . . say there is still no proof and plenty of incentive for North Koreans to bluff. (*IHT*, 15 October 2003, p. 1)

Charles Pritchard: ‘We’ve gone under his [Bush’s] watch from the possibility that North Korea has one or two weapons to a possibility – a distinct possibility – that it now has eight or more’ (*IHT*, 15 October 2003, p. 1).

In December 2002 North Korea was suspected of having one or two nuclear weapons, acquired before agreeing in 1994 to freeze its known nuclear programme and to allow it to be monitored. More than a year later North Korea may have quadrupled its arsenal of nuclear weapons. (Charles Pritchard, *IHT*, 23 January 2004, p. 6)

‘The consensus of US intelligence is that reprocessing [of the 8,000 spent fuel rods] is incomplete, but that the North probably made enough fuel last year [2003] for two or three more weapons’ (*IHT*, 12 January 2004, p. 4).

‘The country is believed to have produced one or two weapons in the early 1990s . . . If it has now produced five or six more, as some intelligence officials estimate, that could create a far more difficult disarmament challenge’ (*IHT*, 4 March 2004, p. 2).

‘It is probable that in the past year North Korea has expanded its nuclear arsenal fourfold and could now possess eight or nine nuclear weapons’ (Jon Wolfsthal, *IHT*, 31 May 2004, p. 8).

North Korea could be producing nuclear weapons at the rate of eight to thirteen a year in the next year or two, the International Institute of Strategic Studies predicted yesterday [21 January 2004] . . . John Chapman, the director of the London-based IISS, said that lots of caveats had to be attached to assessments of North Korea’s activities . . . The IISS said that before 1992 North Korea could have had the ability to produce one or two nuclear weapons. A freeze was agreed in 1994 that lasted until 2002. Dr Chapman said that (based on various assumptions): ‘North Korea’s arsenal could be around four to eight nuclear weapons over the next year. In a worst case, if the facilities are completed within the next year or two, North Korea’s output of nuclear weapons could significantly increase around mid-decade to about eight to thirteen weapons every

year. A more cautious assessment . . . is that these facilities will not be completed until the second half of the decade.' (*Guardian*, 22 January 2004, p. 17)

'The institute says there is no firm evidence that the country has developed nuclear weapons' (*Telegraph*, 22 January 2004, p. 15).

The International Institute for Strategic Studies makes the following estimates:

Nuclear weapons North Korea could have produced enough plutonium before 1992 for one or two nuclear weapons.

Besides that, it has enough additional plutonium for two to five nuclear weapons, and could in a few years be producing five to ten weapons a year.

It is likely to have embarked on a clandestine enrichment programme, though its status and possible time of completion remain unclear.

With enough fissile material it could design and fabricate a simple implosion device, based on either plutonium or highly enriched uranium, with a full nuclear test

Chemical and biological weapons North Korea has probably produced and stockpiled chemical weapons, but there is uncertainty about the amount and types of agents produced, as well as the size of any stockpile.

It has conducted research and development on biological agents, but it is unclear whether it has produced any or put these on weapons, although it is probably capable of doing both (*The Economist*, 24 January 2004, p. 54).

There is also an experimental reactor in the Yongbyon complex that is capable of producing enough plutonium for at least one nuclear weapon (some say up to two weapons) a year.

While intelligence agencies are still arguing about what progress the North's two nuclear programmes have made in the past few years, a consensus is developing that, in the past year, the country has probably fabricated enough plutonium to make six or seven nuclear weapons. (www.iht.com, 23 June 2004)

US intelligence agencies have warned Bush that North Korea is probably putting the finishing touches to six or more nuclear weapons . . . US intelligence agencies, while disagreeing about the details, concluded that most or all [of the 8,000 spent fuel rods] had been converted to bomb fuel, if not actual weapons. (www.iht.com, 24 June 2004)

'The United States believes it [North Korea] could have produced enough fissile material . . . [from] its 8,000-plus existing spent fuel rods . . . for five or six additional nuclear weapons' (www.iht.com, 16 July 2004).

A new assessment of North Korea has come in one of three classified reports commissioned by the Bush administration earlier this year [2004] from the American intelligence community. [The report] circulated last

month [July] ... The new report on North Korea has circulated among senior US officials and been described to some allies and to *The New York Times* ... It acknowledges that the whereabouts of North Korea's stockpile of more than 8,000 spent nuclear fuel rods has been a mystery since early 2003, but also concludes that the North has had plenty of time to reprocess the rods into enough fuel for six to eight additional weapons. North Korea is judged to have two to six weapons already. (*IHT*, 9 August 2004, pp 1, 7)

The CIA claims the North started ... the highly enriched uranium programme ... in the late 1990s. It is estimated that it will be capable of producing sufficient weapons-grade uranium for at least two bombs annually, possibly by the middle of the decade. (Tuva Kahrs, *The World Today*, 2004, vol. 60, no. 10, p. 14)

Pyongyang [has] almost certainly used the time ... the last two years ... to reprocess enough plutonium to increase its stock of nuclear weapons from two to as many as ten, and to advance a uranium enrichment programme that will enable it to produce many more. (Gareth Evans, *IHT*, 18 November 2004, p. 8)

Mohamed ElBaradei ... the director-general of the IAEA ... says he is now certain that the nuclear material his agency once monitored has been converted into fuel for four to six nuclear bombs ... 'I am sure they have reprocessed it all,' he said [referring to the 8,000 spent nuclear fuel rods] ... In interviews officials here [in Vienna] said that if their assessment was correct North Korea now had six or more 'bomb cores'. But it is unclear whether those cores have been made into weapons ... Richard Armitage, who is departing as the deputy secretary of state, warned Congress nearly two years ago that if North Korea reprocessed its fuel rods there was a far more significant risk that it could sell the material ... [It has also been pointed out that] North Korea could hide its weapons around the country, making them more difficult to target or seize. (www.iht.com, 6 December 2004; *IHT*, 7 December 2004, p. 5)

The report of a [US] presidential commission [published on 31 March 2005] on chronic dysfunction inside American intelligence agencies has warned that the United States 'knows disturbingly little about the nuclear programmes of many of the world's most dangerous actors' ... One official familiar with the classified parts of the report said they also raised the issue of why the intelligence agencies had provided widely different assessments of how many nuclear weapons North Korea had already built. (www.iht.com, 1 April 2005)

'The CIA believes North Korea already has two [nuclear weapons], plus material for perhaps six to eight more ... In 2001 the North had zero to two nuclear weapons. Today it may have six to eight' (*IHT*, 27 April 2005, p. 8).

'Mohamed ElBaradei, head of the International Atomic Energy Agency,

was asked [on 8 May 2005] about estimates that Pyongyang had already assembled up to six nuclear weapons. “I think that would be close to our estimation,” he said’ (*IHT*, 9 May 2005, p. 7). ‘North Korea has “close to six” nuclear weapons’ [he said]’ (*The Times*, 35 May 2005, p. 35). ElBaradei: ‘I think that [the figure up to six] would be close to our estimation. We knew they had the plutonium that could be converted into five or six weapons. We know that they have the delivery system’ (*Telegraph*, 9 May 2005, p. 13).

North Korea announced on Wednesday [11 May 2005] that ... scientists ‘had successfully finished the unloading of 8,000 spent fuel rods from the five-megawatt pilot nuclear plant in the shortest period recently’ ... The spokesman said that North Korea was mainly interested in strengthening its nuclear power industry, but that Pyongyang ‘is continuously taking measures necessary to increase its nuclear arsenal for defensive purposes’ ... [The rods] could yield enough plutonium for two bombs in two or four months. (www.iht.com, 11 May 2005; *IHT*, 12 May 2005, pp. 1, 8)

Stephen Hadley [is] President George W. Bush’s national security adviser ... [On 15 May 2005 he] appeared to increase the official US estimate of the number of nuclear weapons the North Koreans possess. Officially, the CIA has said one or two, though most government analysts say the number is higher. Hadley said: ‘Estimates range from two to six. We just really don’t know.’ (www.iht.com, 16 May 2005)

Senior North Korean officials say the country has just resumed the construction of two major nuclear reactors that it stopped working on back in 1994. Before construction resumed the CIA estimated that it would take ‘several years’ to complete the two reactors, but that they would then produce enough plutonium to make about fifty nuclear weapons each year ... The two projects that North Korea is resuming work on are a 50-megawatt reactor in Yongbyon and a 200-megawatt reactor in Taechon. The former is just a shell that has deteriorated in the years since work was suspended, but ... [a North Korean official] says work on it may be completed this year or next. The Taechon reactor would apparently take at least two or three years to complete. (*IHT*, 13 July 2005, p. 6)

US officials have never made public the details of Abdul Qadeer Khan’s statements to Pakistani officials, who have declined to make him available for direct interrogation. But the United States has shared the information widely with its Asian allies and elements of it have leaked out, including Khan’s assertion – doubted by several specialists in the US intelligence community – that the North Koreans once showed him what they said were three fully assembled nuclear bombs ... In February North Korea declared for the first time that it was a nuclear weapons state. It said it had reprocessed 8,000 fuel rods, turning them into weapons fuel. Specialists inside and outside the government say the fuel can be used to produce six or more nuclear weapons, but there is no independent evidence to confirm that the weapons have been produced. (www.iht.com, 29 July 2005; *IHT*, 30 July 2005, p. 3)

North Korea and international terrorism

‘[In a] 6 October 2000 joint statement with Washington on international terrorism ... the two sides “underscored their commitment to ... co-operate with each other in taking effective measures to fight terrorism”’ (*IHT*, 4 December 2001, p. 8).

Although Pyongyang called ... the terrorist attack against the United States [on 11 September 2001] ‘regrettable and tragic’, South Korea has been hoping the North will go further by signing a joint anti-terrorist statement ... The joint declaration was Seoul’s top priority going into the talks ... The United States placed North Korea on a blacklist of states sponsoring terrorism in 1988 after its alleged involvement in the mid-air bombing of a Korean Air jetliner over the Indian Ocean in 1987 ... The United States has said it would remove North Korea from the list of terrorist nations if hijackers ... several Japanese Red Army members who remain in North Korea after hijacking a Japanese airliner there in the 1970s ... were released to Japan. (*FT*, 18 September 2001, p. 14)

North Korea ... issued a statement Tuesday [25 September 2001] relating to the terrorist attacks on the United States on 11 September: ‘[They were] very regretful and tragic. It may be a right option taken in line with the policy of each country opposed to all forms of terrorism to make a due contribution to the efforts of the international community to eliminate the root cause of this terrorism.’ (*IHT*, 26 September 2001, p. 6)

The United States began bombing Afghanistan on 7 October 2001. An official North Korean statement on international terrorism was issued on 9 October 2001:

It is the principled stand of the Democratic People’s Republic of Korea to oppose all forms of terrorism and any support to it and so the DPRK has been consistently opposed to terrorism ... The use of armed forces or a war to kill innocent people and aggravate the regional situation and disturb regional stability ... cannot be justified under any circumstances ... The world faces another war. (*FT*, 10 October 2001, p. 5)

North Korea is included in Washington’s list of terrorist-sponsoring nations and is suspected of stockpiling both nuclear and biochemical weapons ... [But] on Wednesday [28 November 2001] ... North Korea ... signed a United Nations anti-terrorism treaty, backing up its condemnation of the 11 September attacks on New York and Washington. (*FT*, 30 November 2001, p. 9)

‘Pyongyang condemned the 11 September terrorist attacks on the United States and has signed two international anti-terrorism treaties’ (*FT*, 4 December 2001, p. 13).

Han Seung (South Korean foreign minister):

A very strong United Nations resolution condemning the terrorist acts in the United States was endorsed by 189 member states including North Korea. The North Korean foreign ministry officially announced it opposed international terrorism. And in September [2001] they decided to accede to two very important international conventions against terrorism ... North Korea is a party to the Biological Weapons Convention. They are not a party to the Chemical Weapons Convention. (*FEER*, 31 January 2002, p. 26)

Relations between North Korea and Japan

General aspects

On 17 July 1997 North Korea announced that it would allow visits to Japan of Japanese women married to North Koreans.

On 31 August 1998 North Korea test fired its longest range ballistic missile (seemingly attempting to launch its first satellite), with the second stage passing over northern Japan. '[The official US position is that] in August 1998 ... the North Koreans flight-tested a medium-range ballistic missile configured to put a small satellite into orbit.' (*IHT*, 9 June 2000, p. 12)

On 2 November 1999 Japan announced that it was lifting the ban imposed on direct charter flights to North Korea. They were started in 1992 and suspended on 1 September 1998 (*IHT*, 3 November 1999, p. 2).

The Japanese government said Tuesday [14 December 1999] that it would lift restrictions on food aid ... and begin formal negotiations to establish diplomatic relations ... [But Japan said] that the government would not immediately restore food aid to North Korea but instead would 'make a comprehensive decision after closely addressing the progress of the preliminary talks and North Korea's responses ... With today's announcement we have basically returned to where we were in August 1998 before the missile was fired' ... Many Japanese are still upset that North Korea fired a missile over their territory and that the communist country has not accounted for the whereabouts of ten Japanese citizens that intelligence officials maintain were abducted by North Koreans in the 1970s and 1980s. (*IHT*, 15 December 1999, p. 5)

Japan and North Korea opened preparatory talks Tuesday [21 December 1999] on establishing diplomatic ties after Red Cross officials from both sides reached a breakthrough agreement on food aid and other humanitarian issues. Senior foreign ministry officials sat down here [Beijing] to arrange the date, place, level of delegation chiefs and agenda for formal negotiations. The talks began a day later than scheduled after Red Cross

officials had signed a document promising to deal with critical humanitarian issues . . . Japan normalized relations with South Korea in 1965 and began normalization talks with North Korea in early 1991. The talks collapsed in November 1992 after Japan accused Pyongyang of kidnapping a Japanese woman so she could teach Japanese to a woman agent, who was later held responsible for the 1987 bombing of a South Korean airliner. (*IHT*, 22 December 1999, p. 5)

‘Under yesterday’s agreement Japanese Red Cross officials said they would urge Japan to resume food aid . . . while the Koreans would urge Pyongyang to investigate the disappearance of ten Japanese people’ (*FT*, 22 December 1999, p. 8).

Japan moved Tuesday [7 March 2000] to encourage diplomatic and military moderation by the North Korean government, resuming food aid . . . and saying it would hold the first talks in seven years aimed at establishing diplomatic ties . . . Japan last provided humanitarian food aid to North Korea, worth \$27 million, in October 1997. (*IHT*, 8 March 2000, p. 5)

North Korean security forces will help search for missing Japanese allegedly abducted by North Korean agents in the late 1970s, a Japanese foreign ministry official said Monday [13 March]. North Korean Red Cross officials made the pledge during talks on Monday, said the official. (*IHT*, 14 March 2000, p. 4)

A Japanese delegation visited Pyongyang on 4–7 April 2000 to resume discussions on normalizing relations. It was agreed to meet again.

‘Japan and North Korea agreed to meet from 21 to 25 August in Tokyo to resume stalled negotiations on normalizing diplomatic relations’ (*IHT*, 27 July 2000, p. 5).

[North Korean foreign minister Paek Nam Sun] held the first-ever foreign-minister talks with Japan [on 26 July] . . . The ministers agreed that the tenth round of bilateral talks on normalizing diplomatic relations would take place in Tokyo from 21 to 25 August . . . A first-ever foreign minister-level meeting between North Korea and the USA is planned, probably on Friday [28 July]. (*FT*, 27 July 2000, p. 14)

On 10 August 2000 North Korea and Japan announced that they had agreed to allow sixteen Japanese wives of North Koreans to visit North Korea from 12–18 September. There had been two visits by Japanese spouses of North Korea since 1997, but a third was cancelled in 1998 (*IHT*, 11 August 2000, p. 5).

‘[On 22 December 2001] a vessel suspected of being a North Korean spy ship entered Japanese waters, provoking an exchange of fire with Japan’s coastguard’ (*FT*, 24 December 2001, p. 6).

‘If North Korea wants Japanese aid and diplomatic ties it will first have to dismantle its nuclear bomb programme and count for Japanese abducted by

the North, prime minister Junichiro Koizumi said Monday [7 June]' (*IHT*, 8 June 2004, p. 5).

[Prime minister Junichiro] Koizumi had said in interviews with the Japanese news media this week that he wished to normalize bilateral ties with the Stalinist state 'within two years'. Koizumi reaffirmed Friday [2 July] that diplomatic ties would only be established after a resolution was found to the North Korean nuclear crisis and the abduction of Japanese by North Korean spies: 'It will not be enough if only the abduction issue is resolved. A comprehensive solution will be necessary, embracing the abduction, nuclear, missile and other issues.' (www.iht.com, 2 July 2004)

Former Japanese Red Army radicals, who have lived in North Korea since a 1970 hijacking, now want to return to Japan ... They sent a letter to the North Korean government asking for help in returning to their homeland and Pyongyang responded that it has no objections to the request ... Four of the nine hijackers still live in the Stalinist nation. Three have died and two others returned to Japan, where they were arrested and jailed. The hijackers seized a Japan Airlines Boeing 727 airplane at Tokyo International Airport on 31 March 1970 and flew it to Seoul, where they released all 129 passengers. They later flew the plane to North Korea ... The Bush administration has cited their presence as one of the reasons it condemns North Korea as a state sponsor of terrorism. The hijackers are married to Japanese women, who managed to enter North Korea through different routes, but now many of them have returned to Japan with their children. (www.iht.com, 5 July 2004)

They are the forgotten victims of Hiroshima and Nagasaki ... survivors of the atomic bomb living in North Korea ... They are the only victims of the US nuclear attacks on Japan that receive no assistance from the Japanese government ... But there are signs that the issue is at least beginning to receive official attention. The Japanese health minister ... [has said]: 'There is one remaining issue involving overseas atomic bomb survivors, and that is North Korea' ... Little is known about the bomb survivors in North Korea, many of whom were repatriated in the 1950s. The Japanese government estimates that there are about 930 of them, but support groups say the real number is twice that, at 1,953 ... Tokyo has long resisted providing full assistance to survivors not residing in Japan, but a 2002 court ruling forced the government to funnel more relief to victims living abroad. Japan provides monthly allowances of up to 140,000 yen (£690) and free medical checkups to survivors in Japan. Foreign-based survivors, mostly in South Korea, are getting a smaller package. Since 2002 the monthly allowances have been available to all survivors as long as they had special certificates available only in Japan. Government officials say they do not know of any North Koreans who registered before leaving Japan ... North Koreans were brought by the hundreds of thousands to Japan as soldiers and labourers during Tokyo's

harsh 1910–45 colonization of the Korean Peninsula ... A state-sponsored repatriation programme ... [began] in 1959. (*Independent*, 7 August 2004, p. 34)

North Korea and Japan: abductions and other issues

On 17 September 2002 prime minister Junichiro Koizumi made a historic (one-day) visit to North Korea, the first Japanese prime minister to visit communist North Korea.

Pyongyang acknowledged that its agents played a part in the disappearance of eleven Japanese citizens who had been missing since the late 1970s ... North Korean officials ... reportedly acknowledged their agents' responsibility for the abductions ... [but it was announced that] six of the eleven people claimed by Japan are dead and another one is missing. North Korea also said that yet another missing Japanese person who was previously unknown had died ... Kim Jong Il said of the deaths, which are laid to natural disasters and natural causes, 'This is truly regretful and I offer my candid apology. This will never happen again' ... Kim blamed the disappearances ... on overzealous members of the security forces who wanted to employ Japanese as language trainers for North Korean special services, or intelligence agencies ... Supporters of the [Japanese] families claim that several dozen more may have been abducted ... In a joint declaration Japan also repeated essentially the same apology it made to South Korea for suffering caused to the people of Korea through its past colonial rule and expressed feelings of deep remorse and heartfelt apology. (*IHT*, 18 September 2002, pp. 1, 4)

'According to Japanese intelligence sources, up to forty people may have been abducted in the past quarter century' (*Independent*, 18 September 2002, p. 12). 'Japanese officials say that actually fifteen were kidnapped. Two groups of relatives of abductees say the real number may be fifty or sixty' (*IHT*, 16 October 2002, p. 3). 'Abductee groups say that more than 100 people may have been abducted by North Korea over four decades' (*IHT*, 21 August 2003, p. 2).

North Korea admitted that it had kidnapped thirteen Japanese citizens' (*Telegraph*, 18 September 2002, p. 14).

'The dates ... given by Pyongyang ... of the deaths of eight Japanese citizens kidnapped by North Korea agents ... have strengthened suspicions that some of the kidnapped had been murdered' (*FT*, 20 September 2002, p. 10).

'[On 2 October 2002 North Korea] gave its fullest account yet of ... thirteen Japanese civilians [abducted] from Japan, Britain and Spain during the late 1970s and early 1980s' (*The Times*, 3 October 2002, p. 17). 'North Korean officials gave details of the deaths ... All died of accidents or illnesses ... but one ... [who] hanged herself' (*IHT*, 5 October 2002, p. 1).

Five abducted Japanese, two men and three women, arrived in Japan on 15 October 2002 for what was to have been a brief visit. Seven children

remained in North Korea, including two daughters belonging to a Japanese woman (Hitomi Soga) who had married an American, Charles Robert Jenkins. The American was a former US soldier serving in South Korea accused by the United States of being a deserter in 1965 (although members of his family believed he was abducted and brainwashed). (The United States thinks that there were five other former American soldiers in North Korea. Four have died, all of natural causes it seems.) The Japanese government, owing to factors such as pressure from the abductees' families, did not allow the five to return. On 22 May 2004 prime minister Junichiro Koizumi paid his second visit to North Korea and returned with five 'children' (aged between sixteen and twenty-two). (While in Pyongyang the Japanese prime minister pledged to give North Korea 250,000 tonnes of rice and \$10 million worth of medical supplies.)

Charles Jenkins and his two daughters stayed in North Korea, but a family reunion began in Jakarta (Indonesia) on 9 July 2004. On 18 July 2004 Charles Jenkins, his wife and his two daughters flew to Japan. He was to have medical treatment. On 3 November 2004 Charles Jenkins pleaded guilty to desertion and aiding the enemy. Among other things, he was given a dishonourable discharge. He now lives in Japan with his family.

Relations between Japan and North Korea were adversely affected when the latter handed over what it said were the remains of two Japanese who had been kidnapped. Japan said that DNA tests proved they were not. 'Half the food and about a third of the medical aid has yet to be disbursed [by Japan] and is now frozen' (*The Economist*, 18 December 2004, p. 113).

Ethnic Koreans in Japan

During Japan's colonial rule some Japanese went to Japan looking for economic opportunities, while others were taken there as forced labourers. By 1944 nearly 2 million Koreans lived in Japan, though most were repatriated after Japan's defeat in World War II, and the number fell to fewer than 600,000 by 1947. In 1952 the 'Zainichi' were made to choose between South or North Korean citizenship, and were recognized as permanent residents of Japan ... 'Zainichi' [is] a term that literally means 'to stay in Japan', but that is usually shorthand for Koreans who came here during Japan's colonial rule and their descendants ... Japanese citizenship [is] a choice that more Zainichi have been making. In 2003 there were only 470,000 officially recognized Zainichi, a drop of about 100,000 since 1993. Naturalized Japanese are no longer counted as Zainichi. (www.iht.com, 1 April 2005)

The *FEER* (9 September 1993, p. 23) cites one estimate that the Chosen Soren (General Association of Koreans in Japan) either collects or helps to channel \$600 million to \$700 million to North Korea every year, the flow of funds including cash carried by hand (by those travelling to the country) and bank remittances. There are 100,000 or so pro-North Korea Koreans living in

Japan. According to the *IHT* (2 November 1993, pp. 1, 8; 15 January 1994, p. 1), 800,000 Koreans live in Japan and around 150,000 are sympathetic to North Korea; the sum transferred annually is in the range \$600 million to \$1 billion. In a later article (*IHT*, 23 March 1994, p. 5), there is reference to 300,000 professing loyalty and sending between \$600 million and \$1.6 billion a year (later still \$600 to \$1.8 billion is cited: *IHT*, 9 June 1994, p. 1; so does *The Economist*: 11 June 1994, p. 72). Another source cites an annual figure of \$570 million (*IHT*, 16 December 1993, p. 10). According to *FT* (21 April 1994, p. 4), there are 700,000 ethnic Koreans in Japan; of these about a third are believed to owe allegiance to North Korea (*IHT*, 17 June 1994, p. 4). The Japanese Foreign Ministry said it had inconclusive evidence that Korean residents in Japan were supplying North Korea with as much as \$1.81 billion a year in financial support (*IHT*, 29 December 1993, p. 6). The *FEER* (10 February 1994, p. 23) cites \$1.8 billion for 1993. The *FT* (22 March 1994, p. 6) cites estimates in the range \$600 million to \$1.8 billion a year provided by the estimated 260,000 pro-North Korean Japanese. *The Economist* (26 March 1994, p. 87; 28 May 1994, p. 24) talks of \$600 million to \$1.8 billion provided by 250,000 or so sympathizers.

Note that it is not certain how voluntary the flow of funds is, e.g. family members still living in North Korea may be under threat. An editorial in *FEER* (16 June 1994, p. 5) claimed that the Korean population in Japan 'is more or less blackmailed into remitting millions in funds'.

In 1994 Japanese police testified in parliament that \$600 million or more was being sent to North Korea. But new US and Japanese estimates say that the amount is now probably \$100 million or less (*IHT*, 8 June 1996, p. 9). Nicholas Eberstadt (*Asian Survey*, 1996, vol. XXXVI, no. 5) also notes that in March 1994 the Japanese parliament was informed that the Chosen Soren was believed to be remitting \$650 million to \$850 million (60 billion to 80 billion yen) a year to North Korea at the exchange rate then prevailing. Some other estimates go to \$1 billion or more (pp. 523–4). In startling contrast, Eberstadt concludes that

Whereas our method generates figures averaging under \$40 million a year for 1990–3, the widely cited figure of 60 billion to 80 billion yen would imply an average annual transfer, at the then current dollar–yen exchange rates, of \$460 million to \$625 million. (pp. 539–40)

In addition, 'Our calculations suggest a sharp drop in hard currency remittances to North Korea after 1989' (p. 538).

Supporters of North Korea are estimated at about one-third of Japan's 666,000 ethnic Koreans. Japanese and Western intelligence officials estimate that \$1.8 billion to \$2 billion is remitted to North Korea each year (*IHT*, 15 May 1997, p. 17).

The pro-North Korea General Association of Korean Residents in Japan is known as Chongryun. According to the pro-South Korea organization known as Mindan, membership of Chongryun has halved to about 110,000 from 224,000 registered in 1990. An independent estimate put the value of

cash and capital goods sent in the peak year of 1990 at \$475 million. In 1997 remittances are expected to fall to about a tenth of that. Attitudes are changing as the proportion of younger Koreans increases, with about 90 per cent of the 680,000 Koreans resident in Japan being under sixty years of age. More than 93,000 Koreans from Japan resettled in North Korea between 1959 and 1984, but few have done so since (Shim Jae Hoon, *FEER*, 4 December 1997, pp. 28–9).

Aside from exports, the largest source of hard currency is probably remittances, principally from ethnic Koreans residing in Japan. 'Estimates of the annual total vary enormously, from the low millions to \$2 billion, typically running into the hundreds of millions. The figure is probably less than \$100 million' (Noland 1997: 108).

'Korean families in Japan used to send \$100 million or more each year in hard currency to North Korea, but now the aid has fallen to a small fraction of that' (Nicholas Kristof, *IHT*, 12 May 1999, p. 3).

In 1991 South Korean civic organizations collected 5,000 tonnes of rice for North Korea, although the latter never officially acknowledged the shipment. This was a reversal of the situation in 1984 when North Korea sent 7,000 tonnes of rice to South Korea to aid flood victims (Shim Jae Hoon, *FEER*, 29 June 1995, p. 23).

Japan has already begun its own subtle pressure by quietly clamping down on the residents Koreans who remit millions of dollars a year to the North Korean government and ship advanced technology to support the regime of Kim Jong Il. Japan's efforts focus on the General Association of Korean Residents, or Chongryun [founded in 1955], which groups ethnic Koreans in Japan who remain so loyal to Pyongyang that they consider themselves to be 'overseas nationals of North Korea'. Chongryun, known as Chosen Soren in Japanese, holds seats in the North Korean legislature and officially represents its supporters in Japan . . . In the 1920s and 1930s, during the Japanese occupation of the Korean Peninsula, hundreds of thousands of Koreans were brought to Japan to work in factories . . . During World War II even more Koreans were brought to replace Japanese workers . . . By the end of the war and Japan's withdrawal from Korea there were 2.4 million Koreans in Japan. But by 1950 rapid repatriation reduced the number to half a million . . . For years all Koreans in Japan were treated as 'foreigners' and denied citizenship. It is now easier for Koreans in Japan to become Japanese citizens, but many Chongryun have no interest in doing so . . . Next month [April] the Japanese government is expected to begin strict surveillance of cargo transported to North Korea from Japan . . . This transport is principally handled by a North Korean-operated passenger freighter . . . Former Chongryun supporters assert that the ship is used to smuggle sophisticated electronic equipment, computer parts, software and machine tools for its missile programme . . . About one-third of the estimated 650,000–700,000 Koreans

in Japan support Chongryun and Pyongyang in some way [according to one estimate] . . . The rest are either neutral or support Mindan, a rival pro-South Korea organization . . . Politically the Koreans in Japan have always been bitterly divided . . . Chongryun has always been the most active of the two groups . . . People have rarely wavered in their support for Pyongyang – at least until the abduction issue erupted last September [2002]. ‘Many are leaving the organization now,’ says a former Chongryun supporter . . . Despite the revelations about the abductions and North Korean missile tests, many in the Korean community in Japan remain staunchly loyal to Pyongyang. (*FEER*, 27 March 2003, pp. 20–2)

Japan barred a North Korean ferry that in the past has been suspected of smuggling missile parts and illicit funds from leaving port [Niigata] Monday [25 August 2003] after the ship failed intensified safety inspections . . . the visit [is] the first in seven months. (*IHT*, 26 August 2003, p. 4)

‘The ship . . . the only direct link between [North Korea and Japan] . . . has been accused by Tokyo of unloading spies, drugs and counterfeit money in Japan and returning home with luxury goods and missile parts’ (*FT*, 26 August 2003, p. 18).

On Friday [16 January 2004] leaders of Japan’s governing coalition and the main opposition party agreed that soon after parliament reconvenes on Monday they would submit legislation to empower Japan’s government to restrict trade and financial remittances to North Korea. (www.iht.com, Monday 19 January 2004)

Japan’s lower house passed a bill on Thursday [29 January] to make it easier to impose economic sanctions on North Korea . . . The bill does not mention North Korea, but lawmakers say it is aimed at it . . . The bill will go to the upper house for consideration . . . The legislation would enable Japan to take measures including banning imports of North Korean goods and freezing remittances from North Koreans living in Japan . . . Under current law Japan is able to impose sanctions on other countries only in response to a UN resolution or other international agreement. (www.iht.com, 29 January 2004)

Japan’s ruling parties submitted a bill to parliament on Tuesday [6 April] that would allow Tokyo to ban North Korean ships from Japanese ports, a move intended to put pressure on Pyongyang to resolve a feud over abducted Japanese. The bill’s target is a controversial North Korean ferry [the *Mangyongbong-92*], the only passenger link between the two countries and a vital source of hard currency for North Korea . . . Several thousand North Korean residents of Japan travel on the ferry each year to visit their families in the communist state, and many are believed to take cash with them. The ship last visited Japan in January. In the past it

has been suspected of being used to smuggle drugs and missile parts . . . The bill would allow the government to ban 'designated ships' from entering Japanese ports if it were necessary to maintain the 'peace and security' of Japan . . . The submission of the bill follows the passage of a law in February enabling Japan to slap economic sanctions on North Korea . . . About 4 billion yen, or \$38 million, was remitted to North Korea from Japan legally through banks in 2002, but Japanese government sources say the real amount is probably closer to 20 billion yen. (www.iht.com, 6 April 2004)

Japan's lower house of parliament endorsed a bill Thursday [3 June 2004] allowing Tokyo to ban North Korean ships from Japanese ports . . . The bill mainly targets a controversial North Korean ferry, the only passenger link between the two countries and a vital source of hard currency for North Korea . . . The bill . . . would allow the government to ban 'designated ships' from entering Japanese ports if it were necessary to maintain Japan's 'peace and safety' . . . The bill is expected to be passed later this month after being approved by parliament's upper house. The legislation comes on the heels of new laws entered into force this year [2004], under which Tokyo can impose economic sanctions on the communist state. (www.iht.com, 4 June 2004)

The economy

Central planning, earlier reforms and the influence of famine and countries such as China and Vietnam

North Korea opted for a Soviet-type economic system (the nature of which is dealt with in Appendix 1) and reforms prior to the collapse of communism in Eastern Europe and the Soviet Union in and after 1989 looked familiar in many ways. But there were variations, such as the greater reliance on rationing (which lasted until the summer of 2002). China, of course, has also influenced North Korea, both in the past (such as extensive rationing and some of the policies adopted during China's Great Leap Forward of 1958–60) and today (China's strategy of gradual/partial market-orientated economic reforms and of a greater role for the private sector in the context of a Communist Party that maintains political control). North Korea has also studied other countries, including Vietnam and Mongolia. (The various paths to economic transition, including China's, are dealt with in Appendix 2).

North Korea had a rigid command economy, with economic plans containing very detailed output targets for each industrial enterprise (Pak 1983: 214). Rationing was more common than in the traditional Soviet-type economic system in more normal times, with the workshop and residential areas used as means of distributing highly subsidized basic commodities (e.g. rice). As regards manpower, moral incentives were stressed, and school leavers were allocated in groups to particular jobs. In 1958 a sort of Chinese-style Great

Leap Forward was begun, involving a mass mobilization of people inspired by moral rather than material incentives (Jeffries 1990: 264). Campaigns and the accompanying exhortations were features of economic decision-making (EIU, *Country Report*, 1989, no. 3, p. 34). In 1961 an economic management system called the 'Tae-an (Dae-an) Work System' was put into operation (Kang 1989: 204–5; EIU, *Country Report*, 1988, no. 2, pp. 294–5). The party secretary's decision was final.

The 1960s saw a strengthening of material incentives, especially in agriculture (EIU, *Country Profile*, 1987–8, p. 57).

Some modest enterprise reforms were introduced in late 1984, with greater emphasis on economic accounting, some increased decision-making autonomy and an increased role for material incentives. The enterprise success indicators include physical production, exports, profits, costs and inputs, but physical indicators have top priority, followed by exports (Kang 1989: 206).

Kang (1989: 202) reported some spread of the 'associated enterprise system', there having been experiments since 1975. The experiments involved linking geographically adjacent and related enterprises in order to save time and transport costs (Kie-Young Lee 1990: 4). The Economist Intelligence Unit (EIU) (*Country Report*, 1986, no. 2, p. 39) described the 1985 reforms as akin to the former GDR combines, in the sense that enterprises in related areas of activity (e.g. supplier–user) are encouraged to co-ordinate their operations in a formal manner, thus easing the materials supply system. The regionally based complex reports to the provincial party committee, while the vertically integrated complex has a central party committee to answer to (EIU, *Country Report*, 1989, no. 4, p. 35).

'The half-hearted attempt in the 1980s to reform the state-owned sector – in which managerial incentives were improved and enterprises were "depoliticized" – not only failed, they backfired. To counter severe information asymmetry problems, the authorities decided to strengthen centralization of the information flow and resource allocation. Steps taken to grant greater autonomy to SOEs [state-owned enterprises] did not also credibly harden their budget constraints and only led to hoarding of material resources and labour' (Junki Kim, *Transition*, April 1998, vol. 9, no. 2, p. 20).

Kim Il Sung, in remarks made in mid-September 1993 to a visiting legislative delegation from China, praised China's 'tremendous success' in reform and opening up to the outside world (*Asian Survey*, 1994, vol. XXXIV, no. 1, p. 14).

A communiqué issued by the Central Committee on 9 December 1993 publicly acknowledged North Korea's economic difficulties (Jeffries 1996a: 735).

In his New Year's address made on 1 January 1994 Kim Il Sung called for an overhaul of the economy and suggested that North Korea would have to change dramatically in order to develop foreign markets (*IHT*, 3 January 1994, p. 5).

'Events [on 9 September 1998] marking . . . the fiftieth anniversary of the founding of the state were accompanied by some changes in the constitution

... The revised constitution allows the introduction of a market economy, although at a primitive level' (*The Economist*, 12 September 1998, p. 79).

On 29–31 May 2000 Kim Jong Il paid a visit to China. 'The North's leader praised China's "great achievements" in its reforms and opening to the outside world' (*FT*, 9 June 2000, p. 23). 'He [Kim Jong Il] noted the "great achievements" of "opening up the country" and said North Korea supported "the reform policy pursued by the Chinese side" ... "Opening up to the outside world is correct"' (*IHT*, 13 June 2000, p. 8). 'Kim Jong Il ... congratulated it on the success of its reforms and praised what he called the "successful experiment in socialism with Chinese characteristics"' (*FEER*, 22 June 2000, p. 16). Kim Jong Il paid another visit to China on 15–20 January 2001. 'Mr Kim fully endorsed the pro-market policies that have transformed China over the last twenty years, according to Chinese accounts' (*IHT*, 22 January 2001, p. 6). 'On a 15–20 visit to Shanghai and Beijing ... Kim Jong Il pronounced China's reform programme "correct"' (*FEER*, 1 February 2001, p. 15). 'Kim Jong Il's interest in high technology is a common theme in the new atmosphere he has created' (*FEER*, 8 February 2001, p. 27).

Kim is cautiously breaking loose from his ideological shackles, pursuing a carefully calibrated policy that might be described as reform by stealth. During the [1995–6] famine, for example, the government's food procurement and distribution machinery broke down and private farm markets mushroomed in the North Korean countryside. Instead of closing them down by force Kim chose to look the other way ... Since then foreign aid administrators have reported direct evidence of more than 300 private markets dealing in consumer goods as well as farm produce ... During [Madeleine] Albright's [October 2000] visit to Pyongyang Kim Jong Il told her that he has been studying alternative economic systems for North Korea, referring specifically to 'the Swedish model' ... Kim Jong Il has assigned North Korean officials to study international law and the workings of capitalism in training programmes arranged by the World Bank and the United Nations Development Programme. (Harrison 2001: 68–9)

('In one of the many conversations with Mrs Albright ... Mr Kim said he was examining alternatives to the communist economy. Specifically, he said, he liked the Swedish model': *IHT*, 26 October 2000, p. 6.)

A series of reforms have been adopted since the mid-1980s. Reforms in the external sector were more significant than in the domestic sector ... A major problem with past reforms is that they were only partial ... [and] did not tackle fundamental structural problems. (United Nations 2001: 101)

The measures include the improvement of material incentives in team units in 1996, and the introduction of a joint venture law in 1984 and the establishment of the Rajin–Sonbong free-trade zone in the early 1990s (p. 101). 'Since September 1998 there have been signs of new thinking about the process of opening up the economy (pp. 101–2).

During the economic crisis in the 1990s the spread of private entrepreneurs was a distinctive phenomenon ... The food crisis in the mid-1990s ... especially ... contributed to their burgeoning ... Those who cultivated profit-seeking practices in the second half of the 1980s sharpened their entrepreneurial skills ... particularly those involved more in commercial practices such as distribution. (Kim 2003: 20–1)

[It has been estimated that] approximately one in thirty people are private entrepreneurs of some kind ... The scope of entrepreneurial activities is increasing, illegal and illicit activities get tacit approval from local governments, the variety of products becomes more diverse than before, and these activities range from simple trade and exchange to production making use of private as well as public resources. (p. 20)

Despite the lack of statistical figures to compare the value of output between public enterprises (both state-owned and collective) and private entrepreneurs, it seems that the latter have supplanted significant parts of the former during the economic crisis. In particular most consumer goods are now produced and provided by the private sector. In a sense the private sector has taken advantage of the devastated public sector. (p. 11)

Agriculture

In the March 1946 agrarian reform land was redistributed to the tillers (Pak 1983: 216–17).

Collectivization spanned the period 1954–8, moving Chinese-style through three types of co-operatives (Pak 1983: 217–19). In 1970 land used by the collective farms accounted for 94 per cent of all arable land, while the state farm figure was 4 per cent. Note that all natural resources and forests were nationalized in 1947. There are still agricultural machine stations (p. 222).

Private plots are 0.02 of an acre (0.008 ha) at most (before 1977, 0.04 of an acre or 0.016 ha), but peasants were, until recently, only allowed to consume the produce themselves and not to sell it on markets (EIU, *Country Profile*, 1987–8, p. 59). The EIU (*Country Report*, 1988, no. 1, p. 38), however, states that farmers' markets are now held two or three times a month, for an hour or so, for the sale of produce grown on the tiny plots (some 200 square metres each) and household goods manufactured by 'sideline work teams'. Urban workers help at harvest time.

Economic policy has, in general, given priority to heavy industry, but light industry and agriculture have been developed together. Industry provides support for agriculture in order to industrialize it. Intensive farming is practised, especially involving the use of fertilizers and mechanization, and there are large infrastructural schemes – irrigation to protect against the effect of drought, and land reclamation, including land from the sea. Moral incentives have been stressed. The *Chollima*

(‘flying horse’) movement, which began in 1958, mimicked the Chinese Great Leap Forward in that it was designed to increase productivity by means of stress on ideological incentives to work hard. After the middle of the 1960s the work brigade was stressed. (Pak 1983: 223–4)

‘The *Chongsalli* method of managing co-operative farms, started in 1960, stressed party direction of agriculture, strong one-man management, and ideological motivation, and established work brigades and teams’ (p. 224).

The transformation of co-operative farms into state farms [took place] in 1994 ... The improvement of material incentives in team units [took place] in 1996 ... Farmers were allowed to own simple farming tools and cattle in 1998 ... The free disposal of excess production by team units [was introduced] in 1996. (United Nations 2001: 101–2)

(More recent developments in agriculture are dealt with in the section on famine, below.)

Foreign trade

The policy of ‘self-reliance’ extended also to Comecon, where North Korea had only observer status, preferring industrialization and rejecting integration and specialization in minerals. It relied on the Soviet Union and China, however, for machinery, oil, coal and modern arms. The Soviet Union also built plants in exchange for a percentage of the output. In contrast, Vietnam changed strategy after the 1975 reunification and China after the Cultural Revolution (Jeffries 1990: 267).

The Soviet Union’s share of North Korea’s foreign trade rose from around a quarter in the early 1980s to about 55 per cent in 1985 (B. Koh, *Asian Survey*, 1988, vol. XXVIII, no. 1, p. 64). But trade with the Soviet Union fell dramatically in 1991 (Rhee Sang-Woo, *Asian Survey*, 1992, vol. XXXII, no. 1, p. 59). China became the only country providing economic assistance to North Korea (p. 59).

North Korea now relies heavily on missiles, drugs (such as heroin and amphetamines) and counterfeit money as sources of hard currency.

More recent thinking on economic reform in general

‘North Korea is slowly moving toward a mixed economy’ (Selig Harrison, *FT*, 4 May 2004, p. 9).

‘North Korea took its first tentative steps away from old-style central planning in July 2002, with what it called “economic adjustments” ... [rather than] “reforms”’ (*FEER*, 13 May 2004, pp. 16, 18).

‘It is very gratifying that this plant has abided by the principle of profitability,’ the Korea Central News Agency on Wednesday [2 June 2004] quoted Kim Jong Il as saying on a recent visit to a machine tools plant. He urged workers and managers ‘to thoroughly ensure profitability in

production'. The factory ... the Kosong Machine Toll Factory, has become a showcase for the country's new economic plan ... The lathe factory, with its 1,000 workers, has increased productivity and exports, largely because of incentives through which hard working employees can earn more money and chances at a promotion. (www.iht.com, 3 June 2004)

Specific aspects of the reforms that began in the summer of 2002

The reforms involve rationing and prices, the won, the functioning of state enterprises, and the private sector of the economy.

Rationing and prices

It is not surprising to find somewhat different interpretations about the reform of the rationing and pricing systems in the summer of 2002. It seems likely, for example, that the rationing system has not been abolished altogether as some sources seem to imply. What has happened to prices and wages is also not crystal clear. But some selected highlights from various sources will give a decent idea of the course of events.

'North Korea is transforming its economic policy to answer the realities of chronic shortages ... The system under which North Koreans learn how much food and other necessities they are to get from the government is being abolished' (*IHT*, 20 July 2002, p. 7).

North Korea has begun introducing the most dramatic liberalization measures since the start of communist rule ... The new measures centre on very large wage increases for workers and even larger increases in prices for everything from food and electricity to housing. (*IHT*, 10 August 2002, pp. 1, 4)

'The government of Kim Jong Il in July 2002 announced a cut in food rations and began paying its workers according to the quality and quantity of products made' (www.iht.com, 8 June 2004).

North Korea yesterday [10 June 2003] signalled further reform of its crumbling economy when it announced an expansion of the country's private sector and asked other nations to help it implement the changes ... An expanded range of consumer goods and industrial goods could now be bought and sold in the so-called 'farmers' markets' that serve as North Korea's de facto private sector. The statement marked the first time that the North Korean government had expressed approval of the farmers' markets ... renamed 'district markets' ... which operate in parallel with the country's socialist distribution system. (*FT*, 11 June 2003, p. 11)

North Korea has scrapped its system of rationing goods and widened the use of cash, in a policy shift hailed by analysts as a step towards reform

... [There are reports] that the regime had this month [July 2002,] abolished government-issued coupons that people used to buy goods such as food and clothes ... Discussions about the reforms [apparently] began after Kim Jong Il returned from visits last year [2001] to Moscow and Shanghai. (*FT*, 20 July 2002, p. 7)

'Prices have been lifted between ten- and thirty-fold to match black market levels ... [The] use of cash [has been] widened to replace ration coupons' (*FT*, 12 August 2002, p. 18). 'Pyongyang raised prices and wages in July to increase productivity and combat a growing black market' (*FT*, 15 August 2002, p. 7). 'Ration coupons used for decades were scrapped and the government boosted prices closer to levels seen on its black market. People face paying rent for the first time and up to seventy times as much for staple goods' (*FT*, 23 August 2002, p. 7). 'In July ... wages and prices [were increased] eighteen-fold in line with black market values ... Enterprises were given more independence and charges were introduced for utilities and housing, which had previously been free' (*FT*, 8 November 2002, p. 20).

'North Korea is abandoning its ... food rationing system' (*Telegraph*, 20 July 2002, p. 11).

'[North Korea] may be scrapping its decades-old rationing system' (*FEER*, 1 August 2002, p. 11).

[North Korea] is phasing out the food rationing system that has been a pillar of its monolithic economy. Households will have to pay for food, rent and utilities rather than depend on state largesse ... Abolishing food rationing ... is a belated acknowledgement that rationing has collapsed. In its place farmers' markets have mushroomed and now represent the source for more than half of national grain consumption, according to South Korea's central bank ... Recent weeks have seen the start of a phased abandonment of the ration coupons that citizens have for decades exchanged for food ... With so much cash denied to the official economy, the central bank has to print money to pay wages. (*FEER*, 8 August 2002, pp. 18-19)

'North Koreans hoard cash rather than put it in the banks' (p. 6).

Lim Dong Won (special adviser to South Korea's president Kim Dae Jung):

The North wants to maintain the system, especially for providing goods for people in high positions in the armed forces and government ... [Nonetheless] while maintaining such a system for a privileged people, North Korea will expand a new market system through which ordinary people will be able to buy goods from state-run shops. (*IHT*, 26 July 2002, p. 3)

Price and wage increases [in 2002] saw prices rise ten- to twenty-fold and wages rise by twenty times or more ... But the increase have not been matched by measures to boost output, so inflation has spiralled out of

control. The price of staple foods, for instance, has risen by as much as 400 per cent. Many factories – all of which under the reforms have to pay their own way – have been shut down, leaving people without jobs and therefore no money to buy food. (*The Economist*, 11 October 2003, pp. 67–8)

[In July 2002 the] government increased wages by as much as twenty-to-thirty fold. Soon after food rationing was partly abandoned and prices were raised by twenty-to-forty fold on staples like rice, corn and pork. The result ... has been hyperinflation – at least in the small sector of the economy that runs on money. (*IHT*, 12 March 2003, p. 3)

On 1 July 2002 workers suddenly saw their wages increase twenty-fold. At the same time the official price of rice rocketed to 550 times the old nominal price. The rationing system, for years central to workers' survival, shrank. Bills for rent and utilities – until that time paid by the state – suddenly arrived on their doorsteps ... Schooling, medical care and child care will still be free. The authorities said that they would continue the food ration distribution system for families without wage earners, which now amount to a significant number in a country where hundreds of thousands have died from starvation ... The half measures worsened rather than improved the situation. Because they were unmatched by supply-side measures to boost output, the drastic price and wage increases of last July are proving inflationary ... Inflation has boosted the price of staple foods by as much as 400 per cent ... Salary increases promised by the government in July ... have not arrived. (*Transition*, 2003, vol. 14, nos 1–3, pp. 2–5)

Up until now virtually all goods in North Korea – from food products to clothing – could be obtained only after presenting special ration cards; only then could payment be made in cash, which was of secondary importance ... At the same time the authorities permitted the operation of relatively free peasant markets, where food was sold at high market prices ... But now all goods in the North are being sold for money only ... The North Koreans have also begun paying for housing, water and other municipal services that used to be 'free'. (*Rossiskiyaya Gazeta*, 20 July 2002, p. 7, *CDSP*, 2002, vol. 54, no. 29, p. 17)

'Economic reform introduced by Kim Jong Il last July [2002] only succeeded in stoking inflationary pressures in recent months' (*FEER*, 20 March 2003, p. 46).

North Korea took its first tentative steps away from old-style central planning in July 2002, with what it called 'economic adjustments' ... [rather than] 'reforms' ... The key decision was allowing prices and wages to rise. Wages used to be almost the same for all and goods were acquired from state-run centres in exchange for coupons. The old coupon-based public distribution system still exists, but now consumers

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have to pay cash. Wages increased depending on occupational categories and individual output. (*FEER*, 13 May 2004, pp. 16–17)

‘North Korea plans to issue its first government bonds for fifty years ... The reforms fuelled inflation by increasing the amount of cash swilling round the economy ... The bonds are designed to mop this up’ (*FT*, 29 March 2003, p. 11).

The won

Since 2002 the won, which was previously officially valued at 2.1 to the US dollar, has been subject to a massive devaluation, moving the exchange rate much nearer to the black market rate. Since December 2002 the Euro has replaced the US dollar.

The functioning of state enterprises

According to one foreign diplomat, factories will no longer get subsidies from the state. They will have to find money for the wage increases and higher input costs from their own budgets ... The diplomat estimates that North Korean industries are running at 10 per cent to 15 per cent of capacity. (*The Economist*, 27 July 2002, pp. 26–8)

As food prices will rise faster than wages the changes will in theory encourage rural production ... and create monetary incentives for enterprises to exceed plan targets ... [But] incentives for industry will be worthless if there are fuel and raw materials shortages. (*IHT*, 5 August 2002, p. 6)

‘There are reports that ... subsidies for many failing industries have been halted’ (*IHT*, 10 August 2002, pp. 1, 4).

State-run businesses will be forced to pay their own way ... The vague plan to make state enterprises pay their own way is a hopeful sign that North Korea’s policy czars realize they must spur production ... But ending subsidies will be a death sentence for many state enterprises, which often run at only 20 per cent of their capacity with industrial plant that is useless or obsolete. (*FEER*, 8 August 2002, pp. 18–19)

Factory managers will have more decision-making authority, though overall planning will remain in the hands of the central government. How enterprises could pay higher salaries if they cannot make a profit is not clear, especially considering the depleted infrastructure, the limited availability of electricity, the broken transportation systems, and the exhausted and unfertilised farmland. Even if enterprises wanted to take advantage of new market opportunities, they were unable to produce more goods ... Many factories ordered to pay their own way under the reform mandate have been shut down, leaving thousands of people with

no way to buy food. With no raw materials, gasoline or oil, much of what remains of North Korea's industrial infrastructure is grinding to a halt. (*Transition*, 2003, vol. 14, nos 1–3, pp. 2–5)

'State-owned factories no longer receive subsidies to cover their losses and are encouraged to find their own markets for their products, trade with each other and keep and reinvest any profits' (Selig Harrison, *FT*, 4 May 2004, p. 9).

'Factories getting machinery and subsidies from the state were told that they would now be expected to make a profit and make quality products, not just meet quotas set by the government' (*FEER*, 13 May 2004, p. 17).

A directory published recently by the North Korea government lists nearly 200 new trading companies that appear to be small versions of South Korea's chaebols, conglomerates that export and import a variety of goods. Although state-owned, they are autonomous and make their own deals with foreign business partners. (p. 18)

Diplomats and aid workers say many new enterprises seem to have opened over the last year. Nominally they are state owned, but sometimes they have a foreign partner, often an ethnic Korean from Japan. The majority are in the export–import business. Some have invested in restaurants and hotels and some in light industry. Thanks to the 2002 reforms these firms have a degree of autonomy they could not have dreamt of before. (*The Economist*, 13 March 2004, p. 64)

'It is very gratifying that this plant has abided by the principle of profitability,' the Korea Central News Agency on Wednesday [2 June 2004] quoted Kim Jong Il as saying on a recent visit to a machine tools plant. He urged workers and managers 'to thoroughly ensure profitability in production'. The factory ... the Kosong Machine Tool Factory, has become a showcase for the country's new economic plan ... The lathe factory, with its 1,000 workers, has increased productivity and exports, largely because of incentives through which hard working employees can earn more money and chances at a promotion. (www.iht.com, 3 June 2004)

The private sector of the economy

In 1985 individuals were allowed to engage in small private handicraft production such as in knitting (EIU, *Country Report*, 1985, no. 3, p. 34).

North Korea yesterday [10 June 2003] signalled further reform of its crumbling economy when it announced an expansion of the country's private sector and asked other nations to help it implement the changes ... An expanded range of consumer goods and industrial goods could now be bought and sold in the so-called 'farmers' markets' that serve as North Korea's de facto private sector. The statement marked the first

time that the North Korean government had expressed approval of the farmers' markets ... renamed 'district markets' ... which operate in parallel with the country's socialist distribution system ... Pyongyang had until yesterday tolerated but never endorsed the private sector, which represented 3.6 per cent of North Korea's economy in 2000, according to research by South Korea's central bank. (*FT*, 11 June 2003, p. 11)

'The private sector accounts for less than 4 per cent of the economy' (*Telegraph*, 1 August 2002, p. 13).

This year [2003] large market halls have been built in Pyongyang and in most of the major cities and towns ... 'Small family-size businesses or co-operatives are now providing services or producing goods hinting at the start of a bottom-up process,' [a spokesperson for a Western charity said]. (*IHT*, 24 November 2003, p. 12)

'A further sign of economic reform came when consumer and industrial goods, not only agricultural products, were allowed to be traded in the public market' (Park 2004: 146).

'Individual enterprises are appearing along the city streets' (*FEER*, 13 May 2004, pp. 14–15).

Famine and economic recovery

General aspects

North Korea's economy last year [1999] expanded for the first time since 1989, posting a 6.2 per cent growth rate, according to a report by South Korea's central bank ... [a report] considered to be one of the few authoritative studies of the North Korean economy ... The central bank said that \$360 million in foreign aid to feed the North's starving population helped boost economic growth, with the aid figure accounting for 70 per cent of the North's hard currency revenues in 1999. (*FT*, 21 June 2000, p. 10)

The [North Korean] economy grew by 1.8 per cent [in 2003] after a 1.2 per cent expansion in 2002, the Bank of [South] Korea said in a report ... [But] growth may stall in coming years because of 'chronic shortages of energy and raw materials, and old facilities and technology', the Bank of Korea said. (www.iht.com, 8 June 2004)

There were increasing reports of food shortages and cuts in food rations. Famine was a feature of the second half of the 1990s, although the situation began to improve in 1998.

Two cuts in food rations in 1992 caused riots (*IHT*, 31 May 1993, p. 6).

There were further reports of food riots and even worse incidents in the countryside, especially in the spring of 1993 (*IHT*, 19 August 1993, p. 1). But there was uncertainty about the seriousness of these events. There may only

be certain cases of food shortages and perhaps isolated raids on grain depots and food supply lorries (Jeffries 1996a: 748–9).

In 1993 a ‘two meals a day’ campaign was reportedly conducted in most of the country and malnourishment was said to affect even the military (John Merrill, *Asian Survey*, 1994, vol. XXXIV, no. 1, p. 15).

Food shortages have reportedly been widespread in the countryside, while factories operate at about one-third capacity (*FT*, 26 March 1994, p. 9). Energy shortages have forced

factories to work at half their capacity or less. Food shortages have been caused by four years of poor harvests; there is an estimated 40 per cent shortfall in grain supplies needed to feed the population (*FT*, 14 July 1994, p. 6).

North Korea appears to be suffering from food shortages in some areas and small-scale food riots have been reported intermittently since 1992. Defectors report that an active black market even in basic necessities is developing (Bridges 1995: 105).

North Korea experienced an abrupt fall in cereal imports in 1994. ‘The DPRK’s “food crisis” (reports began to circulate in the international media in early 1995) followed closely China’s cutback in grain shipments on “friendship” terms’ (Nicholas Eberstadt, *Transition*, 1998, vol. 9, no. 2, p. 22).

North Korea asked for emergency loans of rice from Japan on 26 May 1995 and from Unesco on 31 May 1995.

On 29 August 1995 North Korea asked the UN for emergency relief aid after severe flooding.

It was announced on 22 March 1996 that North Korea had agreed to a fresh worldwide appeal for aid.

On 13 February 1997 the World Food Programme made an international appeal for food aid.

‘US intelligence reports estimate that 100,000 people have died from starvation or related diseases this year [1997]’ (*FT*, 2 June 1997, p. 22).

On 6 January 1998 the World Food Programme made the biggest appeal in its history (*IHT*, 7 January 1998, p. 4).

A North Korean official (9 April 1999):

There is much talk about death rates and that 3 million have starved to death. But I can say that before the natural disasters [in 1995] the mortality rate was 6.8 per 1,000 people. According to last year’s assessment [1998] it increased to 9.3 per 1,000. (*FT*, 10 May 1999, p. 3)

‘With the population of North Korea estimated at 22 million, that represents an additional 55,000 deaths per year’ (*FT*, 10 May 1999, p. 3).

‘For the first time North Korea released to aid officials figures showing that 220,000 people died of famine between 1995 and 1998’ (*FT*, 12 May 1999, p. 4).

The North Korean unit that deals with relief agencies said that famine claims 220,000 lives between 1995 and 1998. That figure falls short of the 2 million to 3 million deaths ascribed to the famine by some South Korean

relief agencies. An American aid agency estimates that 1.5 million have died from famine-related causes (*FEER*, 27 May 1999, p. 24).

‘In famines that began in the mid-1990s 200,000 [people], the government figure, or 2 million, according to US congressional estimates ... starved to death’ (*IHT*, 23 September 2002, p. 1).

‘Outside estimates of the death toll range from 1 million to 3.5 million, out of North Korea’s pre-famine population of about 24 million ... The government has been unable to provide regular rations since 1997, the refugees say’ (Shim Jae Hoon, *FEER*, 29 April 1999, p. 11).

A report by Médecins sans Frontières, based on interviews with refugees from North Korea and Chinese travellers, concluded that cannibalism has occurred in North Korea (*The Times*, 13 April 1998, p. 13; *Guardian*, 13 April 1998, p. 12; *Independent*, 13 April 1998, p. 9).

On 18 August 1998 a three-member team from the US House of Representatives’ International Relations Committee returned from a week-long visit to North Korea. The team estimated that 300,000 to 800,000 died in each of the last three years from starvation or hunger-related illnesses stemming from the food shortage, peaking in 1997. The team cited US government statistics, refugee reports and the United Nations in their report, which concluded that at least 1 million people had died. In April 1998 the Council on Foreign Relations (a New York-based think-tank) contended that 1 million people died in 1996 and 1997 (*IHT*, 20 August 1998, p. 4; *Independent*, 20 August 1998, p. 10; *The Economist*, 22 August 1998, p. 50).

A United Nations survey found that 62 per cent of children were stunted by malnutrition and that 16 per cent were severely malnourished (*IHT*, 23 November 1998, p. 10).

‘The first valid international nutrition survey conducted in the fall [of 1998] revealed that 62 per cent of children under seven had suffered from stunted growth, a symptom of prolonged malnutrition’ (Brown 1999: 128).

The chief of the World Food Programme in North Korea said the food disaster had produced a generation of stunted and dramatically underweight children and had forced adults to leave their jobs in search of nourishment. His comments echoed results of a nationwide nutritional survey conducted last year [1998] by international aid donors that found that 62 per cent of children under age seven ... have stunted growth and that large numbers face mental development problems. (*IHT*, 1 February 1999, p. 6)

‘North Korea ... in 1998 appears to have had a relatively good harvest ... [But] North Korea would remain well below the World Food Programme estimated minimum grain requirement of about 4.8 million tonnes. The regime will remain dependent on humanitarian aid’ (Brown 1999: 127–8).

The food supply in North Korea has improved in two years and, with food aid from outside, the country now receives enough food to stop starvation, according to the head of the World Food Programme ... But

she cautioned that hitches in distribution or interruptions in the supply would leave pockets of hunger. (*IHT*, 16 August 1999, pp. 1, 6)

‘Officials from the United Nations World Food Programme have said that while there are signs that North Korea’s famine was easing, people are still starving and more aid was needed’ (*IHT*, 15 December 1999, p. 5).

‘The vice-chairman of the North Korean Red Cross ... admitted that the food situation was “not yet satisfactory” when asked about reports in North Korea’s state-controlled media claiming ... [a] bumper harvest this fall’ (*IHT*, 20 December 1999, p. 6). ‘Food production last year [1999] exceeded the 4 million tonne mark for the first time, thanks to 160,000 tonnes of fertilizer shipped from the South’ (Shim Jae Hoon, *FEER*, 10 February 2000, p. 24).

By late last year [1999], although there were signs that wholesale famine had been averted, there was little evidence that the scale of malnutrition differed significantly from that found in a 1998 international survey. At that time a staggering 35 per cent of boys aged twelve to twenty-four months and 25 per cent of girls of the same age were ‘wasted’. This technical term accurately evokes the suffering of acute malnutrition where lack of food – combined with disease and illness – threatens life unless there is urgent medical intervention. Survivors may be permanently physically and mentally damaged. (Hazel Smith, *The World Today*, 2000, vol. 56, no. 2, pp. 5–6)

The official KCNA press agency acknowledged in December [1999] the greatest economic difficulties since the 1950–3 Korean War, saying the 1990s brought the country to the ‘crossroads of life and death’ ... According to visitors and official observers ... the North Korean economy is growing for the first time in nine years, mass starvation of the past five years is largely over and the political stagnation that followed the death in 1994 of Kim Il Sung ... Its recovery has come with crucial help from the outside ... [According to South Korea’s central bank] the North’s economy grew last year [1999] by a sustainable 6.2 per cent, the first growth since 1990. The recovery is [however] relative and fledgling ... North Korea remains vulnerable to catastrophe. A drought this summer [2000] is the latest blow to farmers in a succession of natural disasters ... The World Food Programme reported last month [August 2000] that the situation is less precarious, but North Korea will produce only an estimated 72 per cent of food needs. Because the soil is exhausted from over-farming, prospects for ending that dependence are slim. (Doug Struck, *IHT*, 6 September 2000, pp. 1, 5)

North Korea is facing a fresh famine after drought and a recent typhoon cut grain harvests by an estimated 1.4 million tonnes ... [North Korea] was hit last month [August 2000] by what the United Nations said might have been the country’s worst storm in thirty years. (*Telegraph*, 26 September 2000, p. 18)

South Korean president Kim Dae Jung (24 September 2000): 'North Korea suffered damage caused by the worst droughts in 100 years as well as typhoons this year. The food situation could worsen further next year [2001] and become a major problem.'

'North Korea said it would need 1.4 million tonnes of grain from international donors to help feed its population of 22 million' (*IHT*, 26 September 2000, p. 8). 'South Korea said it would provide the North with 600,000 tonnes of food aid, in the form of loans, over the next year. The aid ... is worth about \$97 million (*IHT*, 27 September 2000, p. 5).

'The South Korean government said it would supply 500,000 tonnes of grain as a long-term loan to North Korea, which is facing a sixth consecutive year of food shortages' (*FEER*, 12 October 2000, p. 13).

UN aid agencies appealed for \$68 million in aid to help prevent famine in North Korea and stem dramatic declines in the country's agriculture, water and health facilities. The UN appeal, the sixth since chronic food shortages struck North Korea in 1995, demonstrated that Pyongyang remains dependent on foreign aid ... 'The humanitarian situation ... is still critical', the UN agencies said in their joint appeal. (*IHT*, 30 November 2000, p. 14)

'[There has been] a record poor harvest, during North Korea's coldest winter in fifty years' (*IHT*, 21 February 2001, p. 1).

North Korea's most recent harvest was the worst since the famine four years ago, leaving the country with only two-thirds of the food it needs, a United Nations official said Monday [16 April 2001]. The corn and wheat harvest last autumn [2000] ... came up 1.8 million tonnes short. (*IHT*, 17 April 2001, p. 8)

'North Korea is now in its sixth year of a food crisis which has cost the lives of at least 1 million people' (Aidan Foster-Carter, *FEER*, 10 April 2001, p. 26).

The dire food situation ... shows no sign of improvement, Unicef says. It suffered the worst spring drought in eighty years, Unicef's latest assessment says. A food deficit of 1.8 million tonnes of grain contributes to 'an acute food shortage not seen since 1997' and more than 60 per cent of children under seven are 'already weakened by years of malnutrition'. (*Guardian*, 16 August 2001, p. 15)

North Korea will continue to depend on foreign food aid for a long time, a high-level UN official said ... citing 'no significant improvement in the country's ability to feed itself' in the last several years ... The United Nations World Food Programme now feeds about 7.6 million North Koreans, about a third of the population. (*IHT*, 23 August 2001, p. 7)

Statistics quoted by Unicef indicate that 45 per cent of children under five are 'stunted or suffering from chronic malnutrition' ... [But] North

Korea may have turned the corner in the struggle to feed its people, despite floods this month [October] . . . according to the World Food Programme . . . [whose spokesman said that] ‘the harvest of maize and rice will be bigger than expected’. (*Guardian*, 24 October 2001, p. 19)

‘Unicef believes 40 per cent of children under five are malnourished’ (*FEER*, 2 May 2002, p. 6).

‘The harvest this year [2001] has been relatively good’ (*The Economist*, 10 November 2001, p. 76).

Despite a 40 per cent increase in cereal production last year [2001] – made possible by South Korean aid – the harvest was more than 1 million tonnes short of the 5 million tonnes required to cover bare survival for the population in 2002. Although 6 million of the country’s 22 million people have access to the food aid still provided by the United States and China, most of the others go hungry. Children and adults are painfully thin, most receiving just enough for mere subsistence. Only the minority of the population that has access to dollars from foreigners through business, aid or party connections can afford to live well. (Hazel Smith, *FEER*, 14 February 2002, p. 15)

‘North Korea yesterday [25 November 2002] appealed for \$225 million of international aid’ (*FT*, 26 November 2002, p. 8).

Aid agencies are running out of supplies to feed 6 million people . . . At the end of April the World Food Programme . . . [suspended] food aid to about 1.5 million of the 6.4 million people being assisted . . . They included 675,000 secondary school children, 350,000 elderly people and 144,000 carers in hospitals and other institutions . . . Pyongyang has agreed to a nutritional survey by WFP and the UN Children’s Fund. The last one, in 1998, showed that 62 per cent of children under seven suffered from stunting . . . The UN is banned from some areas on the grounds of national security. It is not allowed to bring in Korean speakers to work on its behalf . . . Life expectancy has fallen from 66.8 years in 1993 to 60.4 years. (*Guardian*, 6 August 2002, p. 13)

‘One in four . . . depend on international food and fuel aid’ (*Guardian*, 5 December 2002, p. 21).

The health of most North Korean mothers and children has improved considerably over the past five years partly thanks to international food aid, according to the first credible survey of malnutrition in North Korea since 1998. But the nutrition of children and mothers in North Korea is still a cause for much concern, according to the report, which was released on 20 February [2003] by the North Korean government in collaboration with the United Nations World Programme and Unicef. Independent bodies from Britain and Thailand said the survey was an accurate assessment . . . UN officials used the results of the nationwide nutrition survey of 6,000 children and nearly 3,000 women conducted in

October 2002 as proof that most international food aid was reaching the most needy – women and children – rather than being siphoned off by the army ... The survey found that chronic malnutrition, or stunting – marked by low height for age – was down among children under seven to 39 per cent from 62 per cent in 1998, putting North Korea on a level slightly better than Indonesia. The percentage of children of the same age measured to be underweight for their age showed a substantial drop to 20 per cent from 60 per cent, considerably better than the Philippines and Indonesia ... Acute malnutrition, or ‘wasting’ – low weight for height – was halved to 8 per cent. (*FEER*, 6 March 2003, pp. 16–17)

‘The UN World Food Programme still has to support more than 3 million children, mothers and elderly’ (*Guardian*, 3 December 2003, p. 16).

Masood Hyder, a leading humanitarian co-ordinator in North Korea ... said the [economic] reforms risked failure unless a humanitarian safety net was provided for the victims of change, such as factory workers being laid off as managers were ordered to match supply and demand ... He estimated that 1 million people had been left short of food as a result of North Korea’s shift towards a market economy and said reforms might be reversed if aid was not provided ... Fledgling economic reforms risk being undermined by reduced international aid ... The United States has continued to donate food to North Korea, albeit a reduced amount, but Japan, once a large donor, has not contributed for two years. (*FT*, 4 December 2003, p. 12)

‘Masood Hyder ... urged global donors to contribute to a UN appeal for \$221 million in aid for North Korea’ (*IHT*, 8 December 2003, p. 2).

‘According to a survey conducted a year ago by the World Food Programme and Unicef, about 41 per cent of North Korean children under seven suffer from severe malnutrition, which stunts their growth’ (www.iht.com, 11 December 2003).

‘The UN World Food Programme last month [December 2003] began an appeal for \$171 million to feed an estimated 6.5 million people, out of a population of 22 million, in 2004’ (Catherine Field, *IHT*, 14 January 2004, p. 6).

Anthony Banbury (the World Food Programme’s regional director for Asia): ‘In the past few days the World Food Programme, a United Nations Agency, has been warning of food aid shortages in North Korea’ (*IHT*, 21 January 2004, p. 6).

The World Food Programme has been forced to cut food aid to 2.7 million North Korean women and children ... because of a lack of foreign donations, an agency spokesman said Monday [19 January 2004] ... This year [2004] the harvests are expected to fall one million tonnes, or about 20 per cent, short of what North Korea needs, according to aid agencies. The World Food Programme plans this year to feed 6.2 million of North Korea’s 20 million people: the ‘core beneficiaries’ plus people who are paid with food for doing farming and other work. Such food-for-work

programmes have also been 'cut back pretty drastically' [the spokesman said]. (www.iht.com, 19 January 2004)

'The World Food programme is being forced to cut off aid to nearly all the 6.5 million people it feeds in North Korea until the end of March [2004]' (*FT*, 10 February 2004, p. 10).

'The UN's World Food programme has partially resumed food supplies to North Korea but warns that 1.5 million people will still go hungry during the next six months' (*FT*, 26 February 2004, p. 10).

Shortages of food, energy, clean water and other necessities continue to haunt in North Korea, Unicef said on Wednesday [17 March 2004] ... 'Energy is a key factor in the decline of social services,' Unicef's executor director ... said at a news conference after a three-day tour of North Korea. About 70,000 North Korean children are thought to be suffering from severe malnutrition, while there is a shortage of medicine amid deteriorating quality of hospital care ... [the director said]. (www.iht.com, 17 March 2004)

'The UN World Food Programme [says it] ... fed 3.2 million in April [2004] ... In May it will be feeding only 2.6 million. And after September ... zero' (www.iht.com, 29 May 2004).

'Foreign aid helps feed about a quarter of the nation's 22 million people' (www.iht.com, 3 June 2004).

As a result of the explosion in Ryongchong on 22 April 2004 (which left 161 dead, including seventy-six schoolchildren) the United Nations World Food Programme had to dip into its already depleted food stocks. (Conspiracy theories soon developed, claiming that Kim Jong Il had been the subject of an assassination attempt.)

(For more recent developments, see the main section on this topic.)

The debate about the extent to which food aid has been diverted away from those targeted by aid agencies

A report by Médecins sans Frontières, based on interviews with refugees from North Korea and Chinese travellers, concluded that cannibalism has occurred in North Korea. In addition, all but a bare minimum of medical and food aid had been diverted to the army and government officials (*The Times*, 13 April 1998, p. 13; *Guardian*, 13 April 1998, p. 12; *Independent*, 13 April 1998, p. 9). The charity announced on 29 September 1998 that it was pulling out of North Korea because the government had refused access to a large number of children. The charity was concerned, for example, that the government was feeding children who come from families loyal to the regime while neglecting those children who do not. Other charities have pulled out, e.g. Médecins du Monde in August 1998 (saying, for example, that its doctors had not been allowed to choose their patients), Médecins sans Frontières in September 1998; and Oxfam in December 1999. In April

2000 the French-based relief organization Action Against Hunger decided to pull out because it found evidence that the North Korean government was siphoning off US-supplied food intended for starving children and because the government refused to permit the organization access to the hungriest children.

The aid community can be divided into the majority who refrain from strong criticism of Pyongyang and those who choose to confront it. The latter included Médecins Sans Frontières, Oxfam and US agency Care, which have pulled out of the country complaining of curbs on monitoring. (John Larkin, *FEER*, 25 January 2001, pp. 63–4)

Norbert Vollertsen [a German doctor] spent eighteen months in North Korea, from July 1999 to December last year [2000] with a German emergency medical aid agency ... [He became] convinced that much of the aid donated by the outside world was not saving the lives it was intended to save. Instead, he believes much of it is padding the pockets of ruling-party officials ... Vollertsen was forced by the authorities to leave North Korea on 30 December [2000] ... He has declared opinions that have ... set him at odds with much of the international aid community. He says international aid agencies are acting like ‘slaves’ of Pyongyang by failing to confront North Korean authorities about patchy monitoring of aid deliveries and rampant human rights violations ... He says United Nations agencies, in particular the World Food Programme, are too worried about getting expelled to risk annoying their hosts. (*FEER*, 25 January 2001, pp. 62–3)

North Korea receives one of the largest allocations of food aid in the world – almost 1 million tonnes annually. This food, mostly channelled through the UN World Food Programme (WFP), supposedly targets 8 million of the most vulnerable North Koreans ... Yet refugees from the hard-hit northern provinces where WFP concentrates its aid say they never received this food ... No one knows ... what is happening to the food aid ... because the North Korean government does not allow aid agencies the access necessary to ensure that aid is reaching those for whom it is intended. All aid is channelled through the government-run public distribution system ... Aid agencies are permitted to ‘monitor’ the aid, but must announce monitoring visits one week in advance; no random visits to households, kindergartens or schools are allowed. Aid workers have little contact with ordinary North Koreans as a government translator accompanies them wherever they go, and questions deemed controversial are left untranslated ... The government fabricated whatever they wanted aid workers to see ... With no possibility of directing aid to those in most need, Médecins sans Frontières withdrew. (Fiona Terry, researcher for Médecins sans Frontières, *Guardian*, 6 August 2001, p. 16)

The World Food Programme accepts North Korea’s demands as to how

the food is handed out and oversight of this operation. Kim Jong Il's regime insists that foreign aid is distributed by its own officials. If the World Food Programme wants to inspect how the food is being dished out it has to give five days notice. (Catherine Field, *IHT*, 14 January 2004, p. 6)

'Kim has permitted more than 150 foreign food aid administrators to live in Pyongyang and monitor distribution in 163 of the country's 210 counties' (Harrison 2001: 68–9).

Anthony Banbury (the World Food Programme's regional director for Asia):

The World Food Programme does monitor its food aid. The agency has more than forty international staff in six offices around North Korea, who conduct more than 500 monitoring visits each month. Regrettably, the government requires us to agree the week before on a monitoring plan identifying the districts and types of institutions to be visited. But it is only on the day of the visit that we decide which school or home will actually be visited – leaving little time for the government to move commodities around or coach beneficiaries ... Child malnutrition has decreased substantially since our first survey in 1998. (*IHT*, 21 January 2004, p. 6)

Amnesty International last month [January] released a report ... that accused the North Korean regime of using food as an instrument of political and economic control, by distributing supplies according to three classes of loyalty to the state. It estimated that several million children had chronic malnutrition. (*FT*, 10 February 2004, p. 10)

Causes of the famine and policies adopted by North Korea

The causes of the famine range from 'natural' disasters (in inverted commas because deforestation, for example, is a factor in flooding) to government policy. 'The government has ordered all hillside forest chopped down to make room for terraced farming' (Shim Jae Hoon, *FEER*, 17 April 1997, p. 23).

North Korea experienced an abrupt fall in cereal imports in 1994. 'The DPRK's "food crisis" (reports began to circulate in the international media in early 1995) followed closely China's cutback in grain shipments on "friendship" terms' (Nicholas Eberstadt, *Transition*, 1998, vol. 9, no. 2, p. 22).

According to Heather Smith and Yiping Huang ... the present food crisis in North Korea was caused by the disruption in trading ties with former communist allies in the late 1980s. The former Soviet Union ceased providing aid in 1987 ... The former Soviet Union in 1990 and China in 1993 demanded that North Korea pay standard international prices for goods and that it pay in hard currency rather than through barter trade ... Petroleum imports ... declined from 506,000 tonnes in 1989 to 30,000 tonnes in 1992. (*FEER*, 25 October 2001, p. 63)

There was severe flooding in 1995 and fresh flooding the following year. There were reports in the first week of August 1997 of a two-month drought. On 21 August 1997 a tidal wave on the west coast caused considerable damage.

The World Food Programme estimates that only 15 per cent of the current shortfall of 2 million tonnes of food results from the floods. The remainder results from the long-term economic problems. North Korea faces perennial hunger until there is systemic change in its economy. (Brian Atwood and Leonard Rogers, *IHT*, 12 March 1997, p. 10)

North Korea is now in its sixth year of a food crisis which has cost the lives of at least 1 million people. Flood and drought may have been the catalyst, but the root of the problem remains the disastrous mix of rigid planning and the whim of leaders, where pet projects get the lion's share of resources while less favoured regions and sectors are deprived. The projects that paved the way for the food crisis included years of the overuse of physical and chemical damage to soil; poorly planned hillside terracing; and the tearing down of forests to plant maize in the mountains. All this on top of the follies of collective farming, restricting private plots and markets ... Informal markets are the only thing standing between most North Koreans and starvation ... The follies continue ... Land rezoning [is] a project, more or less, to bulldoze North Korea flat and turn it into farmland. (Aidan Foster-Carter, *FEER*, 10 April 2001, pp. 26–7)

Policies adopted in North Korea to combat the food crisis

Policies to combat the food crisis were twofold:

- 1 'Traditional mobilization techniques remained important ... In July [1998] Kim Jong Il issued a telegraphic order commending the army for its assistance in rice transplanting and calling on the people and army to weed diligently' (Brown 1999: 127–8).

'The government is responding with the 'second *Chollima* movement' – a campaign named after a legendary Korean horse that could cover enormous distances in one stride ... The first helped rebuild the nation after the devastating Korean War of 1950–3. The population is being mobilized now to rebuild damaged infrastructure like flood barriers, bridges and roads and to resuscitate production in mines and factories' (Hazel Smith, *The World Today*, 2000, vol. 56, no. 2, pp. 5–6). ('The *Chollima* ["flying horse"] movement, which began in 1958, mimicked the Chinese Great Leap Forward in that it was designed to increase productivity by means of stress on ideological incentives to work hard': Pak 1983: 223–4).

'Current projects have an air of desperation: mobilizing soldiers to blow up hills to make flatter fields, and youth and even children to build

– mainly by hand – a motorway from Pyongyang to its port of Nampo’ (Foster-Carter 2000: 19).

- 2 ‘In response to the food shortage, Kim Jong Il is making announced and unannounced changes in agricultural policy similar to those adopted by China and Vietnam in the early stages of their movement toward market reforms.’ Until recently co-operative farmers were organized in work teams comprising as many as twenty-five members, with the benefits of increased output enjoyed by all. ‘Under the new system work teams will consist of eight members, which will put pressure on the laggards to produce. Each team will be permitted to keep up to 30 per cent of what it harvests, with the amount retained dependent on the extent to which it meets or exceeds production targets.’ What makes this apparently modest reform more significant is that it has been accompanied by ‘an unannounced decision by some local authorities to permit private markets where work teams can sell or barter their surplus and individual farmers can sell or barter food grown on their household plots’. ‘In selected experimental areas . . . the government has also introduced contract farming. Individuals or families may enter into fifteen-year agreements to lease land under which they must sell a fixed amount of food to the state but can dispose of the rest in private markets’ (Harrison 1997: 66–7).

‘The improvement of material incentives in team units [took place] in 1996’ (United Nations 2001: 101–2).

North Korea’s most radical and promising economic reform is being implemented with little fanfare. The government is reversing its long-standing policy of replacing collective with state farms in which farmers earn wages like factory workers in favour of a system by which small teams cultivate a plot of land and keep any surplus after meeting their state quota. The prototype of this ‘small work team method’ was first introduced in the mid-1960s, with teams of ten to twenty-five individuals. The method seemed to have languished only to reappear in the wake of the 1995 famine. In its 1990s reincarnation work teams reportedly consist of eight to ten workers, often comprising a family unit. To encourage farmers, who face almost insurmountable difficulties owing to a lack of fertilizers, pesticides, good seeds and mechanized farm equipment, state production quotas have been lowered. Farm units may sell their surpluses, along with locally manufactured goods and household possessions in the people’s markets that have sprung up throughout the country. These markets are tacitly accepted by the authorities. (Oh and Hassig 1999: 292–3)

Chinese agricultural sources report that for the past three years there have been quiet experiments with a ‘family contract system’. Modelled on China’s reforms, the system provides farming households with incentives to produce and sell their surplus by transferring rights of cultivation from state farms and

collectives directly to the families (David Satterwhite, *Asian Survey*, 1997, vol. XXXVII, no. 1, p. 16).

In June 1997 Kim Jong Il 'approved the setting up of open-air free markets in major cities along the border with China'. 'But since the free markets are restricted to the northern border region, demand elsewhere can only be met by the sprouting underground markets. They provide everything from food and clothing to medicine and home appliances' (Shim Jae Hoon, *FEER*, 10 July 1997, p. 75). Farm policy was modified slightly after the 1995 floods to allow individual farmers to cultivate small patches of land (Shim Jae Hoon, *FEER*, 27 May 1999, p. 24).

'The government allows those with small garden plots to sell vegetables at the informal markets to help relieve growing food shortages' (John Burton, *FT*, 16 May 1995, p. 18). Several open-air markets have been established along the Chinese border, where North Koreans are engaged in unsupervised barter trade now that China is becoming an important source for food (John Burton, *FT*, 3 November 1997, p. 7).

Farmers in the hard-hit northern provinces, particularly near the Chinese border, have been told to fend for themselves, allowing them to trade privately with China. With help from the UN Development Programme, there have been a few scattered experiments with 'micro-credit', providing money to individual households to buy chickens or goats and allowing them to sell the eggs or milk on the open market. (Keith Richburg, *IHT*, 20 October 1997, p. 4)

There is no evidence that Pyongyang took steps in 1998 to adopt meaningful economic or agricultural reforms that would address the structural causes of its food programme. Those seeking evidence of modest reform point in part to the continuation of changes in the agricultural work team system and the expansion of the role of rural markets at which teams can sell over-quota production. (Brown 1999: 127–8)

'Farmers' markets ... emerged despite the regime, not in response to reform' (*The Economist*, Survey, 10 July 1999, p. 14). 'The North's regime has formally recognized the farmers' markets' (p. 13).

Farmers' markets ... are supposed to be small state-controlled outlets at which farmers can sell produce they grow themselves in the tiny plots of land around their houses. They have been around since the 1950s, but since the mid-1990s they have proved particularly useful in providing city dwellers with extra food to supplement their state rations. (*The Economist*, 11 October 2003, pp. 67–8)

'Price reforms and salary hikes began in July [2002]. The regime also announced rules allowing collectives to work marginal land for their own benefit rather than the state's' (*FEER*, 23 January 2003, p. 16).

Farmers are among the winners: they can sell any surpluses on the open market. But two out of three North Koreans live in the towns and cities,

and only 18 per cent of the country is suitable for agriculture . . . Huge but unknown numbers of workers have been moved into farming, even though every scrap of available land is already cultivated. The extra workers are needed because there is virtually no power for threshing and harvesting and no diesel for farm vehicles. This requires more work to be done by hand. Ox-carts are a common sight. (*The Economist*, 13 March 2004, p. 64)

‘While farmers still have to meet their grain quotas, they can also make money on the side . . . They can sell their surplus, or a wheat farmer might sell his chaff to a pig farmer as animal feed’ (www.iht.com, 18 August 2004).

2 Historical, political and demographic aspects

Historical and political background

‘Chosun . . . [is] the name North Koreans use for the Korean nation’ (*FEER*, 17 May 2001, p. 61). ‘Chosun, the ancestral name of Korea, translates as the Land of Morning Calm’ (*The Times*, 6 February 2003, p. 17).

A fierce debate is under way between China and the two Koreas about an ancient royal dynasty that all three claim as part of their history. The dispute [is] about the Koguryo kingdom . . . [which] ruled the northern part of the Korean Peninsula and much of north-east China from 277 BC to AD 669. Beijing, Pyongyang and Seoul have been bickering for months about whether the kingdom should be considered Korean or Chinese. The issue was highlighted last week, when the United Nations [UN Educational, Scientific and Cultural Organization] added Koguryo relics to its list of World Heritage sites . . . Unesco included the remains of about seventy tombs and three cities in its list of Koguryo relics deserving special protection . . . [and] by recognizing Koguryo sites in China and Korea avoided endorsing either side of the argument . . . To Beijing the claims of North and South Korea to Koguryo history risk exciting separatist sentiment among the estimated 2 million ethnic Koreans in north-east China. To Seoul and Pyongyang Beijing’s attitude reflects its fear of a powerful, reunified Korea and its desire to dominate the peninsula . . . North and South Korea had jointly lobbied for Korean sites to be given World Heritage status . . . It was the first time secretive North Korea had been represented in the 788-strong list of the world’s most important heritage sites. (*FT*, 6 July 2004, p. 10)

South Korea is furious at claims by Beijing that an ancient kingdom regarded as its founding civilization was a mere province of China. The region of Koguryo formed most of modern North Korea and a part of what is now China where many ethnic Koreans still live. It merged with the southern kingdom of Silla to form Goryeo, from which the name Korea is derived . . . Chinese government historians [have] published research purporting to prove that it was a Chinese civilization . . . Many South Koreans are concerned that, should . . . [North Korea] collapse . . .

China would intervene to protect its own interests there ... No mention was made [by China] of the kingdom's links to modern Korea. The Korean history section of the Chinese foreign ministry website was altered to remove references to Koguryo. A group of South Korean MPs who wanted to visit Ji'an were refused visas. (*Telegraph*, 19 August 2004, p. 13)

The ancient Koguryo kingdom was defeated by its neighbours in AD668 ... Established in AD37, in what is now northern Korea and southern Manchuria, the Koguryo is regarded by Koreans as a golden age. Its founding monarch [was] Chumong ... Its greatest king, Kwanggaeto, established ... Pyongyang. It produced distinguished scholars and Buddhist divines and its royal tombs, painted with exquisite murals, have been recognized as World Heritage Sites ... Despite the fact that the northern part of the old kingdom is now China, it was universally acknowledged as a Korean civilization. But last year [2003] disquieting references to Koguryo began appearing in China's state-run media. It was described as being part of China. It was reported that a group of Chinese scholars had established a 'north-east Asia project' to come up with proof and there was little doubt that these moves had official approval from Beijing ... Throughout its history the Korean Peninsula has been fought over and passed between the great powers that surround it ... [In 2003] China overtook the United States to become South Korea's largest trading partner and export market. (*The Times*, 24 August 2004, p. 12)

Koguryo [was] a kingdom of hunting tribes that ruled much of modern North Korea and Chinese Manchuria from 37BC to 668AD, when it was conquered by the Tang dynasty. Koreans see the kingdom as the forerunner of their nation, a flourishing civilization that bequeathed to modern Korea its name. In contrast, China's state-controlled news agency last month [July] called the kingdom a 'subordinate state that fell under the great influence of China's politics, culture and other areas' ... At the same time ... an official [Chinese] study group issued academic papers bolstering a new position that the ancient kingdom was merely a Chinese vassal state ... China evidently has feared that one day the 2 million ethnic Koreans in north-east China would lend their support to a 'greater Korea' that would spill over modern borders ... [On 24 August 2004] China and South Korea ... [agreed] to conduct civil talks over the boundaries of [Koguryo] ... North Korea, which lovingly maintains Koguryo tombs and relics on its territory, has so far remained silent on the dispute with China, a key ally. (*IHT*, 25 August 2004, p. 3)

[In the] 12th century BC a Chinese scholar founds a colony at Pyongyang. [In 1637 the country] was made a vassal of the Manchu dynasty. Korea isolates itself, excluding non-Chinese influences, and becomes known as the 'Hermit Kingdom' ... [In] 1948 two regimes were established – the

Republic of Korea in the South and the People's Democratic Republic in the North ... [In] 1988 the United States imposed sanctions on North Korea for its alleged terrorist activities. (*The Times*, Review, 15 May 2004, p. 5)

Former South Korean president Kim Dae Jung (*IHT*, 20 June 2000, p. 9):

We have reached a turning point so that we can put an end to the history of territorial division for fifty-five years ... We have been a homogeneous nation for thousands of years. We lived as a unified nation for 1,300 years.

Chusok, the Korean day of thanksgiving, falls on 12 September this year; and both Koreas celebrate 3 October as Foundation Day, the date of the birth more than 5,000 years ago of Tangun, the mythical Korean ruler, said to have been the offspring of a bear and a tiger. (*IHT*, 18 August 2000, p. 6)

A unified state from AD668 to 1945, Korea was liberated (and divided at the 38th parallel) in 1945, having been part of the Japanese Empire from 1910 to 1945. An isolated state, it was known as the 'Hermit Kingdom'.

Significant events and dates in the relationship between Japan and Korea are as follows:

1592 and 1597. 'Toyotomi Hideyoshi invades Korea, bringing back 60,000 prisoners, books and printing equipment – and ears and noses of defeated foes.'

1875. 'Japan forces Korea to open its ports to Japanese trade without customs duties.'

1876. 'Japanese naval fleet forces the signing of trade treaty with Korea.'

1905. 'Korea yields control over foreign affairs to Japan ... Korea becomes a Japanese protectorate.'

1910. 'Korea is annexed by Japan.'

1937–45. 'Shinto religion and worship of Japanese Emperor enforced in Korea.'

1938. 'Exclusive use of Japanese introduced in schools and officialdom. Koreans "encouraged" to take Japanese names.'

1945. '[Some] 2.5 million Koreans serving abroad in the Japanese Empire
'Number of Koreans forced to work in Japan: 1.2 million (Korean estimate); 80,000 (Japanese government estimate).'

'Number forced to join Japanese army: 160,000 (Korean estimate).'

1990. 'Emperor Akihito expresses "deep regret" for "suffering" of Koreans under Japanese rule.'

(The events and dates listed above are taken from *The Times*, 2 March 2005, p. 45, and 4 March 2005, p. 47.)

At the 1943 Cairo Conference the allies had envisaged an independent and unified Korea. The North was occupied by Soviet forces in August 1945 and the United States occupied the South. The Democratic People's Republic of Korea (DPRK) was proclaimed on 9 September 1948 and became a

member of the Non-Aligned Conference in 1975. In the Korean War (1950–3) China backed the North and UN forces backed the South (the Soviet Union having absented itself from the UN Security Council). North Korean troops had crossed the 38th parallel on 25 June 1950. Apart from Chinese forces, the Soviet air force also took part in the war (although this was not formally admitted by the Soviet Union at the time). The war ended in a truce rather than a peace treaty. The armistice was signed on 27 July 1953 by North Korea, China and the United States acting on behalf of the United Nations. Since July 1953 the two Koreas have been separated by the Demilitarized Zone (DMZ), which runs to the south of the 38th parallel in the West and to the North in the East. North Korea occupies 55 per cent of the total territory.

Kim Il Sung was born Kim Song Ju on 15 April 1912 and he adopted the name Kim Il Sung after a famous guerrilla who fought the Japanese. ('Il Sung' means 'One Star'.) Kim Il Sung (the 'great leader') was prime minister 1948–72, president (1972–94) and general secretary of the Korean Workers' Party (formed in August 1946 when the Korean Communist Party united with the New Democratic Party). Kim Il Sung was named head of the Korean Workers' Party (Communist Party) in 1948. He died on 8 July 1994 of a heart attack at the age of eighty-two. He had groomed his son Kim Jong Il (the 'dear leader'; born 16 February 1942) to take over when he died, thus ensuring the perpetuation of family rule. The succession of Kim Jong Il represented the first 'dynastic' succession in communist history. Kim Jong Il became general secretary of the Korean Workers' Party on 8 October 1997. On 5 September 1998 Kim Jong Il was made chairman of the National Defence Commission. Although Kim Il Sung was made 'eternal president', Kim Jong Il was head of state, the post of chairman of the National Defence Commission being proclaimed the 'highest post of the state'.

[North Korea] relentlessly represses the underground Christian church. There are three churches in Pyongyang and, according to North Korean authorities, 500 throughout the country, but they now serve the interests of state propaganda. In a country where Christianity flourished after the arrival of the first Protestant missionaries in 1885, Kim Il Sung's policy of *juche* [defined by an official tour guide in Pyongyang as] 'I am master of my destiny, without relying on anyone else' ... introduced an elaborate religious mythology around a *juche* Holy Trinity that placed the Great Leader at the pinnacle. His mother, Kim Jung Sook, and his son, Kim Jong Il (Dear Leader), form the other members of the holy family worshipped by North Koreans ... Until 1950, according to some estimates, there were 2,850 churches, 700 pastors and 300,000 Christians. (*Independent*, 17 September 2004, pp. 32–3)

(In mid-1994 the party had 3 million members: *FEER*, 21 July 1994, p. 15.)

North Korea took care not to antagonize either China or the Soviet Union, but after the disintegration of the latter in 1991 North Korea has been far more beholden to China than Russia (not least in terms of economic aid).

North Korea was concerned, however, at the expanding links between communist countries and South Korea. In February 1989 South Korea and Hungary established full diplomatic relations. Indirect trade with China, via Hong Kong and Japan especially, started in 1979 and joint ventures began in 1985 (Jae Ho Chung 1988: 1034, 1042). This trade was estimated at \$1.5 billion in 1987 and \$3 billion the following year, compared with Sino–North Korean trade worth \$519.4 million in 1987 (*FEER*, 8 December 1988, pp. 21–2). Trade offices were opened with Hungary, Yugoslavia and the Soviet Union. (Soviet–South Korean trade amounted to around \$150 million in 1987: *IHT*, 2 February 1989, p. 1.) Bulgaria and, Poland and Yugoslavia followed suit. Trade pacts were signed with Bulgaria, Poland and Yugoslavia. A joint venture was set up in 1989 between a South Korean company and the Soviet Union involving a tourist hotel in Moscow (part of the company’s plan for a chain extending to countries such as China and Hungary), while others were agreed in principle in construction, manufacturing and fisheries. It is interesting to note that the GDR, although it took part in the Seoul Olympics, avoided such links, no doubt sympathetic to the other ‘split’ nation.

After the 9 October 1983 assassination, through bombing, of seventeen South Korean members of President Chun Doo Hwan’s delegation, including three ministers, in Rangoon (Burma), North Korea performed the unlikely act the following year of providing aid relief (chiefly rice, clothing, cement and medicine) to the September flood victims in the South. In 1985 the first family exchange visits took place, specifically thirty North Koreans and thirty-five South Koreans. The DPRK did not participate in the Seoul Olympics, which opened on 17 September 1988. The aim had been to co-host the games, but only five sports were offered. The only other non-participants were Albania, Cuba, Ethiopia, Nicaragua and the Seychelles (Jeffries 1990: 261).

Kim Il Sung practised a strong cult of personality (that has been carried on by Kim Jong Il). The policy of *Juche* (*Chuche*) is normally translated as ‘self-reliance’. This helped make North Korea one of the most isolated of the then communist countries. Kim Il Sung described *Juche* as

holding fast to the principle of solving for oneself all the problems of the revolution and construction in conformity with the actual conditions at home and mainly by one’s own effort ... Man, a social being that is independent and creative, is master of everything and decides everything. (quoted by Rhee 1987: 890)

‘*Juche* ... is usually translated as “self-reliance” but ... actually means “we can do anything we want”’ (*The Economist*, 22 February 1997, p. 76). On 12 February 1997 Hwang Jang Yop defected. (See the section devoted to defectors, below.) ‘Kim Il Sung called on him in the 1960s to help develop the ideology of self-reliance. A split had developed in the communist world between the Soviet Union and China, and Mr Kim did not want his country

to become too dependent on either' (Andrew Pollack, *IHT*, 20 March 1997, p. 4). 'North Korea's guiding ideology of *Juche*, proclaimed in 1955, is a broad and slippery concept that sets North Korean independence from foreign influence as its manifest goal' (Oh and Hassig 1999: 298). '[The] *Juche* doctrine means that man should be the master of his own environment' (John Gittings, *Guardian*, 3 May 2001, p. 2).

Kim Il Sung's *Juche* stressed the human factor in development and downgraded the importance of material incentives. Also downgraded was the importance of foreign trade and its accompanying specialization, owing to the fear of possible domination by larger powers. But in Kim Il Sung's later years there was greater stress on foreign trade, capital and technology, including links with Western countries. In January 1984 Kim Il Sung expressed a interest in expanding links with 'friendly' Western states (Rhee 1987: 888), a call repeated at the DPRK's fortieth anniversary celebrations some four years later. Kim Jong Il called for a stricter implementation of an 'independent accounting system of enterprise', a gradual increase in the managerial independence of state enterprises, greater use of economic criteria in decision-making and improved worker incentives, although there was no notable decline in party influence' (Koh 1988: 63). The Economist Intelligence Unit (EIU) (*Country Report*, 1988, no. 1, p. 33), however, detected a swing back to *Juche* in early 1998.

North Korea's human disaster, set against the size of the place, outdoes even Mao's famine-inducing Great Leap Forward and Cambodia's killing fields ... Jasper Becker wants to spread the word: 3 million civilians killed in a civil war unleashed by Kim Il Sung in the 1950s; over 2 million lost to a largely man-made famine that peaked in the mid-1990s; another 1 million dead over the decades from torture and the appalling conditions of North Korea's gulag. (review of Jasper Becker, *Kim Jong Il and the Looming Threat of North Korea*, Oxford University Press, in *The Economist*, 11 June 2005, p. 86)

'Kim Jong Il ... is personally responsible for a man-made famine that has killed 3 million people over the last decade' (Jasper Becker, *IHT*, 10 June 2005, p. 6).

Demographic comparisons between North and South Korea

The population was 21.7 million in 1987 (compared with 42.8 million for the South), nearly 70 per cent being urbanized (Jeffries 1990: 263).

South Korea has a population of 43.5 million; life expectancy at birth in 1996 was seventy for men and seventy-seven for women; the infant mortality rate is eight per thousand live births. The respective figures for North Korea are 23.9 million, sixty-seven and seventy-four, and twenty-six per thousand live births (*IHT*, 5 March 1997, p. 6).

In 1997 the following figures applied to South Korea and North Korea respectively: population, 46 million and 23 million; male life expectancy,

sixty-nine years and sixty-one years; female life expectancy, seventy-six years and sixty-five years (*The Economist*, Survey, 10 July 1999, p. 14).

In 1998 South Korea's population was 46.4 million compared with North Korea's 21.9 million (*The Economist*, 1 July 2000, p. 83).

A census puts South Korea's population at 46.1 million (*IHT*, 27 September 2001, p. 5).

Farmers account for barely a quarter of the civilian work force in North Korea, compared with 44.4 per cent in 1960 (EIU, *Country Profile*, 1993–4, p. 59).

Only 25 per cent of the work force is employed in agriculture in North Korea, whereas the figure for state manufacturing industries is over 56 per cent (Junki Kim, *Transition*, April 1998, vol. 9, no. 2, p. 20).

In 1980 only 15 per cent of the population (compared with 41 per cent in South Korea) were allowed to reside in urban areas. 'Those permitted to pursue higher education or to live in the cities are the elite of society' (Sungwoo Kim, *Asian Survey*, 1993, vol. XXXIII, no. 9, p. 864).

Family exchanges and visits between North and South Korea

The first family exchange visits took place in 1985, in North Korea, specifically thirty North Koreans and thirty-five South Koreans (Jeffries 1990: 261). (Some say fifty people from each side were involved.)

An estimated 7 million South Koreans, one-sixth of the population of South Korea, are either refugees from North Korea or their descendants (*FT*, Weekend, 31 December 1994, p. ii). Ten million or so Koreans are separated from their relatives as a result of the Korean War (*The Economist*, 25 June 1994, p. 69).

An estimated 25 per cent of South Koreans have relatives in North Korea (*IHT*, 5 March 1997, p. 6). The South Korean embassy in Beijing estimated that almost 10 million people remain divided from family members (*IHT*, 27 May 1997, p. 14).

More than 7 million South Koreans have relatives in North Korea (*FEER*, 26 February 1998, p. 13).

In 1970 private groups estimated that 5 million South Koreans had a parent, sibling or child in North Korea. Estimates of how many have immediate family members in North Korea now range from 400,000 to 1 million. Millions more have some relatives, including distant cousins, there (*IHT*, 15 April 1998, pp. 1, 6).

'[Some] 10 million people [are] separated from relatives' (*IHT*, 5 July 1999, p. 8).

'One southerner in five is thought to have a relation in the North . . . North Korea has so far allowed only six southerners to visit the North to meet family members' (*The Economist*, 11 March 2000, p. 87).

'More than 7.6 million people in the South have relatives on the other side of the border' (*The Economist*, 1 July 2000, p. 83).

'An estimated 15 per cent of South Koreans have relatives living in the

North, but they have been unable to contact them because of a ban on postal and telephone links between the two Koreas since the civil war' (*FT*, 1 July 2000, p. 6).

'There are some 1.2 million people in the South with immediate family members in the North. If second and third generations are added, the total reaches nearly 7.7 million' (*FEER*, 24 August 2000, p. 21).

'Approximately 10 million family members [have been] unable to contact each other since the peninsula was divided' (*FEER*, 28 September 2000, p. 14).

'South Korea estimates that 7 million of its own people and 3 million from the North have relations they have not seen since 1953' (*The Economist*, 30 September 2000, p. 91).

Former South Korea president Kim Dae Jung (27 November 2000): 'We are trying to ascertain how many of the 10 million members of separated families are still living.'

North Korea has recently indicated that it will help collect addresses and set up a direct exchange of mail between family members. As early as June 1998 South Korea is to set up a government information centre to help families locate relatives in North Korea. Since the 1950–3 Korean War no letters, phone calls or other forms of direct contact have been permitted between civilians in North and South Korea. On 14 April 1998 South Korea announced that it would amend its national security laws so that people in South Korea could directly send small amounts of money to family members in North Korea. In 1970 private groups estimated that 5 million South Koreans had a parent, sibling or child in North Korea. Estimates of how many have immediate family members in North Korea now range from 400,000 to 1 million. Millions more have some relatives, including distant cousins, there. (*IHT*, 15 April 1998, pp. 1, 6)

Since 1989 several thousand people have indirectly exchanged letters with their relations in North Korea, but fewer than 200 brief meetings have been allowed (*The Economist*, 18 April 1998, p. 73).

It was announced on 30 June 2000 that Red Cross negotiators from North and South Korea had agreed on an exchange in which 100 family members from South Korea would go to Pyongyang and 100 family members from North Korea would travel to Seoul on 15–18 August 2000. (Some fifty political prisoners, spies and infiltrators, held in South Korea, would be sent to North Korea in early September 2000.)

Meetings . . . have been organized unofficially for years, mostly in northern China. According to Seoul's unification ministry, 458 families were reunited in the 1990s. Most of these reunions are arranged by brokers who employ a network of ethnic-Korean Chinese nationals and North Koreans. For a fee, typically \$1,500, they track down family members in the North; another \$5,000 to \$7,000 buys a reunion . . . Most of the 1.5 million first-generation North Korean refugees still living are now in

their seventies and eighties. So the South's unification ministry does what it can by referring families to recommended brokers and helping cover costs by giving each reunited family 3 million won (\$2,600). And it will continue to do so even with the official reunions taking place next week ... Only fifty families have been officially united in the forty-seven years since the end of the Korean War. (*FEER*, 19 August 2000, p. 18)

The exchange (the second) took place on 15–18 August 2000 involving 100 family members from North Korea flying to Seoul and 100 family members from South Korea flying to Pyongyang.

'[On 15 August] a Russian-made airliner became the first North Korean commercial plane to land in the South ... The aircraft flew 100 people from Pyongyang to Seoul and picked up 100 there to take north in exchange' (*Independent*, 16 August 2000, p. 11).

North Korea was careful to arrange an insurance policy against defections, making sure that the South Koreans who have gone north will not leave until all of the North Korean family members are home and accounted for ... The North Koreans ... all appear to be members of the country's elite ... A South Korean official ... said Tuesday [15 August] that South Korea expects to pay for these reunions in cash. Already that government has given each family \$500 to give to its North Korean relatives. (*IHT*, 16 August 2000, p. 5)

All the North Koreans who made the trip to Seoul were highly successful professionals who were originally from South Korea. Most of them voluntarily joined North Korean forces during the few months in which the communists occupied much of the South in 1950 ... The timing is symbolically charged. The visits this week began on Tuesday [15 August], the fifty-fifth anniversary of the end of Japan's wartime rule over the Korean Peninsula. Chusok, the Korean day of thanksgiving, falls on 12 September this year; and both Koreas celebrate 3 October as Foundation Day, the date of the birth more than 5,000 years ago of Tangun, the mythical Korean ruler, said to have been the offspring of a bear and a tiger. (*IHT*, 18 August 2000, p. 6)

'Those from the South were chosen by lottery. Those from the North were selected apparently for loyalty to Pyongyang and were mostly people who had defected to the North' (*FEER*, 24 August 2000, p. 21).

'The North Koreans visiting Seoul were selected based on their loyalty to the communist government, while South Koreans going north were chosen by lottery' (*FT*, 16 August 2000, p. 11).

Those from South Korea were ordinary people, mostly very elderly, who were selected in a computer lottery; those from North Korea were mostly luminaries, handpicked for their loyalty to the Stalinist regime and carefully watched over by minders ... This week [on 15 August] the two

Koreas also opened liaison offices in Panmunjom. (*The Economist*, 19 August 2000, p. 16)

The third reunion of family members took place on 30 November–2 December 2000, involving 100 people from South Korea and 100 from North Korea flying to Pyongyang and Seoul respectively. The reunion was meant to have taken place earlier.

‘[In February 2001] Red Cross officials from North and South Korea agreed to let 300 separated families write to each other from March in the first deal of its kind’ (*FEER*, 8 February 2001, p. 15.)

North and South Korea exchanged mail for 600 families on Thursday [15 March 2001], the first contact in more than fifty years for the relatives. ‘We exchanged 300 letters from each side with North Korean officials at Panmunjom after checking their names and addresses’, South Korea’s Red Cross said . . . The exchange was the first since the Korean Peninsula was partitioned in 1945. (*IHT*, 16 March 2001, p. 6)

‘South Korea voiced its anger yesterday [16 October 2001] after the North postponed reunions of families . . . The North claimed global terrorism made the South unsafe to visit . . . A shipment of rice to the North was halted’ (*Telegraph*, 17 October 2001, p. 17).

North Korea cancelled last week what was to have been the fourth set of reunions of 200 family members . . . Pyongyang cited the war in Afghanistan as the reason for the sudden decision, accusing Seoul of heightening tensions by placing its troops on alert and saying there was no guarantee of security. (*IHT*, 18 October 2001, p. 7)

The fourth family reunion took place on 28–30 April 2002.

The reunion yesterday [28 April] of nearly 100 elderly South Koreans with relatives in communist North Korea was overshadowed by a flurry of asylum bids through Western embassies in Beijing . . . While only the fourth such reunion in two years was occurring, three North Koreans arrived in South Korea via the Philippines after seeking refuge in the German and US compounds in Beijing. (*FT*, 29 April 2002, p. 6)

US diplomats in Seoul said Washington would respond positively soon to an invitation from Pyongyang for a State Department envoy to visit North Korea . . . In a separate development yesterday [30 April] the Red Cross organizations of North Korea and Japan agreed to intensify the search for Japanese nationals whom Tokyo believes were abducted by North Korean agents. The meeting in Beijing was the first contact between the two countries for two years. (*FT*, 1 May 2002, p. 10)

‘Later 100 northerners will travel south’ (*Telegraph*, 29 April 2002, p. 12).

On Sunday [28 April] Mount Kumgang was the site of a fourth round of reunions of family members separated by the Korean War . . . In March

the South Korean government agreed to pay a monthly subsidy of \$1.4 million to keep alive the tourism project at Mount Kumgang ... In addition to 450,000 South Koreans who have visited ... Mount Kumgang since 1999, about 6,200 South Koreans are visiting North Korea yearly. Only 270 visited yearly in the decade before 1998, the year ... Kim Dae Jung adopted a policy of reconciliation or 'sunshine' toward the North. Han Duk Soo, the main economic adviser to Kim, said in an interview: 'The main objective for us is to make sure North Korea does not collapse. If they collapse, we know it will mean a huge cost to South Korea' ... This autumn a South Korean sports entrepreneur plans to start flying hundreds of South Koreans to ... Pyongyang to play at North Korea's only eighteen-hole golf course. (*IHT*, 30 April 2002, p. 1)

'More than 100 South Koreans flew to Pyongyang ... for a five-day visit on the first commercial flight between the countries since they were divided ... Previous flights by South Koreans for brief family reunions have been funded by their government' (*The Times*, 15 September 2003, p. 12).

A private telephone line has been set up between the capitals of North and South Korea for the first time since the end of the Korean War, to allow relatives from both sides of the border to be reunited in a video conference ... Twenty families from each side are to meet in the reunions ... Face-to face reunions will also be held at the North's Diamond Mountain resort, the eleventh round of such reunions since the first summit in June 2000 between the leaders of the North and South. Nearly 10,000 separated relatives have met. (*Independent*, 23 July 2005, p. 33)

[On 15 August] South and North Korea staged their first video-link family reunions ... The live broadcasts of the family reunions involved forty families from the two Koreas ... Each year 5,000 die with the dream of seeing their family again unfulfilled. (*IHT*, 16 August 2005, p. 4)

[On 25 August it was announced that] hundreds of families separated by the Korean War [were to be allowed] to be reunited temporarily in face-to-face meetings or through videoconferences ... Since 2000 the two Koreas have held ten rounds of family reunions. A new round is scheduled to begin in the Diamond Mountain resort on Friday [26 August], involving 870 Koreans. (www.iht.com, 25 August 2005)

Political prisoners, kidnappings and refugees

'According to a South Korean government report, North Korea is holding about 400,000 political prisoners in secret camps. This figure is double the previous estimate' (*IHT*, 22 September 1995, p. 4). 'One South Korean source places the number of political prisoners in the various camps at more than 200,000, close to 1 per cent of the country's population. The number of

petty criminals in labour camps is unknown' (*FEER*, 25 November 1999, p. 26). North Korea's gulag contains some 200,000 prisoners (*IHT*, 25 February 2000, p. 14). 'More than 100,000 ... [have been banished] to notorious prison camps' (*Guardian*, 5 December 2002, p. 21).

'[In] North Korea's detention camps ... between 100,000 and 200,000 people are believed to languish in ten major centres.' Families can be sent to detention camps for 'crimes' committed by relatives (*IHT*, 27 October 2000, p. 4). There are 150,000 political prisoners in North Korea (*IHT*, 28 October 2000, p. 8).

'[There are in North Korea] an estimated 800 South Koreans, including prisoners of war and captured fishermen' (*FT*, Survey, 10 October 2000, p. ii). 'North Korea has kidnapped a total of 3,756 South Koreans since the end of the Korean War, and some 487 abductees (mostly fishermen) and 351 POWs are believed to be living in the North' (Samuel Kim, *Asian Survey*, 2001, vol. XLI, no. 1, p. 19).

On 23 November 1996 seventeen North Korean defectors (sixteen of whom were members of one family) arrived in Hong Kong via China. 'Altogether thirty-four have defected so far this year, compared with thirty-eight in the whole of 1995 and fifty in the whole of 1994. Since 1991 140 North Korean defectors have been allowed to settle in South Korea' (*IHT*, 6 December 1996, p. 12). (The seventeen reached South Korea on 9 December 1996.)

'Perhaps 600–750 North Korean defectors live in South Korea' (*IHT*, 19 February 1997, p. 6).

'Between 1970 and 1989 eighty-nine defected, while at least 170 have done so since the death in 1994 of Kim Il Sung' (*IHT*, 6 May 1997, p. 4). (Fifty defectors went to South Korea in 1994, thirty-eight in 1995 and fifty-one in 1996: David Satterwhite, *Asian Survey*, 1997, vol. XXXVII, no. 1, p. 14. 'An average of fifty North Koreans arrived in South Korea annually between 1994 and 1996, whereas forty-six have already arrived this year'; *IHT*, 13 June 1997, p. 5.)

On 6 December 1996 South Korea announced that it would set up a refugee camp the following year.

The Stalinist regime of North Korea suffered the highest-level defection in its history Wednesday [12 February 1997] when its top theoretician, a close adviser to the leader Kim Jong Il, sought asylum at the South Korean embassy in Beijing. Hwang Jang Yop, key architect of North Korea's guiding philosophy of *Juche*, or self-reliance, defected on his way home from a two-week tour through Japan ... The seventy-two-year-old Mr Hwang is also married to a niece of the late leader Kim Il Sung ... North Korean government spokesmen at first reacted with denial, then charged that Mr Hwang had been kidnapped ... Mr Hwang ... is one of only eleven members on the powerful Secretariat of the Workers' Party of Korea. Three times he has been elected chairman of the Supreme People's Assembly. He has been a member of the party's central committee since 1970. (*IHT*, 13 February 1997, pp. 1, 7)

A second man, an aide and the president of a North Korean trading company, accompanied Mr Hwang (*Independent*, 13 February 1997, p. 12; *The Times*, 13 February 1997, p. 16).

A spokesman for North Korea (17 February 1997): 'If he [Hwang Jang Yop] was kidnapped, we will take decisive countermeasures. If he sought asylum, it means that he is a renegade and he is dismissed.'

Hwang Jang Yop arrived in South Korea on 20 April 1997. He made a number of statements.

It is obvious why the North Korean government abandons starving people, refuses reforms and does its utmost to prepare for a war. It seems to believe its only choice is to use the military forces it has been preparing for decades.

I came to South Korea because I am convinced the only way out is to prevent war by joining hands with our brothers in the south.

North Korea, which has bragged about having established a socialist paradise, has turned into a country that begs.

The North Korean economy is almost paralyzed. All these problems can be blamed on North Korea's wrong policies.

People are suffering from starvation and the government has no choice but to beg from international agencies.

On 15 February 1997 a defector (who left North Korea in 1982) was shot and critically wounded in a Seoul suburb. South Korea blames North Korean agents. (He died ten days later.)

On 12 May 1997 fourteen North Koreans (members of two families) escaped by boat to South Korea. (This is believed to be the first escape by boat.)

On 22 August 1997 the North Korean ambassador to Egypt (whose son had defected to Canada in 1996) defected to the United States. (This is the first North Korean ambassador to defect to the West: *IHT*, 26 August 1997, p. 1.) His brother, a diplomat in Paris, also defected to the United States.

A North Korean army officer defected through the border at Panmunjom on 3 February 1998, 'the first North Korean soldier to defect through the village in the demilitarized zone separating the two countries' (*IHT*, 4 January 1998, p. 5).

On 6 February 1998 a North Korean diplomat defected in Rome.

North Korean defectors to South Korea numbered eighty-six in 1997, compared with only eight in 1993 (*FEER*, 27 August 1998, p. 23).

Some 700 North Koreans have defected (*The Economist*, 14 February 1998, p. 73).

Since the Korean War 751 North Koreans have defected (*IHT*, 6 February 1999, p. 4).

The South Korean government seems to be prepared to accept North Korean defectors who have made it to China only if they bring important

information about the Hermit Kingdom with them. No more than a few of the 50,000 or so North Koreans thought to be staying in China, and trying to dodge the authorities, are let into South Korea every year. (*The Economist*, 22 January 2000, p. 72)

North Korea is to set up information centres to help people find lost relatives. The gesture raises hopes that North Korea will respond to South Korea's bid to reunite families separated since the Korean War. South Koreans aged at least sixty-five will be allowed to meet relatives without government approval. More than 7 million South Koreans have relatives in North Korea. (*FEER*, 26 February 1998, p. 13)

'Estimates of the number of North Koreans crossing illegally into China are equally broad: Western and South Korean experts puts last year's [1998] outflow at 100,000 to 400,000' (Shim Jae Hoon, *FEER*, 29 April 1999, p. 11). 'Most Koreans only spend a few days in China [according to one source] . . . Only 100,000 have stayed on as illegal refugees [according to another source] . . . About 10,000 North Koreans were forcibly returned last year [1998]' (pp. 12–13).

On 7 October 1999 South Korea said that about 30,000 North Koreans had fled to China, compared with China's estimate of 10,000 (*Telegraph*, 8 October 1999, p. 18).

Workers with non-governmental organizations operating in China near the border estimate that more than 200,000 North Koreans have fled into China since then [1995] . . . Some 10,000 to 20,000 are forcibly returned to North Korea each year, according to sources in Yanji [China]. (*FEER*, 25 November 1999, p. 23)

Estimates put the number of North Koreans illegally staying in the border region of China at between 100,000 and 200,000.

It is unclear exactly how many North Koreans have recently been handed over to North Korean border guards on the bridges that span the narrow Tumen River. Relief workers . . . say the number was about 7,200 in 1999 and is likely to be at least twice as high this year [2000]. (*IHT*, 1 June 2000, p. 6)

'About 100,000 northerners are believed to have crossed into north-eastern China, where some 2 million ethnic Koreans have lived alongside the Chinese since the mid-1800s' (*The Economist*, 17 June 2000, p. 76).

It was announced on 30 June 2000, by Red Cross negotiators, that some fifty political prisoners (spies and infiltrators) held in South Korea would be sent to North Korea in early September 2000.

'Some 1,200 [North Koreans reached South Korea] in 2003, according to the Korea Economic Institute . . . Of the 4,283 defectors who have reached the South since 1989, more than half have arrived in the past two years' (*FT*, 21 February 2004, p. 8). 'More than 3,300 refugees in the past four years have found their way to South Korea' (*The Economist*, 1 May 2004, p. 64).

An extended family of seven North Korean refugees who had been hiding in a United Nations office in Beijing for four days was allowed to leave China Friday [29 June] ... The departure of the seven ended what could have potentially become a sticky human rights issue for China two weeks before a decision was due on Beijing's bid to host the 2008 Olympics. China has returned thousands of refugees from North Korea, contending they are economic migrants. (*IHT*, 30 June 2001, p. 2)

'Some 1,400 [North Koreans] have escaped to the South since the Korean War ended in 1953 ... Estimates of how many North Koreans have sneaked into China range from 30,000 to ten times that number' (*The Economist*, 30 June 2001, p. 62).

'Some estimated 15,000 North Koreans have slipped across the border into China' (*FT*, 2 July 2001, p. 8).

Estimates of the number of North Korean refugees in China range from 10,000 to 500,000 ... China ... treats them as illegal immigrants ... [In June 2000] China launched a 'strike hard' campaign, which has involved a sharp increase in the number of aid workers arrested and fined and refugees repatriated, many to face imprisonment or death ... Those sent back can be charged with treason ... Although the campaign is a national one and not restricted to illegal immigrants, aid workers say it is being applied with particular force in border areas. The maximum fine for individuals caught sheltering illegal immigrants has been increased ... and more people are being arrested. (*Guardian*, 23 July 2001, p. 14)

The Chinese are trying to stem a tide that had produced about 300,000 refugees when the crackdown started last month [June] ... China labels them economic migrants and says they must go home ... The Chinese government is not allowing UN workers to travel to the border to make that determination [whether refugees meet the criteria for protected political refugee status] even though China has signed related treaties. Now China may be stepping up its repatriation campaign in response to [the 29 June incident] ... Some of the pastors who assist refugees ... say the Chinese stepped up their pursuit in the spring and have intensified it since a nationwide house-to-house began on 1 July. (*IHT*, 26 July 2001, p. 1)

The UN refugee agency has been barred from visiting the border area since 1999 ... Estimates of the number of North Koreans illegally in north-east China vary widely, reflecting the lack of international access and China's reluctance to discuss the matter. Amnesty International says the estimates range from 30,000 to 300,000 and that the number is believed to fluctuate. (*Guardian*, 16 August 2001, p. 15)

'North Korean refugees are estimated to number from 100,000 to 300,000 in north-east China' (*FEER*, 6 September 2001, p. 20).

[On 14 March 2002] Twenty-five North Koreans took refuge inside the Spanish embassy in Beijing ... The six families include children ... sought

political asylum from Spanish diplomats ... The families had escaped from North Korea once before but were repatriated by China, which does not recognize them as refugees. (*The Times*, 15 March 2002, p. 22)

In a similar incident in June last year [2001, involving the UNHCR office in Beijing] China let a family of seven go to South Korea via Singapore and the Philippines. South Korean aid groups say between 150,000 and 300,000 North Koreans are scattered in the hills of north-east China. (*Independent*, 15 March 2002, p. 16)

'Television pictures showed fourteen adults and eleven children ... The defectors say ... they had been jailed for six months in North Korea after China deported them following a previous escape bid ... [They] demanded asylum and safe passage to South Korea' (*FT*, 15 March 2002, p. 8).

On 15 March 2002 all twenty-five were flown to the Philippines, the first stage of their journey to South Korea.

'Estimates [say there are] anywhere from 30,000 to 300,000 North Korean refugees within its [China's] borders ... China has a treaty with North Korea that requires repatriation of its nationals and does not recognize North Koreans as refugees' (*FEER*, 28 March 2002, p. 11). 'Human rights groups say there are 150,000–300,000 Korean defectors hiding in China' (*FEER*, 4 April 2002, p. 20).

'Three North Koreans arrived in South Korea via the Philippines after seeking refuge in the German and US compounds in Beijing' (*FT*, 29 April 2002, p. 6).

On 30 April the United States indicated that it would accept a North Korean offer to renew security talks for the first time in eighteen months ... And at a meeting on the same day in Beijing between North Korean and Japanese Red Cross officials, Pyongyang agreed to conduct a search for missing Japanese citizens that Tokyo claims were kidnapped decades ago and forced to become spies for North Korea. Pyongyang will also permit some 1,800 Japanese women married to North Korean men to visit Japan later this year. For their part the Japanese promised to search for Koreans taken to Japan during its World War II occupation of the Korean peninsula. The two sides also agreed to continue their discussions in June. (*FEER*, 9 May 2002, p. 12)

Seven [North Korean] people attempted to barge into consulates in the north-eastern Chinese city of Shenyang on Wednesday [8 May 2002] ... Two people successfully scaled the wall of the US consulate in Shenyang and were still inside at nightfall. Another five ... were caught by the military police ... Japanese diplomats in Beijing lodged a protest ... claiming that the Chinese police had entered the Japanese compound to arrest two of the people. (*IHT*, 8 May 2002, p. 3)

'A North Korean asylum-seeker who scaled the wall of a US consulate in north-east China became the latest escapee yesterday [9 May 2002] ... He joined two others who are seeking asylum' (*Independent*, 10 May 2002, p. 17).

Japan's national anger deepened Friday [10 May 2002] as television stations repeatedly aired a video showing Chinese policemen invading a Japanese consulate, knocking over a two-year-old girl, wrestling her mother into submission and dragging away her aunt who was five months pregnant ... Five North Korean defectors [were abducted on 8 May] ... [with Japan] demanding the release of the five asylum seekers ... The three North Koreans who took refuge in the US consulate in Shenyang were neither expelled nor dragged out by the police. (*IHT*, 11 May 2002, p. 3)

'At least twenty-eight North Koreans have been permitted to leave for South Korea over recent weeks after entering foreign embassies in Beijing' (*FT*, 11 May 2002, p. 5).

'Two North Koreans ... [entered] the compound ... [of] Canada's embassy in Beijing yesterday [12 May]' (*Independent*, 13 May 2002, p. 10).

'An estimated 230,000 North Koreans ... are in hiding in China' (*IHT*, 13 May 2002, p. 8).

'Yesterday [14 May] three asylum seekers who had climbed into the US embassy [in Beijing] were allowed to fly to South Korea ... Aid agencies estimate that between 50,000 and 200,000 North Koreans have fled across the border to China' (*Guardian*, 15 May 2002, p. 11).

'An estimated 150,000 to 300,000 North Koreans [are] hiding in the hills of north-east China ... So far this year [2002] 162 North Koreans have defected to South Korea, compared with a record 583 last year [2001]' (*FT*, 15 May 2002, p. 8).

On 22 May 2002 the five North Koreans (two men, two women and a three-year-old girl) involved in the Japanese embassy in Beijing incident are flown to the Philippines. They are then flow to South Korea.

'Nine North Koreans jumped the gates and smashed a window into South Korea's embassy in Beijing on Tuesday [11 June 2002], joining eight already there and bringing to nineteen the number of people in embassies in Beijing seeking asylum' (*IHT*, 12 June 2002, p. 5).

Chinese police officers pushed and punched six South Korean diplomats Thursday [13 June 2002] in front of the South Korean consulate [in Beijing] and dragged away a North Korean asylum seeker whose thirteen-year-old son has succeeded in making it safety inside ... Chinese security guards entered the consulate and pulled him [the man] out ... The guards took the man to a guardhouse outside the consulate and called the police. (*IHT*, 14 June 2002, pp. 1, 4)

'[On 17 June 2002] two North Korean women entered the South Korean visa office, joining eighteen North Koreans there. In addition, two others are in the Canadian office' (*FEER*, 27 June 2002, p. 27).

'[In 2001] just 583 North Koreans (though twice as many as in the previous year) found their way to South Korea, many via China ... In recent years up to 300,000 North Koreans have fled into China' (*The Economist*, 22 June 2002, p. 16).

[On 23 June 2002] China allowed twenty-six North Korean refugees to leave the country ... including a two-year-old boy, a former member of a bodyguard unit assigned to protect ... Kim Jong Il and a pregnant woman ... One group, of twenty-four, went to Thailand and the other two people went to Singapore. Their ultimate destination is South Korea. The two who went to Singapore had been hiding in the Canadian embassy. The batch of twenty-four was made up of two who had broken into the South Korean embassy, twenty-one who had broken into the South Korean consulate and a man whom Chinese security guards yanked from the consulate on 13 June after he and his son had entered it. North Korean refugees began entering diplomatic missions in Beijing and the northern city of Shenyang in March. The break-ins were mostly organized by people with links to South Korea's Christian community and other aid organizations. For the past few years these organizations have been active on China's border with North Korea ... Before the latest decision China had allowed thirty-eight asylum-seekers to leave the country. (*IHT*, 24 June 2002, p. 4)

(The incidents led to 'a ferocious crackdown' by China on North Korean illegal refugees in the areas of China bordering North Korea: *IHT*, 19 July 2002, p. 5.)

Current estimates put the number of displaced North Koreans in China at between 100,000 and 300,000 ... The total number of prisoners held in the North Korean gulag [prison camps] is not known, but one estimate puts it at about 200,000 held in twelve or more centres. (*Guardian*, 19 July 2002, p. 19)

'[On 10 July 2002] Chinese authorities allowed three North Koreans to leave their refuge at South Korea's embassy in Beijing and fly to the South via Thailand' (*FEER*, 25 July 2002, p. 27).

'[It was reported on 24 July 2002] that eleven [North Korean] asylum seekers ... had taken refuge at the South Korean consulate in Beijing' (*IHT*, 25 July 2002, p. 4).

The first boatload of North Korean refugees [twenty-one of them] for five years landed in the South yesterday [19 August 2002] ... This is the first time since 1997 that any have risked a direct escape by sea ... The South Korean constitution guarantees citizenship to anyone from the North. (*Guardian*, 20 August 2002, p. 11)

'A total of twenty-one North Koreans ... made up of three families ... arrived in South Korea on Monday [19 August] after two days at sea ... They were the first group of people to arrive directly from the North by sea since a South Korean Navy boat rescued fourteen defectors ... in May 1997. So far this year about 600 North Koreans have arrived in the South, compared with 583 in 2001 and 148 in 1999 ... More than eighty North Koreans have sought asylum at foreign diplomatic missions in

China this year, subsequently reaching the South through third countries ... The latest official figures show that 573 people defected to the South up to July. (*IHT*, 20 August 2002, p. 2)

While crop failures can severely affect the diet and nutrition of a population, if those people have access to fish, they shouldn't starve. But ordinary folks can't fish in North Korea, because the regime would rather they go hungry than risk the defection such as occurred on Monday [19 August]. (*FEER*, 29 August 2002, p. 6)

More than a dozen North Korean refugees Monday [2 September 2002] simultaneously rushed the fence of a heavily guarded compound of diplomatic buildings in central Beijing ... At least two men made it into the compound ... with the police ... following in hot pursuit ... [The] compound houses dozens of small embassy offices as well as a larger number of apartments allocated mostly to diplomats and foreign journalists ... [Until now] security at Beijing's four so-called 'diplomatic compounds' has remained low-key ... the uniformed Chinese police normally do not enter these complexes. (*IHT*, 3 September 2002, p. 4)

'[On 2 September] twelve North Koreans attempted to enter a compound housing the Ecuadorian embassy by scaling a metal fence. Most were dragged off instantly by dozens of police officers who had been lying in wait' (*IHT*, 4 September 2002, p. 2).

More than twenty North Koreans hopped over a low cement wall Tuesday [3 September] and into the protection of the lightly guarded German embassy school in Beijing ... The back-to-back bids in the last two days display the extraordinary capacity for reconnaissance and organization on the part of North Korean refugees, who are frequently trained and advised by foreign human rights activists, some in China but many overseas. (*IHT*, 4 September 2002, p. 2)

'Up to twenty suspected North Korean asylum-seekers entered a German compound in Beijing yesterday [3 September] in the latest apparent asylum attempt ... The compound houses a German school and diplomatic apartments' (*FT*, 4 September 2002, p. 8).

'[On 5 September 2002 it was announced in Beijing that] an agreement has been reached with Germany on what to do with fifteen North Korean asylum-seekers' (*Independent*, 6 September 2002, p. 14).

'Thirty-six people holed up in a German school [fifteen] and the South Korean embassy [twenty-one] left Beijing [on 11 September 2002] ... headed for South Korea by way of the Philippines' (*IHT*, 12 September 2002, p. 8).

'North and South Korean Red Cross officials agreed to build a permanent reunion centre for families separated since the division of the peninsula ... located at the North's remote Mount Kumgang resort' (*FEER*, 19 September 2002, p. 10).

[On 15 October 2002] twenty North Korean asylum seekers – five men and

fifteen women – arrived in South Korea via the Philippines after taking refuge in the South Korean visa office in Beijing. The arrivals brought to about 140 the number of North Koreans who have reached the South this year after entering diplomatic premises in China. (*FEER*, 24 October 2002, p. 31)

At any moment North Koreans risk being picked up by Chinese authorities and returned to North Korea under the terms of a secret 1986 agreement between Beijing and Pyongyang ... In North Korea anyone leaving the country without authorization is subject to three years in a labour camp or even the death penalty. (Human Rights Watch, *IHT*, 19 November 2002, p. 8)

‘Fresh evidence emerged yesterday [10 December 2002] of human rights abuses in North Korea, with satellite pictures showing slave labour camps where prisoners are said to be tortured, raped and murdered’ (*FT*, 11 December 2002, p. 16).

‘Almost 210,000 prisoners were interned in ten such camps in 1999, according to South Korea’s intelligence agency, but five have since been closed after news of some of their locations leaked out’ (*FEER*, 12 December 2002, p. 16).

North Korean refugees in China are preparing to escape by sea in deliberate imitation of the ‘boat people’ of Vietnam. A group of international humanitarian groups, including ... Médecins sans Frontières, are collaborating in the scheme ... The project got off to a disastrous start earlier this month when dozens of asylum seekers were arrested by Chinese authorities ... The boat people project was devised last summer [2002] by a group of activists, including ... Norbert, a German doctor who formerly worked in North Korea. Last spring some of the same activists organized a series of incidents in which North Korean refugees fled into foreign embassies and consulates in China. (*The Times*, 28 January 2003, p. 16)

According to official figures, thought to be deliberately under-reported, more than 1,200 people defected to South Korea last year [2002], while China allowed more than 130 people who had sneaked into foreign missions to leave for South Korea via the Philippines. (*Independent*, 29 January 2003, p. 14)

A story in *The Australian* revealed that up to twenty of North Korea’s military and scientific elite, among them key nuclear specialists, have defected to the United States and its allies ... The defection started last October [2002] ... Among those believed to be in a safe house in the West is the father of North Korea’s nuclear programme, Kyong Won-ha. (*The Times*, 19 April 2003, p. 1)

Four [teenage] North Koreans have sought asylum at the British consulate in Shanghai just three weeks before Tony Blair, UK prime minister, is to visit China ... This is the first time North Koreans have sought

asylum at British diplomatic missions in China, but many hundreds of people fleeing famine and repression have used the embassies of other countries. (*FT*, 5 July 2003, p. 6)

(‘Four [teenage] North Koreans who entered the British consulate in Shanghai to seek asylum have left for South Korea ... via a third country’: *Telegraph*, 10 July 2003, p. 11.)

A group of ten North Koreans sought refuge in the Japanese embassy in Bangkok yesterday [31 July 2003] in what appeared to be the latest in a wave of asylum bids ... Yesterday’s incident was believed to be the first of its kind outside China ... The number of North Korean defectors reaching the South doubled last year [2002] to 1,140, and 504 arrived in the first five months of [2003]. (*FT*, 1 August 2003, p. 10)

Ten North Korean asylum seekers holed up in the Japanese embassy in Bangkok since July will be flown to South Korea on Saturday [23 August] ... The group – four men, four women, a boy aged between five and seven and a three-year-old girl – entered Thailand with fake passports and dashed into the embassy on 31 July. (*IHT*, 23 August 2003, p. 4)

‘Chinese armed forces have moved into new positions along the border with North Korea ... Chinese officials said in a statement on Monday [15 September] that troops had replaced the police along the border’ (*IHT*, 16 September 2003, p. 1).

A brief statement ... said the People’s Liberation Army had taken over patrolling the north-eastern border zone from the People’s Armed Police ... The deployment is a response not only to the problem of refugees ... but to growing reports of crime against local Chinese by North Koreans scavenging for food. Among the worst offenders are said to be Korean soldiers who slip across the border to steal supplies, sometimes using violence. (*Telegraph*, 16 September 2003, p. 12)

‘The region has reportedly seen a recent surge in border crossings and crime by North Korean citizens and armed North Korean soldiers’ (*FT*, 16 September 2003, p. 15).

In a network of prison camps ... hundreds of thousands of prisoners work, often to their deaths, in conditions of starvation food rations, routine torture and imprisonment of entire families, according to a new human rights report released Wednesday [22 October]. ‘All the prison facilities are characterized by very large numbers of deaths in detention from forced, hard labour accompanied by deliberate starvation-level food rations,’ charged the report, ‘The Hidden Gulag: Exposing North Korea’s Prison Camps.’ Drawing on interviews conducted here [in Seoul] with thirty camp survivors and former guards ... The study was written by David Hawk, an American human rights investigator who spent a

decade chronicling Cambodia's genocide. It was commissioned by the US Committee for Human Rights in North Korea, a private, non-partisan group based in Washington ... Interviewing the survivors, Hawk collected accounts of about thirty-six camps, ranging from closed labour camps where prisoners served life sentences, to detention centres created to punish migrants sent back from China ... Unlike Nazi death camps, which were designed to kill large numbers of people at rapid rates, North Korean labour camps, the report says, are designed to extract the maximum amount of economic production from prisoners ... A major contributor to the North Korean economy, the labour camp system has prisoners mining coal, iron and gold, quarrying stones, cutting logs, building hydroelectric dams, farming corn, and making cement and bricks ... The report also gives glimpses into what happened to North Koreans after they are forcibly repatriated from China. Returnees often serve short sentences, but in extremely harsh conditions where mortality rates are also high. Camp survivors cited twenty-three cases of women forced to undergo abortions and nineteen cases where guards killed newborn babies whose fathers were believed to be Chinese ... North Korean officials have repeatedly said that human rights violations do not occur in their prison system. (*IHT*, 23 October 2003, p. 2)

The report [also] calls on Beijing to stop pushing North Koreans back across the border and to give the United Nations access to thousands of refugees stuck in north-west China ... The report ... highlights two distinct systems of penal repression. The first consists of numerous prison camps around the country ... in which tens of thousands of people perform slave labour under the harshest conditions. The second is made up of smaller detention facilities set up along the border with China to punish forcibly repatriated North Koreans, many of whom left their homeland because they were desperate for food ... The estimated 150,000 to 200,000 prisoners in these camps are used as virtual slave labour in mining, logging, agriculture, brick-making and textile enterprises. Dangerous working conditions coupled with meagre food rations ... result in a 'shockingly large number of deaths' ... Pyongyang's philosophy of 'collective responsibility' means that political offenders are imprisoned together with other members of their family ... Prisoners who try to escape are often executed in front of fellow inmates ... [In] the detention facilities near the border with China ... returnees are often held for up to six months ... [They] are forced to perform hard labour such as making bricks ... North Korean women who are pregnant when repatriated are allegedly subjected to forced abortions. But if the pregnancy is too far along the babies are delivered and then killed immediately after birth, according to eight separate witnesses ... Former prisoners told him that 'no half-Han [Chinese] babies would be tolerated' ... The North denies charges of abuse. (*FEER*, 30 October 2003, pp. 20-1)

On Monday [8 December] a South Korean human rights group released a report estimating China was forcibly repatriating 100 refugees to North Korea a week. As of last Friday [5 December] 852 North Koreans were detained in four Chinese camps, awaiting deportation, according to the report by the Commission to help North Korean Refugees, a private group based in Seoul. (www.iht.com, 11 December 2003)

One of the knottiest human rights problems in the world concerns the North Koreans hiding in China, probably 30,000 to 100,000 of them. China is catching them and forcing them back to North Korea at a rate of 100 a week . . . Paradoxically, their plight has been made worse by some of the people who care most about them . . . Foreigners ran an 'underground railroad' in the border area to spirit North Koreans to freedom. They helped the Koreans swarm into foreign embassies and consulates, embarrassing Chinese leaders – who then began rounding up tens of thousands of North Korean migrants and sending them back across the border. So dozens of North Koreans were helped and tens of thousands were harmed. Today there are only about half as many North Koreans in China as there were a year ago. (Nicholas Kristof, *IHT*, 26 December 2003, p. 3)

'Despite pleas from Japan, a man has been formally charged in China with illegally helping North Korean refugees flee [their country] . . . [He] was also accused of attempting to transport the two North Koreans across China's southern border, presumably into Vietnam' (www.iht.com, 13 January 2004).

North Korea has killed political prisoners in gas chambers to test chemical weapons, according to an investigative documentary broadcast by Britain's BBC television yesterday [1 February]. A former North Korean prison officer described how entire families were put to death inside a glass chamber, as government scientists watched. The allegations were supported by what the BBC programme said were official North Korean documents confirming how prisoners were used to test chemical and biological weapons . . . More than 100,000 people are believed by human rights groups to be kept in prison camps . . . Defectors have provided accounts of the camps, claiming that prisoners are subjected to torture, execution and forced abortions. Whole families are often imprisoned together if a single relative is found guilty of an offence. (*FT*, 2 February 2004, p. 6)

(It is claimed that three generations are penalized, the time considered by the regime to be needed to cleanse the family of the alleged crimes of one member.)

[The BBC programme said] North Korea is killing political prisoners in experimental gas chambers and testing new chemical weapons on women and children . . . [The presenter said] she had seen official North Korean documents, one of which referred to the transfer of a prisoner 'for the

purpose of human experimentation' in February 2002 ... The programme also interviewed a person said to be a former prisoner in North Korea ... who was ordered to poison others ... The human rights group Amnesty International said it had been unable to confirm previous reports of such testing. (*IHT*, 2 February 2004, pp. 1, 8)

Voicing scepticism about a documentary programme by the BBC that said North Korea was using humans to test biological and chemical weapons, the South Korean government said Monday [2 February] that it would have to investigate before drawing conclusions. According to the BBC documentary, *Access to Evil*, North Korea is testing experimental gas chambers and biological and chemical weapons on political prisoners ... South Korean aid groups have said the Seoul government has been reluctant to raise the issue of human rights abuses in talks with Pyongyang officials, fearing they may jeopardize reconciliation with North Korea ... North Koreans caught fleeing to China are brought to prison camps and brutally beaten or tortured and put to work as labourers, defectors said. Those who were rounded up by the Chinese authorities once they cross the border face the same fate, they say. (www.iht.com, 2 February 2004; *IHT*, 3 February 2004, p. 2)

Thanks to cell-phones North Koreans who reach towns near the Chinese border can get in touch ... with family members left behind ... Fleeing North Koreans have been using this method since 2000 ... Chinese frequencies began reaching North Korean border towns in 2000 ... Official cell-phone lines are taking root in North Korea – but only for the elite. Roughly 2,000 cell-phones were in use as of August 2003. (*IHT*, 14 February 2004, p. 2)

Six North Korean asylum seekers entered a German government-run school in Beijing on Tuesday [1 June 2004] and five were transferred to the German embassy ... But the leader of the group [was not allowed into the embassy and was removed from the German school] ... [The leader] tried to enter the German embassy in February, but was not granted passage to South Korea when a South Korean consul refused to believe he was a North Korean refugee ... This time the German consul who interviewed him last time said he could not accept his ID papers as proof of being a North Korean refugee ... Over the past two years China has permitted about 200 North Korean defectors to go to Seoul via third countries, including the Philippines. (www.iht.com, 1 June 2004)

More than 200 North Koreans arrived in South Korea Tuesday [27 July 2004] behind a wall of secrecy in the biggest influx yet of defectors from the North. Officials said the mass arrival was 'sensitive' and refused to discuss details, disclosing only that an Asiana Airlines flight had airlifted the North Koreans from a south-east Asian nation they would not specify ... The unification ministry, which handles South Korea's ties with the North, said the unusually secretive reception for the defectors

was organized at the request of the third country ... [South Korean] officials denied that Seoul imposed a blanket of secrecy on the influx of defectors to appease the North ... 'The main reason is that the third country in south-east Asia strongly insisted that they want to keep this matter very low profile,' said a ministry official ... Another batch of more than 200 refugees from the same country, bringing the total to around 450, is expected Wednesday [28 July]. In the first six months of the year 760 North Koreans arrived, mostly via China, where tens of thousands of North Koreans are said to be in hiding. Hundreds more are believed to be gathering in various south-east Asian nations, including Vietnam, Thailand and Cambodia ... Under an accord with Beijing Pyongyang insists that all defectors who escape into China are repatriated to North Korea, where they face severe punishment including internment in camps for political prisoners ... Under the accord Beijing refuses to grant North Korean defectors refugee status and considers them illegal economic agents. (www.iht.com, 27 July 2004)

The first of two planes carrying refugees – part of the largest single group ever – touched down ... 'There are about 230 people arriving today [27 July]' ... [said the head of] a group of missionaries helping North Korean defectors ... About 70 per cent of the new arrivals are women, because more women than men cross the border into China, drawn by rumours that it is easier for them to find jobs ... Sources in Vietnam said North Korean refugees had been gathering in southern Ho Chi Minh City after trickling over the border from China for months ... Government sources [are quoted] as saying the sheer number of refugees who were crammed into safe houses and their long wait drove many of them to threaten suicide unless their cases were resolved. The threats prompted Seoul to intervene officially in May and ask the country to allow 'every one of them' to go to the South. (*IHT*, 28 July 2004, p. 3)

'Seoul is said to have stepped in when the country [Vietnam] threatened to send the refugees back to China' (*FEER*, 5 August 2004, p. 10).

[The] 229 North Koreans ... [constituted] the largest single group of defectors since the 1953 armistice ... Another group of 260 was expected in Seoul today [28 July] ... [There are] an estimated 300,000 [North Korean defectors] in China alone ... Refugees are fleeing to third countries from China, especially Vietnam, Thailand and Cambodia. (*Independent*, 28 July 2004, p. 28)

Those that are caught [in China] are repatriated to North Korea, where they face punishments ranging from a few days in reeducation camps to the death penalty, depending on their rank and the extent to which they are considered to have damaged national security. Many stay close to the border, setting up secret camps in the densely wooded mountains. Desperate and vulnerable, many of the men become bandits and countless women are sold as brides or prostitutes ... In South Korea they are guar-

anteed citizenship, a resettlement payment of 28.3 million won (£13,000), and a monthly stipend of 540,000 won ... South Korea is struggling to cope with the influx ... The rising financial burden prompted the government to announce last week a 40 per cent cut in the resettlement payment from next January [2005]. (*Guardian*, 28 July 2004, p. 11)

[There has been a] shift from poor individuals to better-off families ... Pyongyang appears to be dealing less harshly with those returned by China. Beijing, in turn, looks less zealous in its pursuit of the escapees, who, with the help of South Korean and Korean-American missionary groups, traverse China for a third country. (*Telegraph*, 28 July 2004, p. 21)

China and Vietnam ... have burgeoning trade links with South Korea, which is using its new-found stature to win concessions for the refugees. South Korean officials said on Monday [26 July] that they were close to signing a deal to buy 100,000 tonnes of Vietnamese rice ... In recent months increased controls in northern China have meant that instead of heading for Mongolia, escapees must first make a difficult journey across China to reach south-east Asia ... Sixty Chinese security troops raided the city of Nanking near the Vietnamese border in November [2003] and hauled away 270 North Koreans. (*The Times*, 28 July 2004, p. 13)

North Korea issued multiple propaganda attacks on the United States on Tuesday [27 July], demanding that Washington reduce its troops from the South and saying US human rights policies raised doubts about nuclear crisis talks ... A statement ... criticized human rights legislation passed last week by the US House of Representatives ... The North Korean Human Rights Act ... calls for the United States to support North Korean refugees and to lead international pressure on the North to safeguard human rights and ensure aid transparency ... The bill was 'full of lies and fabrications' designated to subvert the North, it [the North Korean statement] said ... The [North Korean] foreign ministry repeated Pyongyang's rejection on Saturday [24 July] of US calls for North Korea to follow Libya and trade its nuclear arms programmes and other dangerous weapons for better diplomatic and economic ties with the West. (www.iht.com, 27 July 2004)

'The North Korean Human Rights Act also authorized funds to promote democracy and a market economy in North Korea' (*IHT*, 28 July 2004, p. 3).

'The North Korean Human Rights Act ... called on the administration to actively encourage refugees, with the help of an annual budget of \$22 million' (*Guardian*, 28 July 2004, p. 11).

US Congress representatives voiced their desire for action last week by unanimously passing a bill that, if approved by the Senate, would allow North Koreans to claim asylum in America and force the State Department to put the refugee issue at the heart of diplomacy in north-east Asia

... [There are] up to 300,000 North Koreans at large in China and neighbouring countries, many seeking ways to reach the South ... Those caught by Chinese police risk repatriation to North Korea, where they face imprisonment and sometimes execution in brutal labour camps. Despite the dangers most defectors remain in north-east China, living in constant fear of capture ... China and South Korea are nervous that offering asylum to North Koreans could spark a mass exodus, threatening Kim Jong Il's regime with collapse. (*FT*, 31 July 2004, p. 8)

'Less than a decade ago ... South Korea viewed anyone from the North as the agent of an enemy state and turned away applicants from its embassy doors' (*The Economist*, 31 July 2004, p. 54).

More than 200 North Koreans arrived in South Korea on Wednesday [28 July], the second day of a secretive operation that spirited the largest number of refugees ever from [North Korea] ... In all an estimated 460 people arrived on Tuesday and Wednesday, the largest single group to reach the South ... The new arrivals followed a similar number that reached South Korea on Tuesday [27] ... They had all been airlifted from Vietnam ... [where they] had been staying in safe houses provided by sympathetic South Koreans in [Ho Chi Minh City] ... South Korea declined to confirm where the flights had originated from ... Among refugees who were waiting to enter South Korea there was a backlog of more than a year, and some had threatened to commit suicide over conditions in safe houses. (www.iht.com, 28 July 2004)

'The latest arrivals [amount to] 468 people in all' (*The Times*, 28 August 2004, p. 19).

North Korea has called this week's defection of nearly 460 of its citizens to South Korea a 'planned kidnapping' and on Thursday [29 July] lashed out at Seoul and other parties involved in the operation ... [The statement said]: 'This is an organized and planned kidnapping, as well as a terror crime that took place in broad daylight. The South Korean government will be [held] fully responsible for the outcome of this situation, and other forces that co-operated in this affair will also pay a big price' ... The Vietnamese government has refused to acknowledge any role in the airlift – a move that is intended to avoid straining relations with Pyongyang and Seoul, according to analysts and diplomats. Fears of a further influx of refugees, and concern over the inevitable international fallout had the asylum seekers been deported, has also prompted Hanoi to remain firmly in the shadows, they said. (www.iht.com, 29 July 2004)

North Korea ... characterized Seoul's actions as "abduction and terrorism" (*IHT*, 30 July 2004, p. 5).

'[North Korea described South Korea's actions as] "premeditated abduction and terrorism"' (*The Times*, 30 July 2004, p. 19).

Lost in the news of the two planeloads of refugees who arrived in Seoul is a report from the *Dong-A Ilbo* on how quickly some North Korean refugees are managing to reach safety ... According to the paper, in June, 'for the first time, defectors arrived in the South only eight days after escaping from the North. There are as many as six recent cases of them arriving in the South within a month.' It also said that 32 per cent of arrivals in April spent less than six months in a third country – that is, China – and that among arrivals in May the figure was 25 per cent. The quicker pace of escape is credited to amore developed underground railroad that is opening new paths out of China – the first stop for most defectors. (*FEER*, 12 August 2004, p. 6)

North Korea boycotted cabinet-level talks with South Korea on Tuesday [3 August], angry over the defection of hundreds of North Koreans to the South last week. North Korea described the mass defection as an act of 'kidnapping and terrorism committed by South Korean authorities in broad daylight' ... Cabinet-level talks are the highest level of current dialogue between the two Koreas. They were started after a North-South summit meeting in 2000 ... The two Koreas have been at odds over the defections and Seoul's earlier refusal to let pro-unification activists visit Pyongyang for the tenth anniversary of the death of Kim Il Sung on 8 July. North Korea also scrapped maritime and military talks with South Korea in retaliation ... [South Korea] said the work to remove loudspeakers and propaganda billboards along the border has been suspended since military talks scheduled for 19 July had not taken place. The two Koreas had agreed to eliminate the loudspeakers and billboards by 15 August ... Because of the delay ... [South Korea] said it would be difficult to meet the deadline ... [South Korea] said it planned to buy 100,000 tonnes of rice from Vietnam as part of a package of food aid for North Korea ... [South Korea] said the North Koreans had arrived in small groups over the past few years, and that their number reached a level that the host country could no longer sustain, compelling Seoul to bring them to South Korea. As many as 300,000 North Koreans are said to be hiding in China, according to some estimates, and hundreds are believed to be gathering in various south-east Asian countries. Most are waiting a chance to reach South Korea.' (www.iht.com, 3 August 2004)

North Korea has called off talks with South Korea, angered by a recent mass defection of its people to the South ... [North Korea] blamed the United States for instigating last week's arrival of 460 North Koreans ... [A North Korean statement said]: 'The United States seems to calculate that it can use the issue of defectors for bringing down the DPRK' ... [North Korea] also rebuked fellow communist state Vietnam – which has denied knowledge of the refugee operation – for 'discarding elementary sense of obligation and morality' to aid a plot conceived by the United States to topple North Korea. (*FT*, 4 August 2004, p. 9)

More than 100 North Korean refugees have been expelled from south-east Asia to China and face deportation to the North ... The refugees had been captured and sent back across the border from Vietnam and were being held in a prison in southern China ... Aid workers estimate that 100,000 refugees – and possibly double that number – are in hiding, mostly in China. (www.iht.com, 11 August 2004)

North Korea has recalled its ambassador to a south-east Asian country to protest the defection of 468 North Koreans to the South in July ... Some observers worry that Pyongyang's actions could pressure Seoul to down-play assistance to defectors. On 15 August the [South Korean] minister of unification ... asked activist groups to exercise restraint and not encourage defections ... Seoul has not named the country for diplomatic reasons, but it is widely thought to be Vietnam. The North demanded that the country apologize and ensure against any similar incident, threatening to withdraw its embassy if demands were not met ... Also on Tuesday [31 August] the North refused to attend inter-Korean economic talks scheduled for this week in Seoul. (www.iht.com, 31 August 2004)

Twenty-nine North Korean refugees ... eleven men, fifteen women and three children ... rushed into a Japanese school in Beijing on Wednesday [1 September] in one of the biggest group attempts by North Koreans to seek asylum ... The refugees were transferred to the Japanese consulate. (*IHT*, 2 September 2004, p. 5)

'[On 29 September] forty-four men, women and children believed to be North Koreans scrambled over a spiked fence to seek asylum in the Canadian embassy [in Beijing]' (*IHT*, 30 September 2004, p. 5).

One other man was caught by police ... A South Korean news report said all forty-four were North Koreans and two were former political prisoners ... China has allowed hundreds of North Korean asylum-seekers to leave for South Korea. Despite a treaty that obliges Beijing to send them home, it has not done so in cases that became public. (*IHT*, 30 September 2004)

China urged the Canadian government on Thursday [30 September] to hand over forty-four possible North Korean asylum-seekers, while officials said nine North Koreans who entered an American school [on 27 September] in Shanghai were handed over to the Chinese police ... The American school in Shanghai lacks any diplomatic status, unlike embassies, which by treaty are foreign territory beyond the reach of Chinese authorities.' (www.iht.com, 30 September 2004)

'A group of forty-four North Koreans ... scaled a fence to enter the Canadian compound in Beijing on 29 September seeking asylum ... Beijing had demanded that Canada turn the forty-four over to Chinese authorities, but Canada has refused' (*FEER*, 14 October 2004, p. 30).

'A group of twenty North Korean men, women and children [four] clam-

bered into the South Korean Consulate here [Beijing] on Friday [16 October] in a bid to seek asylum' (www.iht.com, 16 October 2004).

As many as twenty-nine North Korean asylum seekers entered a South Korean school in Beijing on Friday [22 October] ... Twenty-three women and six men entered the school ... The North Koreans included two children ... South Korean officials asked China not to arrest them and planned to move the group to a consular office. (www.iht.com, 22 October 2004)

A group of fourteen North Korean men, women and children seeking asylum helped one another to scale a wall into the South Korean consulate grounds on Monday [25 October], but most were caught by Chinese guards ... Eleven of the fourteen people who entered the compound were caught by the Chinese guards, but consulate staff escorted two women and a boy into the building ... Some of the asylum seekers that were caught later broke free and fled ... A group of twenty North Koreans entered the same consulate ten days ago, and 100 others are waiting to be allowed to travel to South Korea. Twenty-nine North Koreans entered a South Korean school in the Chinese capital on Friday [22 October] and more than forty asylum seekers from North Korea are in the Canadian embassy after having broken into it late September. (www.iht.com, 25 October 2004)

The police have detained sixty-five North Korean asylum seekers in Beijing ... Two South Korean human rights activists ... [who were] born in North Korea but had escaped to the South ... were also detained on Tuesday [26 October] in the police raid on two houses [in Beijing] ... Beijing is obliged by treaty with its allies in Pyongyang to repatriate North Koreans who have fled their country, although it is not known to have done so in cases that have become public. (www.iht.com, 27 October 2004)

'China has repatriated seventy refugees to North Korea ... Most were caught in hiding in Beijing ... Eight were seized trying to storm into the South Korean embassy' (*Telegraph*, 10 November 2004, p. 17).

Over the weekend [6–7 November] ... repatriated sixty-two would-be defectors ... They had been rounded up from safe houses in the Chinese capital last month [October]. Two South Korean activists who were planning to help them break into embassies are in jail.' (www.iht.com, 9 November 2004)

Malnutrition remains rampant ... On a visit to Seoul this week, James Morris, of the United Nations World Food Programme ... [said] that seven-year-old boys in North Korea are on average 20 centimetres, or 8 inches, shorter than South Korean boys of the same age ... They are also 10 kilogrammes, or 22 pounds, lighter ... Large numbers of North Korean defectors now cite hunger rather than repression, as their reason for leaving the North. (www.iht.com, 29 October 2004).

[US] Secretary of State Colin Powell wound up a three-day visit to East Asia on Tuesday [26 October] . . . Another source of possible disagreement in the American approach toward North Korea emerged, this time over a new law passed by the [US] Congress calling on the United States to make human rights an element in the nuclear talks. (www.iht.com, 26 October 2004; *IHT*, 27 October 2004, p. 6) One month ago President George W. Bush signed into law the North Korean Human Rights Act, which provides funding for refugees and for increased American radio broadcasting into North Korea. (www.iht.com, 17 November 2004)

President George W. Bush signed a bill to promote human rights in North Korea and to provide humanitarian aid to its citizens and refugees, as well as making them eligible for asylum in the United States. The North Korean Human Rights Act of 2004 allows Congress to spend at least \$20 million on programmes aimed at promoting the rule of law and developing a market economy. The law says that any such aid must be closely monitored to ensure that its does not go toward military spending. (*FEER*, 28 October 2004, p. 13)

A North Korean translator entered South Korea's consulate in Vladivostok, Russia, on Monday [15 November 2004] . . . one of an estimated 4,000 North Koreans working in the Russian Far East . . . The asylum bid comes after another North Korean, also a construction company worker, entered the United States consulate in Vladivostok on 28 October . . . Vladivostok is the capital of Russia's Maritime Region, which has a 25 kilometre (15 mile) border with North Korea . . . [In 2003] the region's governor said he would welcome as many as 40,000 North Korean refugees to the region, if they came in an orderly fashion and took jobs after arrival. The authorities in Moscow never publicly endorsed this idea, preferring instead to continue with the labour contracts signed with the government in Pyongyang . . . Russia, which imports about 4,000 construction workers and loggers on strict labour contracts, has long followed a policy of repatriating North Koreans who escape from their work units. Japan only accepts defectors from North Korea who have proven ties to Japan. Mongolia has turned down international requests to open a United Nations administered refugee processing centre . . . Separately, three North Korean defectors with South Korean nationality applied for political asylum in the United States in early November . . . The three asylum seekers included a North Korean who had worked as a logger in the Russian Far East before coming to the South in 1994 . . . [He] alleged that he was tortured by South Korea's National Intelligence Service five years ago after his defection to Seoul. (www.iht.com, 15 November 2004; *IHT*, 16 November 2004, p. 7)

A prominent [US] human rights figure . . . Rabbi Abraham Cooper . . . alleged Tuesday [23 November] that North Korea had been testing chemical weapons on political prisoners as recently as 2002 and that the

South Korean government was aware of the activities . . . [Rabbi] Cooper said the most recent defector among the three people he interviewed, a chemist, had been engaged in chemical weapons experiments from 1994 to 2002 . . . [Rabbi Cooper said] he had interviewed three North Korean defectors . . . Two defectors were sources for a BBC documentary on the issue in February . . . A report in 2003 by a private group, the US Committee for Human Rights in North Korea, estimated that there were 150,000 to 200,000 people in what it called North Korea's gulag. (*IHT*, 24 November 2004, p. 8)

China urged South and North Korea on Wednesday [24 November] to do more to prevent North Korean refugees from escaping to the South through foreign diplomatic missions on Chinese soil . . . An estimated 130 North Korean refugees are holed up inside Seoul's diplomatic mission in Beijing. (www.iht.com, 24 November 2004)

The flow of refugees reaching South Korea, via foreign missions in China and now Russia or by way of the dangerous underground routes through China to Mongolia or South-East Asia steadily increases. Numbers are up from a handful a year in the early 1990s to almost 1,300 last year [2003] and still more this year . . . With the refugees, and those preferring to cross back and forth over the northern border into China to find food or work, come tales of protest leaflets in towns and disaffection among even senior Communist Party and army officials . . . The network of prison camps [are] estimated to hold some 150,000 to 200,000 political prisoners and their families (guilt by association in North Korea can mean incarceration of up to three generations) . . . This year [2004] the UN's human rights commission appointed a special rapporteur for North Korea, although he has yet to be allowed in to investigate . . . South Korea [is] . . . refusing to speak out publicly, not only about the mistreatment of North Korea political prisoners and escapees, but also about the almost 500 South Korean citizens believed to have been abducted over the years by North Korean agents . . . China has quietly agreed to send any North Koreans of Japanese origin that it finds to Japan, not North Korea. South Korea is worried that publicity over human rights abuses and the plight of refugees . . . only causes China and those keen to keep on good terms with the North to take harsh measures to stem the flow. (*The Economist*, 27 November 2004, p. 74)

North Korea is infiltrating spies to South Korea under the disguise of defectors, according to reports that were largely confirmed by the government here [in Seoul] Thursday [2 December] . . . Over 6,000 defectors have arrived in the South since the end of the Korean War in 1953; the largest number, over 1,637 through October, arrived this year [2004] . . . Fifteen North Korean asylum seekers held in protective custody at the Japanese embassy in Beijing since the beginning of September have been allowed to leave China . . . The fifteen, including several elderly

persons and three children, left China on Wednesday [1 December] and were expected to make their way to South Korea via a third country ... The asylum seekers were among twenty-nine North Koreans who sought refuge in a Japanese school in Beijing on 1 September ... Of them five were released to South Korea within a month for health reasons ... There are still nine North Koreans in [the embassy]. (www.iht.com, 2 December 2004)

[According to South Korea] only 607 [North Korean refugees] reached the South from 1953 to 1989. Less than a dozen arrived per year in the early 1990s. But the pace picked up from the mid-1990s: [there were] 583 arrivals in 2001; 1,141 in 2002; 1,285 in 2003; and 1,637 in 2004 through October. Non-government organizations estimate there are 100,000 to 300,000 North Korean refugees currently in China. (www.iht.com, 3 December 2004)

[On 13 December the North Korean foreign ministry] said people who had fled to China – aid workers say there are as many as 100,000 – were not political refugees but people who could no longer live in the North because of their ‘illicit acts and crimes’. (www.iht.com, 13 December 2004)

The authorities [in South Korea] confirmed Tuesday [14 December] that a South Korean clergyman who worked with defectors and disappeared ... on 16 January 2000 ... near the North Korean border with China had been kidnapped by agents of the North ... This is the first official confirmation ... [There is the belief that he is] already dead. The pastor was in poor health in 2000 ... Another South Korean clergyman ... disappeared in similar circumstances in 1995. (*IHT*, 15 December 2004, p. 7)

Seven people climbed over a barbed wire fence into the Japanese school in Beijing on Friday [17 December] ... The seven – two men, four women and one infant – were taken to the Japanese embassy ... In September a group of twenty-nine North Koreans sought asylum at the same Japanese school in Beijing ... [It was reported that] twenty of them had already left China for a third country ... Nine were still staying at the Japanese embassy as of Friday. (www.iht.com, 17 December 2004)

Forty-four North Koreans who spent three months [since 29 September] in the Canadian embassy [in Beijing] have been allowed to leave China, an embassy spokesman said Thursday [23 December] ... [They] were ‘recently released’ and left for a third country, said the spokesman ... Four North Koreans entered the French embassy in Hanoi last Friday [17 December] and two sought asylum at the Swedish mission there Wednesday [22 December] ... [The South Korean] vice unification minister ... said Thursday that South Korea would strengthen background checks on North Koreans seeking asylum in the South in a bid to control their numbers. (*IHT*, 24 December 2004, p. 3)

South Korea has said that it plans to crack down on people who demand money for organizing mass defections of North Koreans . . . But human rights groups worry that the move is aimed at appeasing the North and China . . . The so-called brokers – often ethnic Koreans in China, South Korean entrepreneurs, or North Korean defectors in the South – select defectors from the tens of thousands of North Korean migrants hiding in north-eastern China. They then help the North Koreans enter foreign embassies in Beijing and other Asian capitals in the hope that they will eventually be allowed to travel to South Korea. Nearly 83 per cent of the 1,850 North Koreans who reached South Korea this year [2004] came with the help of brokers who received an average of \$3,810 per person . . . Brokers call themselves human rights activists helping people escape from a totalitarian regime. Experts, however, contend that some brokers are driven by profit rather than humanitarianism. China describes the brokers as human traffickers and sentences them to prison, while North Korea accuses South Korea and the United States of ‘kidnapping’ its people. Some defectors have complained that the brokers charge too much for their services and, in some cases, that they hold their families to ransom. Brokers also put defectors at great risk and, in some cases, abandon them after being paid . . . Last month [November] China said an estimated 130 North Korean asylum seekers were holed in the South Korean embassy. (www.iht.com, 24 December 2004)

On 23 December Seoul announced moves to tighten screening processes for arriving defectors and to monitor and limit the activities of people who help North Koreans to escape . . . Seoul also announced that it would cut the financial aid package granted to defectors upon arrival from \$27,000 to \$10,000. Many recently arrived refugees reportedly use the subsidy to fund the escape of family members from the North. (www.iht.com, 30 December 2004)

The results of a survey, released on Thursday [29 December 2004] by the [South Korean] ministry of unification, indicated that 62.2 per cent of South Koreans oppose inducing North Koreans to defect . . . A ministry spokesman: ‘If North Koreans want to come here, we do not oppose them, but we do not induce them to defect. We also oppose any forceful repatriation of defectors back to North Korea from China or other countries’ . . . Until the mid-1990s the arrivals of North Korean defectors were triumphal events in South Korea, with new arrivals often being televised and welcomed as heroes. But the increasing numbers of recent arrivals have stirred unease with both a government attempting to engage the North and a public wary of a refugee flood. (www.iht.com, 30 December 2004)

In an acrimonious debate in the National Assembly [of South Korea] the government was harshly criticized Thursday [6 January 2005] for its inaction on South Koreans abducted by North Korea, contrasting Seoul’s

stance with Tokyo's aggressive policies on the issue . . . Lawmakers of the governing Uri Party, which promotes a delicate engagement policy with the North, were absent from the debate . . . Since the end of the Korean War some 486 South Koreans have been kidnapped by the North, according to [South] Korean government figures, largely fishermen seized in coastal waters. The most recent abductee was the human rights activist Reverend Kim Dong Shik, who disappeared near the North Korean border in China in 2000. (www.iht.com, 6 January 2005)

'The Reverend Kim Dong Shik [is] a pastor suspected of being murdered by North Korean agents while helping refugees on the border' (*Independent*, 19 January 2005, p. 27).

The secretary-general of the Coalition for Human Rights of North Korean Abductees and Refugees . . . estimates that half a century after the Korean War armistice about 500 South Korean prisoners of war live in the North, forbidden to leave or even tell their relatives in the South that they are alive. In addition, the North holds about 500 South Koreans kidnapped civilians, mostly fishermen . . . Over the last decade thirty-seven Southern prisoners have escaped from the North. (www.iht.com, 31 January 2005)

According to the government in Seoul, 486 South Koreans have been abducted to the North. Most were fishermen seized in border waters . . . The most recent abductee was the Reverend Kim Dong Shik, an activist who disappeared in the Chinese–North Korean border area in 2000. Kim had US resident status. (www.iht.com, 2 February 2005; *IHT*, 3 February 2005, p. 4)

'It has been revealed that the United States has decided to accept North Korean refugees' (*Joongang Daily* in *IHT*, 2 March 2005, p. 6).

'Seven North Koreans entered the Thai embassy in Hanoi yesterday [8 June] seeking asylum . . . The Koreans, two boys, three women and two men . . . carried messages that they wanted to go to a third country' (*FT*, 9 June 2005, p. 8).

The iron curtain on North Korea has been lifted little by little in recent years by hundreds of thousands of refugees who have fled across the border to China. With their increasing use of Chinese cell phones they are providing near-instantaneous news to the outside . . . Due to the collapse of the food distribution system and rampant corruption people can easily bribe police officers to procure travel permits. (*IHT*, 25 February 2005, p. 6)

The construction of cellular relay stations last fall [2004] along the Chinese side of the border has allowed some North Koreans in border towns to use prepaid Chinese cellphones to call relatives and reporters in South Korea . . . After DVD players swept northern China two years ago, entrepreneurs collected castoff videocassette recorders and peddled

them in North Korea . . . Tapes of South Korean soap operas are popular. (*IHT*, 16 March 2005, p, 2)

[There is] a virtually stateless underground population of North Koreans who have crossed into China along the 877-mile, or 1,400-kilometre, border between the countries and live as fugitives in this region. International refugee and human rights groups have estimated their numbers at 200,000 and growing. (www.iht.com, 24 March 2005)

While China says that people leaving North Korea are economic migrants, Vitit Muntarbhorn, the United Nations investigator on human rights in North Korea, argued in a report last week that: 'North Koreans who leave for food are still defined as refugees because they fear persecution upon return.' (www.iht.com, Monday 31 January 2005)

About 5,000 North Koreans have defected to the South since the Korean War ended in 1953. The number has been rising in recent years, to 1,285 in 2003, up from 1,140 in 2002 and 583 in 2001 . . . By the end of June this year [2004] 760 had arrived . . . [South Korea's] unification ministry . . . said he expected the number of North Koreans in South Korea to exceed 10,000 within a few years. (*IHT*, 28 July 2004, p. 3)

'According to South Korean figures, 5,179 defectors reached the South between the end of the Korean War and June this year [2004]' (www.iht.com, 31 August 2004).

[There is a] rising number of North Korean refugees fleeing to the South: 2000, 312; 2001, 583; 2002, 1,139; 2003, 1,281; 2004 (to June), 760 . . . The proportion arriving as a family went up from almost none in the years up to 1993 to 19 per cent in 1994, 31 per cent in 1995 and 44 per cent in 2003. (*Guardian*, 28 July 2004, p. 11)

'South Korea [accepted] about 2,000 [refugees] last year [2003]' (*IHT*, 16 November 2004, p. 7).

The largest number of North Korean defectors to find their way to the South arrived in 2004 . . . In 2004 1,890 North Koreans reached the South . . . a figure 50 per cent higher than in 2003. Since the end of the Korean War in 1953 around 6,300 have arrived in the South . . . Human rights groups estimate that there are from 100,000 to 300,000 North Koreans currently living as illegal migrants in China and other countries. (www.iht.com, 30 December 2004)

Of the 1,890 North Koreans who reached South Korea last year [2004], 1,500 arrived with the help of 'brokers', according to the [South Korean] unification ministry. These people paid an average of 4.5 million [South Korean] won to their brokers . . . 'Brokers' [are] people who specialize in helping North Korean defectors reach South Korea. Their fees range from 2 million to 20 million [South] Korean won, or about \$1,995 to \$19,950. Hundreds of brokers – many of them North Korean defectors

with South Korean passports or ethnic Koreans in China – operate in China and South-east Asia. Armed with global positioning devices, cell-phones and local handlers, they organize months-long covert operations. Some work independently; others with missionaries and human rights activists ... Human rights activist say there are cases of rape, extortion and blackmailing ... Not all of these operators are profit-driven ... Many [defectors] get arrested by the Chinese police, who repatriate them ... The recent surge in asylum bids began in March 2002, when human rights activists helped twenty-five North Koreans reach the Spanish embassy in Beijing. The tactic was later copied by brokers ... When the Chinese authorities increased security in Beijing the brokers smuggled people into Mongolia, and then into South-east Asian countries, bribing border guards when necessary. As more brokers became available their prices declined to about 2.5 million [South Korean] won ... North Koreans in China ... number anywhere between 10,000 and 300,000 ... The South Korean government has recently cut its cash assistance to North Korean immigrants by half, to 13 million won to discourage brokers from making big profits. (www.iht.com, 28 April 2005; *IHT*, 29 April 2005, p. 2)

Torture, forced abortion and extra-judicial executions are common in these [labour] camps, according to the government-funded Korea Institute for National Unification in Seoul. It describes how inmates are stripped of basic civil rights and medical service and exposed to fifteen hours of forced labour a day. Hundreds die in each camp every year. The document, based largely on testimonies from North Korean defectors, said it was unclear how many gulags exist in the North because the authorities often merge and relocate them to prevent inmates from escaping or to avoid international monitoring. But it said the estimated number of detainees has doubled to 200,000 in the past twenty years. (www.iht.com, 14 July 2005)

‘A campaign by well-meaning activists to help North Korean refugees in China has so far set off a Chinese crackdown that forced some 100,000 refugees back to North Korea’ (Nicholas Kristof, *IHT*, 25 July 2005, p. 6).

Half a century after the end of the Korean War Red Cross officials from North and South Korea are meeting this week ... Tuesday [23 August] through Thursday in the North’s tourist enclave of Kumsangsan ... to discuss the fate of 1,000 prisoners of war and civilian abductees from the South believed to be still alive in the North ... In mid-June quiet diplomacy became public when officials from the North unexpectedly agreed to discuss with the South the prisoner of war and abductee problem, an issue they had never acknowledged ... The South Korean defence minister has reported to the National Assembly that 542 South Korean prisoners of war are still in the North, cut off from virtually all contact with families and friends in the South. In addition, South Korea has said that the North over the years has seized 486 Southern civilians, largely fisher-

men. Over the past decade thirty-eight Southern prisoners of war have escaped from the North. (*IHT*, 24 August 2005, p. 5)

In previous talks North Korea had refused to discuss the matter, insisting that it holds no South Korean citizens against their will ... POWs and fishermen [who] have escaped to the North ... [have] said they were subjected to brainwashing procedures or held against their will and toiled in mines. (www.iht.com, 25 August 2005).

'The number of North Koreans defecting to the South in the first six months of this year [2005] is reported to have dropped 25 per cent, to 566 – the first decrease since 1998' (www.iht.com, 9 September 2005).

Military aspects

North Korea has one of the world's largest standing armies. 'The North Korean armed forces are the fifth largest in the world after China, Russia, the United States and India' (*Independent*, 17 March 1993, p. 17). 'As of mid-2000 the North Korean armed forces are the world's fifth largest, its ground forces are the world's third largest, and its special operations are the world's largest' (Samuel Kim, *Asian Survey*, 2001, vol. XLI, no. 1, p. 26).

The Economist (23–29 January 1988, p. 44) put the armed forces at 840,000. The army was backed up by 5 million reservists.

There are 870,000 men under arms compared with 650,000 in South Korea (*IHT*, 31 December 1988, p. 2).

The armed forces number 1,132,000 in North Korea and 633,000 in South Korea (*The Economist*, 3 April 1993, p. 74).

In 1992 the armed forces numbered 1.1 million in North Korea and 633,000 in South Korea (plus 36,500 from the United States) (*The Economist*, 28 May 1994, p. 24).

The North Korean armed forces number 1,111,000 with a civilian militia of perhaps 5 million (EIU, *Country Profile*, 1993–4, p. 50).

The North Korean armed forces number 1,127,000, compared with South Korea's 633,000 (plus 35,500 from the United States) (*The Times*, 17 June 1994, p. 12).

The armed forces of North Korea number about a million, while those of South Korea number 750,000 (plus 37,000 from the United States) (*IHT*, 27 January 1995, p. 6).

Active-duty troops number 1.05 million, according to the International Institute for Strategic Studies. The UN Command in South Korea puts North Korean troop strength at 1.2 million (*FEER*, 27 August 1998, p. 19).

In 1997 the armed forces of South Korea numbered 672,000; those of North Korea numbered 923,000 (*The Economist*, Survey, 10 July 1999, p. 14). North Korea has a 1.2 million-strong army (*The Economist*, 15 April 2000, p. 24).

The International Institute for Strategic Studies (IISS) reports that for 1998–9 the North Korean army stood at just over 1 million, with just under 5

million reserves. South Korea's armed forces stood at just under 700,000, with 4.5 million reserves (Smith 2000: 599).

'[North Korea's] active force [comprise] 700,000 troops' (Samuel Kim, *Asian Survey*, 2001, vol. XLI, no. 1, p. 26).

North Korea's total armed forces number 1,082,000; the reserves number 4,700,000; the army numbers 950,000; the airforce numbers 86,000. The respective numbers for South Korea are as follows: 683,000; 4,500,000; 560,000; 63,000 (*The Times*, 1 July 2002, p. 14).

There are 1.17 million men under arms in North Korea. South Korea has 672,000 (Selig Harrison, *FT*, 18 July 2003, p. 19).

The (North) Korean People's Army, or KPA, at an estimated 1.1 million troops, is considerably larger than South Korea's armed forces of 680,000 . . . [But] the KPA's tanks, while numerous, are mostly forty to fifty years old and short of fuel. Their artillery is the same age, opening to question whether they have the range to reach Seoul as is so often speculated. Their jet fighters are the same vintage with only twenty to thirty relatively new Russian Mig-29s, which would not live in the sky for twenty-four hours against modern South Korean and US fighters. (*Korea Herald*, cited in *IHT*, 19 June 2004, p. 6)

'With close to 1.2 million troops, North Korea is the world's most militarized country relative to its population. South Korea has close to 700,000 soldiers' (www.iht.com, 20 January 2005).

There are various estimates of the proportion of national income spent on defence: about a quarter (Rhee 1987: 898). as much as 30 per cent (compared with 5 per cent in South Korea) (*FT*, 18 March 1993, p. 4); a third (*The Economist*, 3 April 1993, p. 74); 30 per cent (*Guardian*, 18 June 1994, p. 14); 24 per cent in 1991 (the official figure being 12 per cent) (Sungwoo Kim, *Asian Survey*, 1993, vol. XXXIII, p. 6); more than 20 per cent (*IHT*, 3 June 1994, p. 6);

'In 1993 North Korea's military spending was 8.9 per cent of GDP, compared with 3.8 per cent for South Korea' (*The Economist*, Survey of South Korea, 3 June 1995, p. 9). ('Defence spending as a proportion of the budget was planned to be 12.6 per cent in 1993 compared with 11.4 per cent in 1992': EIU, *Country Report*, 1993, Second Quarter, p. 36.)

According to the International Institute for Strategic Studies, North Korea spent more than a quarter of GDP on defence in 1996, compared with the USA's 3.6 per cent (*The Economist*, 18 October 1997, p. 164). The military budget is around \$5.4 billion a year, according to the International Institute for Strategic Studies – anything from a fifth to a third of GDP. The armed forces run a parallel economy, with their own mines, farms and factories (*The Economist*, Survey, 10 July 1999, p. 112).

'The army soaks up a quarter of North Korea's estimated \$22 billion GDP' (Shim Jae Hoon, *FEER*, 27 August 1998, p. 19).

Edward Olsen estimates that North Korea spends 30 per cent of its budget on defence and up to 30 per cent of its population of 22 million are either in

the armed forces or in local militias. The IISST estimates that in 1998 North Korea spent an estimated \$2.4 billion on its armed forces, compared with a South Korean military expenditure of \$10.2 billion.

North Korea's army, with its very low level of *per capita* spending compared to South Korea's armed forces is liable to be operationally weak in terms of hardware and software support ... The North Korean military structure functions as a giant 'Home Guard' where the entire population (not just 30 per cent of it) could be mobilized if necessary. Neither the militias nor the armed forces are separate from the 'economic' structure, in that much of their time is spent in construction of 'civilian' infrastructure and fulfilling national requirements such as harvesting food. (Smith 2000: 599–600)

'North Korea ... has imported \$340 million worth of military hardware over the past decade, according to South Korean security officials ... The North spends 14.3 per cent of the country's GDP on its military compared to the 3.1 per cent by the South' (*FEER*, 25 October 2001, p. 65).

'The CIA estimates that 30 per cent of the country's GDP goes to the military' (*IHT*, 3 January 2004, p. 4).

'Men [in North Korea] normally perform seven or more years of military service' (www.iht.com, 17 July 2005).

'[North Korea's] military receives about one-third of GDP ... North Korea is believed to have more than 800 missiles that can strike South Korea and beyond, and more than 12,000 artillery pieces' (*IHT*, 30 August 2005, p. 2).

A chronology of political developments since 12 March 1993

12 March 1993. North Korea withdraws from the Nuclear Non-proliferation Treaty (NNPT). Formally the withdrawal is not effective until three months have elapsed, i.e. until 12 June. Treaty signatories with nuclear power plants are required come to an agreement (instantly ended if a country so desires) to permit inspectors from the International Atomic Energy Agency (IAEA; set up in 1957) to ensure that nuclear fuel is not diverted to military purposes.

North Korea may have begun its nuclear programme in the mid-1960s after the 1962 Cuban missile crisis. (President Nixon's visit to China in 1972 was also influential.) According to *The Economist* (9 April 1994, pp. 75–6), both Koreas began to try to build a bomb in the early 1970s. Pressure from the United States deterred South Korea, while China stopped all nuclear co-operation with North Korea in 1987. North Korea did not join the NNPT until 1985. The safeguard agreements, authorizing inspections by the IAEA, were, however, signed only in 1992. A number of inspections followed, but North Korea refused special inspections by the IAEA to check two nuclear waste sites (at Yongbyon, sixty-two miles north of Pyongyang); the agency suspected that plutonium (derived from spent fuel rods) was being produced in quantities far greater than those admitted to by North Korea (perhaps

sufficient to allow North Korea to produce nuclear weapons; whether such weapons have actually been produced is the source of considerable disagreement).

15 March 1993. North Korea says that war could break out 'at any time' and the country is put on a 'semi-war' footing (done in the name of Kim Jong Il, seemingly as a way of boosting his standing with the armed forces). Foreigners are forbidden to enter the country and restrictions are increased on those already there.

The new South Korean government of Kim Young Sam puts prospective future investment in North Korea on hold.

18 March 1993. The IAEA gives North Korea until 31 March to allow inspections.

23 March 1993. China opposes sanctions and even taking North Korea to the UN Security Council. (The 1961 China–North Korea Treaty of Friendship and Mutual Assistance obliges the other to offer immediate military and other assistance if one country is attacked. There is no obligation to assist if either country is the aggressor in a war.)

24 March 1993. 'The end is announced of the 'semi-war' footing.

1 April 1993. The IAEA refers the case to the UN Security Council.

9 April 1993. Kim Jong Il becomes chairman of the National Defence Committee. (He was made supreme commander of the army on 25 December 1991.)

11 May 1993. A UN Security Council resolution urges North Korea to open the two sites to inspection and reconsider its decision to withdraw from the NNPT. The UN would consider further action if necessary.

4 June 1993. North Korea orders all foreigners (except accredited diplomats) to leave the country by 15 June. The issuing of visas is to be suspended until the end of July.

11 June 1993. After talks with the United States, North Korea decides to 'suspend' its withdrawal from the NNPT.

19 July 1993. North Korea announces that consultations are to resume with the IAEA over inspections.

3 August 1993. Officials from the IAEA resume inspections in North Korea (although it turns out that they are not allowed to visit the two disputed sites).

24 August 1993. A North Korean army defector reports an attempted coup by Moscow-educated military leaders in 1992; ten generals were executed (in late 1992) when the coup failed (*FEER*, 9 September 1993, p. 16; *Guardian*, 25 August 1993, p. 11).

Mid-September 1993. Kim Il Sung, in remarks to a visiting legislative delegation from China, praises China's 'tremendous success' in reform and opening up to the outside world (*Asian Survey*, 1994, vol. XXXIV, no. 1, p. 14).

9 December 1993. A communiqué issued by the Central Committee publicly acknowledges North Korea's economic difficulties: 'the internal and external situation remains grim and complex.' Reference is made to 'the grave situation and grim trials during the third Seven Year Plan period

[1987–93]’, when industrial output grew at an average annual rate of growth of 5.6 per cent compared with a target of 10 per cent (electric power, steel and synthetic fibres in particular experiencing difficulties). North Korea has had to ‘divert a large proportion of the economy to national defence’. A period of economic adjustment lasting up to three years is needed, when priority will be given to agriculture, light industry and exports.

Personnel changes are also announced. Kim Il Sung’s younger brother, Kim Yong Ju (aged seventy-one), is rehabilitated by being appointed to the Politburo. (He disappeared from view in 1975, having been deputy prime minister until then and a possible successor to Kim Il Sung.) (The day before, Kim Dal Hyon, the chairman of the State Planning Commission, had been dismissed.) Kim Yong Ju was made one of the four vice-presidents on 12 December (the other is Kim Pyong Sik).

24–26 December 1993. UN secretary-general Boutros Boutros-Ghali visits North Korea.

1 January 1994. In his New Year’s address Kim Il Sung called for an overhaul of the economy and suggested that North Korea would have to change dramatically in order to develop foreign markets (*IHT*, 3 January 1994, p. 5). The 1994–6 period was to be one of adjustment to implement ‘agriculture-first, light industry-first and foreign trade-first policies’ (cited in *Asian Survey*, 1995, vol. XXXV, no. 1, p. 25).

15 February 1994. North Korea accepts IAEA inspection of the seven declared nuclear facilities (i.e. not including ‘special inspection’ of the two suspected nuclear waste dumps).

Late February 1994. There are rumours that ten military officers have been executed for plotting against the North Korean regime.

1–15 March 1994. IAEA personnel are not allowed to carry out full inspections even of the seven declared facilities.

21 March 1994. President Bill Clinton announces that Patriot anti-missile batteries are to be sent to South Korea.

24 March 1994. The IAEA reports to the UN Security Council.

31 March 1994. A weakly phrased UN Security Council resolution (with no threat of sanctions) gains China’s approval. The resolution is critical of the North Koreans for ‘not allowing IAEA inspectors ... to conduct indispensable inspection activities at their seven declared nuclear sites’. North Korea is urged to allow IAEA personnel to complete their inspections within six weeks of the date of their recent return. The council would ‘consider further Security Council action if necessary’.

14 May 1994. North Korea announces that it has started withdrawing spent fuel rods from a nuclear reactor. (No IAEA inspectors are present.)

17 May 1994. IAEA inspectors arrive. (They resumed their inspection the following day.)

20 May 1994. The IAEA announces that although North Korea was in breach of the NNPT, no spent nuclear fuel has been diverted since 14 May. (Note that North Korea allowed observation only of the withdrawal and not of the testing.)

22 May 1994. North Korea agrees to receive an IAEA mission when the USA decides to resume high-level talks with North Korea.

27 May 1994. The IAEA declares the mission a failure, since it is not possible to examine the fuel rods. (The inspectors flew home two days later.)

30 May 1994. The UN Security Council urges North Korea to allow examination of the fuel rods.

8 June 1994. North Korea offers to allow inspections if the United States agrees to a third round of talks. (Note that by then the withdrawal of fuel rods had probably been completed.)

10 June 1994. The IAEA withdraws technical aid. In retaliation, North Korea says that it is no longer able to guarantee continuity of nuclear safeguards and will ask the two remaining IAEA inspectors to leave. (North Korea has repeatedly said that economic sanctions would constitute an 'act of war'.)

13 June 1994. North Korea says it will withdraw from the IAEA and will no longer allow inspectors into the country.

16 June 1994. Former US president Jimmy Carter (visiting North Korea):

President Kim Il Sung has committed himself to maintain the inspectors on site at the disputed nuclear reactor and also guarantees that surveillance equipment would stay in good operating order so long as good-faith efforts are being made jointly by the USA and North Korea to resolve the entire nuclear problem.

(A short while before, Selig Harrison reported that North Korea would be willing to freeze work on a new nuclear reactor and its fuel reprocessing plant in return for Western assistance in constructing light-water reactors for peaceful purposes – this sort of reactor producing less plutonium than the graphite-moderated type.)

17 June 1994. Former US president Jimmy Carter says that the United States has 'stopped the sanctions activity in the United Nations'. (The Clinton administration is upset by this presumption.)

18 June 1994. During Jimmy Carter's (four-day) visit Kim Il Sung offers to meet President Kim Young Sam of South Korea (who immediately accepted).

21 June 1994. North Korea grants a two-week extension to the visas of the two IAEA inspectors. (The visas were due to run out at the end of June.)

22 June 1994. The United States and North Korea agree that a third round of bilateral talks should begin (later fixed for 8 July; the first two were in June and July 1993). The United States is to suspend moves to impose sanctions. North Korea is to freeze its nuclear programme and allow inspectors.

28 June 1994. North Korea and South Korea begin talks about the proposed meeting of the two presidents (the first between presidents since the split). The negotiators agree that the venue should be Pyongyang on 25–27 July 1994.

8 July 1994. Kim Il Sung dies of a heart attack at the age of eighty-two. (He was born on 15 April 1912.)

9 July 1994. The talks with the USA (which began the day before) are suspended when the death of Kim Il Sung is officially announced.

11 July 1994. North Korea announces the postponement of the 25–27 July summit.

13 July 1994. Radio Pyongyang announces that: ‘Our Dear Leader and Comrade Kim Jong Il, the sole successor to our Great Leader, now holds the revered positions at the top of the party, the government and the revolutionary forces.’

16 July 1994. The funeral is delayed (from 17 July to 19 July).

19 July 1994. The funeral takes place (organized by Kim Jong Il). Radio Pyongyang refers to Kim Jong Il as ‘the great leader of our party and our people who is national defence committee chairman and concurrently the supreme commander of the armed forces’.

20 July 1994. Senior military and government people pledge their support for Kim Jong Il at a memorial ceremony in Pyongyang.

21 July 1994. The USA and North Korea agree in principle to resume talks. (The date is later fixed for 5 August.)

(Note that after an initial respite in the usual ‘war of words’ following the announcement of the death of Kim Il Sung, relations between North Korea and South Korea were aggravated in a number of ways, e.g. South Korea sent no condolences, published documentary proof that Kim Il Sung had started the Korean War and arrested students who wanted to mourn publicly and/or take up North Korea’s invitation to attend the funeral.)

27 July 1994. South Korea reveals a defector who claims to be the son-in-law of the prime minister of North Korea (Kang Song San). The defector says he was told that North Korea already has five nuclear bombs and intends to produce another five before openly declaring the country to be a nuclear power. (Kang Song San regained the premiership in 1993, after having been prime minister in 1984–6. He is considered to be broadly in favour of economic reform.)

28 July 1994. It is announced that Russians are to embalm Kim Il Sung’s body.

5 August 1994. Talks with the United States resume.

12 August 1994. The United States and North Korea reach preliminary agreement. In return for a freeze in North Korea’s nuclear programme, the United States is to move towards diplomatic relations, reduce barriers to trade and investment, and help arrange for the construction of light-water reactors. (South Korea offers to provide the reactors ‘if and when the North guarantees the transparency of its nuclear activities’, while Japan is likely to help with the finance.) Alternative energy supplies are to be provided until the new reactors come on stream. The details are to be discussed in talks to begin on 23 September.

17 August 1994. The United States and South Korea agree that the two undeclared North Korean sites must be inspected before the new reactors are provided.

22 August 1994. North Korea reiterates its refusal to allow special inspections of the two sites, but offers to help clear up 'nuclear suspicion'.

28 August 1994. North Korea rejects the idea of reactors from South Korea.

2 September 1994. China withdraws its delegate from the Military Armistice Commission. (The commission oversees the armistice proclaiming the end of the Korean War; the three original delegates were from China, North Korea and the UN command dominated by the United States. North Korea has boycotted the commission since 1991, when a South Korean officer was appointed by the UN, and withdrew its delegate in April 1994.)

10–13 September 1994. In talks with the United States (in Pyongyang and Berlin), North Korea agrees to allow two extra inspections (two minor sites previously off-limits to IAEA inspectors).

23 September 1994. Talks with the United States resume. (During the talks North Korea complains about a US naval exercise off the Korean peninsula.)

16 October 1994. Kim Jong Il makes his first public appearance at the end of the 100-day mourning period.

21 October 1994. The United States and North Korea formally sign an agreement on the latter's nuclear programme (the chief negotiators being Robert Gallucci for the United States and Kang Sok Ju for North Korea). There are to be three stages that give each side leverage against the other reneging:

- 1 At the end of the first stage (about five years), with construction of the first light-water reactor well under way but before key nuclear components have been supplied, North Korea will allow special inspections of the two nuclear waste sites.
- 2 As construction proceeds on the two light-water reactors North Korea will gradually ship its 8,000 spent fuel rods abroad for reprocessing. (This will take about three years, so something like eight years will have elapsed before the last rods leave the country.) The source of the new reactors soon became a bone of contention. The United States argued that there was a clear understanding that South Korea would supply them, though based on US technology, since it would be bearing by far the largest share of the cost. But North Korea subsequently demanded that the new reactors should come from elsewhere (Russia being mentioned early on). Japan was to contribute the second largest share of the estimated \$4 billion or so cost. In March 1995 a US-led consortium, the Korean Peninsula Energy Development Organization (KEDO), was set up to deal with the problem. Further tortuous negotiations between the United States and North Korea led to an announcement on 13 June 1995 that provisional agreement had been reached. The source of the reactors (still South Korea in reality) was disguised by the following statement: 'The reactor model, selected by KEDO, will be the advanced version of US-origin design and technology currently in production.' The programme was to be co-ordinated by a US company and North Korea's

claim for an extra \$1 billion for related facilities (such as power transmission lines) was to be the subject of further negotiations with Kedo.

- 3 As the second replacement reactor nears completion (after several more years) North Korea will dismantle all its facilities, including its old graphite reactors and the reprocessing plant. North Korea currently has a small reactor and two larger ones under construction. Interim alternative energy supplies in the form of oil will be provided. North Korea will also resume its dialogue with South Korea on the denuclearization of the peninsula.

(Note that in February 1995 the United States claimed that some of the fuel oil it had supplied had been diverted by North Korea to factory use rather than being used for 'heating and electricity production'. On 18 May 1995 the United States announced that the second shipment of oil, due in July, would not be undertaken unless arrangements were made to prevent any such diversion.)

The United States will begin to ease restrictions on trade and investment, and at some time diplomatic liaison offices will be opened in Pyongyang and Washington. The United States promised never to use nuclear weapons against North Korea. The 1994 'Team Spirit' military exercise between the United States and South Korea was cancelled.

31 October–4 November 1994. Prime Minister Li Peng of China visits South Korea. A number of economic deals are signed, e.g. a joint venture to build a civilian aircraft.

1 November 1994. North Korea announces that work has stopped on the construction of the two nuclear reactors and that the existing reactor has been shut down.

7 November 1994. President Kim Young Sam of South Korea says that South Korea intends gradually to ease restrictions on economic links with North Korea. These were later said to include (1) direct trade and investment (although an individual investment project would initially be limited to \$5 million); (2) permission for businessmen to visit North Korea for discussions, to undertake pilot projects and feasibility studies and to set up representative offices; (3) the management of North Korean enterprises; and (4) the sending of materials and equipment used for reprocessing in North Korea.

10 November 1994. There is a cool response from North Korea: 'co-operation and confrontation are incompatible'.

17 December 1994. A US helicopter strays into North Korean air space and is shot down. One of the two pilots is killed. North Korea says it was on a spying mission, but the United States blames navigational error.

22 December 1994. The pilot's body is returned.

North Korea announces that it is planning to allow commercial airliners from other countries to fly over its territory and land at its airports.

24 December 1994. The United States sends a formal letter of regret for the incident.

30 December 1994. The surviving pilot is returned (the United States expressing 'sincere regret' for the incident).

9 January 1995. It is announced that, as of mid-January, North Korea will lift restrictions on trade and financial transactions with the United States, remove the ban on port calls by US commercial vessels and open telecommunication services between the two countries. (Later in the month the USA announced a partial relaxation of its embargo, allowing telecommunication transactions, some banking and credit card activities and purchases of magnesite, a mineral used in steelmaking. In mid-February 1995 the first US investment mission went to North Korea: *IHT*, 13 February 1995, p. 9.)

16 February 1995. Kim Jong Il's (fifty-third) birthday is designated 'the greatest holiday of the nation'.

25 February 1995. Defence minister Marshal O Jin U dies at the age of seventy-seven. He was generally considered to be the second-ranking official in the country.

16 March 1995. Four new members of the Central Military Commission are appointed.

28–29 April 1995. North Korea hosts an International Sports and Cultural Festival for Peace.

3 May 1995. North Korea announces that its lone north–south border crossing has been closed to ceasefire monitors and journalists: 'personnel and journalists of the US Army side and officials of the Neutral Nations Supervisory Commission are totally prohibited from coming over to the section on our side'.

To replace the armistice that ended the 1950–3 Korean War, North Korea wants direct peace negotiations with the United States that would exclude South Korea. On 28 February 1995 North Korea forcibly evicted the Polish delegation to the Neutral Nations Supervisory Commission, which monitors violations of the cease-fire. North Korea had earlier forced out the Czech delegation (refusing to accept it as a substitute for the Czechoslovak one), leaving no outside monitors on the northern side of the border. North Korea argues that Poland and the Czech Republic are no longer its allies (*IHT*, 4 May 1995, p. 4).

8 September 1995. Russia forwards a new draft treaty to replace the 1961 accord. The clause calling for Russia's automatic intervention in the event of war involving North Korea is not in the new draft (*IHT*, 9 September 1995, p. 5).

(The chronology to this point is taken from Jeffries 1996a: 734–41.)

In November 1995 Russia unilaterally abrogated the 1961 treaty (*Asian Survey*, 1996, vol. XXXVI, no. 1, p. 69). Article 1 of the 11 July 1961 Treaty of Friendship, Co-operation and Mutual Assistance between the Soviet Union and North Korea stipulated that 'in case of armed aggression' the other side will immediately render military and other assistance by all means in its possession'. From 1968 onwards Moscow interpreted this provision to apply only in cases of 'unprovoked attack'. The treaty comes up for reauthorization in September 1996 (*Asian Survey*, January 1996, vol. XXXVI, no. 1, p. 103).

27 September–1 October 1995. Talks between North Korea and South Korea take place in Beijing.

10 October 1995. The fiftieth anniversary of the Korean Workers' Party is celebrated, but, contrary to general expectations, Kim Jong Il is not made general secretary.

17 October 1995. South Korean troops shoot dead an alleged North Korean spy just south of the demilitarized zone. North Korea calls the incident a South Korean fabrication.

24 October 1995. A North Korean spy is captured in South Korea. (Another escapes but was shot dead on 27 October.)

13–17 November 1995. President Jiang Zemin of China visits South Korea.

15 December 1995. North Korea and KEDO sign a \$4.5 billion deal to provide two modern nuclear reactors. Its principal financiers are South Korea, Japan and the USA. South Korea will bear most of the cost, although Japan has promised to play 'a substantial role' in financing the two 1,000 megawatt reactors, which are expected to be completed by 2003

(*IHT*, 16 December 1995, p. 4). (The eventual bill for the two reactors will be around \$5.2 billion. South Korea and Japan have formally agreed to pay 70 per cent and 20 per cent respectively, while 10 per cent has yet to be assigned: Aidan Foster-Carter, *IHT*, 15 May 1998, p. 8. On 8 June 1998 Japan announced that it would contribute about \$1 billion: *IHT*, 9 June 1998, p. 6.)

25 December 1995. Kim Jong Il warns of the threat to socialism represented by reform-minded politicians. In an article in the party newspaper *Rodong Sinmun*, purportedly written by Kim Jong Il, economic reformers and ideological revisionists are described as 'obsolete and reactionary traitors'. Communism collapsed in other countries because of the 'traitorous acts' of people in leading party positions (*The Times*, 27 December 1995, p. 8; 6 April 1996, p. 19).

26 December 1995. North Korea releases five surviving members of a South Korean trawler seized in May 1995 and also hands over the cremated remains of three others. (A North Korean gunship opened fire on the trawler which was trying to flee from North Korean waters. One fisherman was shot dead, one died in the subsequent fire and one later died of an illness: *IHT*, 27 December 1995, p. 4.)

3 January 1996. The North Korean ambassador to China:

Comrade Kim Jong Il has carried out the same work as leader of state, party and army for a long time. So the announcement of the supreme leadership of our state is only a formality and will be made in July [1996] after the second anniversary of the death of the Great Leader. (*The Times*, 4 January 1996, p. 13)

4 April 1996. North Korea announces: [The Korean People's Army (KPA) will]

give up its duty, under the armistice agreement, concerning the maintenance and control of the military demarcation line and DMZ

[demilitarized zone]. Secondly, the KPA side shall . . . have its personnel and vehicles bear no distinctive insignia and marking when they enter the joint security area.

‘The North’s declaration was seen as the latest step in a series of moves by North Korea aimed at forcing the United States to negotiate a peace treaty by proving the armistice ineffective’ (*IHT*, 6 April 1996, p. 4). ‘The armistice ended the fighting, but not, technically speaking, the war. No permanent peace treaty has ever been signed. Pyongyang wants to replace the armistice with a treaty with the United States that would ignore South Korea, an idea Washington rejects’ (*IHT*, 9 April 1996, p. 1).

5–7 April 1996. North Korean troops, armed with heavy weapons, carry out exercises in the joint security area at Panmunjom (part of the DMZ). (Under the armistice agreement thirty-five military policemen from each side, armed only with pistols, are allowed into the joint security area.)

(On 11 April 1996 South Korea held elections for the National Assembly. It seems as though North Korea’s activities helped President Kim Young Sam’s governing New Korea Party. Although it lost its parliamentary majority, the party did better than expected considering the corruption scandals surrounding it.)

16 April 1996. President Clinton visits South Korea. The USA and South Korea suggest talks involving them, North Korea and China.

North Korea’s party newspaper *Rodong Sinmun*: ‘The Korean armistice was signed by the North of Korea and the United States. The South Korean puppets are not eligible to poke their noses into the issue’ (*Telegraph*, 17 April 1996, p. 14). (The 1953 armistice was signed by North Korea, China and the United States acting on behalf of the United Nations.)

19–21 April 1996. North Korea and the USA hold the first round of talks (in Berlin) about North Korea’s production and sales of missiles.

10 May 1996. The USA and North Korea announce that later in the year they expect to begin their first joint effort to search for the remains of US soldiers missing from the Korean War. Agreement is also reached on payment for North Korea’s efforts to locate remains in the period 1993–4. The first discussions took place in 1987 and remains were also returned between 1990 and 1992 (*IHT*, 11 May 1996, p. 4). (On 20 May the USA delivered \$2 million in cash to cover expenses incurred in recovering the remains. It was the second such payment, \$897,000 being handed over in 1993: *FEER*, 30 May 1996, p. 13.)

17 May 1996. Seven North Korean troops enter the DMZ and fire shots in the air.

23 May 1996. A North Korean pilot, flying a MiG-19 jet fighter, defects to South Korea. The defection is the first in thirteen years of a pilot with a plane (*IHT*, 24 May 1996, p. 4). (Over 100 North Koreans have defected in the last two years: *IHT*, 27 May 1996, p. 4.)

2 August 1996. North Korea will open its airspace to all foreign airlines in December 1996, thus saving them having to fly around the country (*IHT*, 3

August 1996, p. 1). (The date was then brought forward to October 1996: *IHT*, 17 September 1996, p. 2. A later report put the date at the end of 1996 or early 1997: *IHT*, 12 December 1996, p. 19. On 8 October 1997 North Korea and South Korea signed a formal agreement which would allow any commercial flight to cross North Korea, after 3 April 1998, for the first time since 1945. At present only Russia and China are allowed flights over North Korea: *IHT*, 9 October 1997, p. 1.)

20 August 1996. Riots by thousands of South Korean students come to an end (5,597 being questioned by the police) (*IHT*, 23 August 1996, p. 4). South Korean police storm a Seoul campus to put an end to nine days of demonstrations and occupations (*IHT*, 21 August 1996, p. 1).

[The students involved] are asking for reunification on North Korean terms. The two Koreas differ fundamentally in their ultimate vision of reunification. South Korea wants one nation with one economic system and one government under a liberal democracy, while leaders of the North say Korea should be one nation with two economic systems, and two governing bodies with separate ideologies. The North also wants to maintain its version of Stalinist communism. In addition, the students are calling for the withdrawal of US forces. (Stella Kim, *IHT*, 21 August 1996, p. 4)

(On 29 October 1996 a South Korean court sentenced fifty-one students to up to three years in prison. Fifty-nine students were given suspended prison sentences of up to eighteen months. On 1 November 1996 forty-one students were jailed for between eight months and two-and-a-half years and twenty-six were given suspended sentences.)

23 August 1996. A US merchant ship (delivering food aid) docks at a North Korean port (Nampo) for the first time since December 1951.

18 September 1996. A North Korean submarine is found stranded on South Korea's east coast (about 100 kilometres south of the demilitarized zone). Eleven North Koreans are found shot dead (seemingly by one or more North Koreans), one is captured and others are missing. South Korea treats the incident as a case of attempted infiltration.

19 September 1996. Seven North Koreans are shot dead by South Korean forces but seven others are thought to be still at large.

21–22 September 1996. Two more North Koreans (including, it is claimed, the captain of the submarine) are shot dead and three South Korean soldiers are killed. One South Korean civilian is mistakenly taken to be a North Korean and shot dead.

23 September 1996. North Korea claims that the submarine was on a routine training mission in the Sea of Japan, developed engine trouble and strayed south: 'Since the vessel ran aground, our troops appear to have no alternative but to land ashore.'

28 September 1996. Another North Korean is shot dead.

30 September 1996. Another North Korean is shot dead. A South Korean soldier is mistakenly taken to be a North Korean and shot dead.

2 October 1996. A South Korean diplomat is murdered in Vladivostok in unexplained circumstances.

6 October 1996. North Korea announces that on 24 August a US citizen was arrested and charged with spying after crossing from China. (South Korea claims that he is not spying on its behalf and that he is a missionary. He was sent back to the United States on 27 November 1996. On 18 December 1996 he was found dead in the United States, having apparently committed suicide.)

9 October 1996. Three South Korean villagers are found dead. South Korea assumes they have been killed by the North Koreans still at large.

5 November 1996. Two more North Koreans are shot dead, leaving only one still at large. Four South Korean soldiers are killed. (The North Korean captured alive remained in South Korea.)

8 November 1996. South Korean president Kim Young Sam:

Unless North Korea sincerely apologizes for what has happened and guarantees that the same kind of incident will not be repeated, we cannot help North Korea, whether it is in rice or other things . . . The implementation [of the nuclear deal], on our part, will be suspended for the time being. (*IHT*, 9 November 1996, pp. 1, 6)

29 December 1996. North Korea issues a statement (drawn up after consulting with the USA):

The spokesman of the Ministry of Foreign Affairs of the Democratic People's Republic of Korea is authorized to express deep regret for the submarine incident in the coastal waters of Kangrung, South Korea, in September 1996, that caused the tragic loss of human life. The DPRK will make efforts to ensure that such an incident will not recur, and will work with others for durable peace and stability on the Korean Peninsula.

North Korea agrees to attend a 'briefing' session, to be held jointly by the USA and South Korea, to hear details of the proposed four-way talks between the USA, China, South Korea and North Korea. North Korea secures the renewal of emergency food supplies from the USA (*FEER*, 9 January 1997, pp. 15–16).

30 December 1996. South Korea returns the cremated remains of the twenty-four North Koreans. North Korea refers to the 'martyrs who fought like heroes'.

North Korea agrees to resume the storage of spent nuclear fuel rods (*IHT*, 31 December 1996, p. 1).

The US government grants a US grain-trading company an export licence to barter grain for metals (*The Economist*, 4 January 1997, p. 55; *FEER*, 9 January 1997, p. 16; *IHT*, 7 January 1997, p. 4). (A deal was struck on 5 April 1997 to exchange 20,000 tonnes of grain for 4,000 tonnes of zinc. But North Korea later cancelled the deal: *IHT*, 6 June 1997, p. 5.)

13 January 1997. North Korea agrees to attend the 'briefing' session on 29 January 1997. (On 27 January North Korea shifted the date to 5 February,

citing negotiations still in progress on the grain contract. Later on the date was once again shifted. On 21 February North Korea announced that it would join the talks on 5 March.)

20 January 1997. The South Korean Red Cross announces that it is to resume aid shipments to North Korea (food and socks) (*IHT*, 21 January 1997, p. 7).

29 January 1997. China's president Jiang Zemin: 'China sincerely hopes that the South and the North will settle their disputes through dialogue and consultation to realize the peninsula's peaceful and independent reunification' (*IHT*, 30 January 1997, p. 4).

February 1997. 'North Korea has agreed to accept up to 200,000 barrels of nuclear waste from Taiwan, in exchange for tens of millions of dollars [up to \$227 million]. The deal has enraged South Korea, whose border is less than 65 kilometres (40 miles) from the reported disposal site in North Korea' (*IHT*, 8 February 1997, pp. 1, 5). 'Taiwan's plans to ship low-grade nuclear waste, largely consisting of clothing, gloves and shoes exposed to radiation, to North Korea have been condemned by Seoul and Beijing as a challenge to regional stability' (*FT*, 8 February 1997, p. 3).

16 February 1997. Kim Jong Il's fifty-fifth birthday.

17 February 1997. South Korea says that it will respond to the UN appeal for food aid for North Korea and still send nuclear technicians for the site survey in North Korea (*IHT*, 18 February 1997, p. 4).

21 February 1997. Prime minister Kang Song San is replaced by his deputy.

The defence minister dies. (The deputy defence minister died on 27 February 1997.)

5 March 1997. The 'briefing session' takes place in New York, attended by the USA, South Korea and North Korea.

6 March 1997. The United States and South Korea announce that their 'Team Spirit' joint military exercises will once again be cancelled. (They have not been held since 1993: *IHT*, 7 March 1997, p. 4.)

11 March 1997. The name of the new agriculture minister is revealed.

18 March 1997. Hwang Jang Yop flies to the Philippines.

26 March 1997. North Korea tells the United States and South Korea that it will join the proposed four-nation peace talks if they first guarantee substantial food aid (put at 1.5 million tonnes by one source). But the USA and South Korea make it clear that any major food aid will only be discussed during the peace talks (*IHT*, 28 March 1997, p. 6).

31 March 1997. South Korea announces that it is to lift its ban on private rice donations to North Korea. (For the last two years private aid groups have been free to supply things like wheat flour, powdered milk, potatoes and clothes, but rice shipments have been banned: *IHT*, 1 April 1997, p. 6.)

13 April 1997. The names of 123 new generals and a new deputy defence minister are announced.

16 April 1997. Talks are held in New York between the United States, South Korea and North Korea. (North Korea then postponed talks several times. The three countries met on 21 April but did not reach agreement.)

3 May and 5 May 1997. Representatives of the Red Cross organizations in North Korea and South Korea meet for the first time since August 1992. They agree to meet again.

26 May 1997. The Red Cross organizations agree on food aid amounting to 50,000 tonnes, to be delivered by the end of July 1997. (See below.)

(Kim Jong Il has been elevated from 'Dear Leader' to 'Great Leader': *IHT*, 30 May 1997, p. 4.)

5 June 1997. There is an exchange of gunfire between a South Korean patrol boat and a North Korean gunboat escorting fishing boats in what South Korea claims are its waters.

12 June 1997. The South Korean government announces that a refugee camp will be built near Seoul by late 1998 to help North Korean refugees adjust to life in a new society (*IHT*, 13 June 1997, p. 5).

25 June 1997. North Korea says that it will meet the United States and South Korea in New York on 30 June to plan for peace talks (which will include China).

30 June 1997. North Korea says that it will attend 'preparatory talks' on a peace treaty (including China) in New York starting on 5 August 1997.

8 July 1997. It is announced that the three-year mourning period for Kim Il Sung is over.

16 July 1997. There is an hour-long exchange of fire (including artillery) between North Korean and South Korean troops. South Korea alleges that North Korean troops entered the DMZ.

17 July 1997. North Korea announces that it will lift the ban that has prevented Japanese women who are married to North Koreans from visiting Japan. The wives concerned are those 'in advanced years'. (Some 1,800 Japanese spouses, mostly wives, of ethnic Koreans went to live in North Korea between 1959 and 1984, most leaving in 1959 and the early 1960s. In late August 1997 North Korea and Japan agreed that fifteen or so Japanese wives would be allowed to return to Japan on temporary visits: *FEER*, 11 September 1997, pp. 16, 18. An agreement was signed on 9 September 1997 to allow ten to fifteen women to visit Japan for a week in October 1997, Japan paying the travel expenses: *IHT*, 10 September 1997, p. 1. Fifteen wives actually began a week-long visit on 8 November 1997: *IHT*, 10 November 1997, p. 8.)

23–25 July 1997. The Red Cross organizations of North and South Korea meet in Beijing.

4 August 1997. North Korea hands over the remains of four American soldiers killed in the Korean War. North and South Korea link up their public telephone lines for the first time since the end of the Second World War.

5 August 1997. The four-nation 'preparatory' talks begin in New York.

North Korea announces that it is ready to abide by the 1953 armistice that ended the Korean War until a new peace mechanism comes into effect. On 24 June 1995 North Korea declared the armistice agreement 'dead' (*IHT*, 6 August 1997, p. 4).

7 August 1997. The talks end earlier than expected, without agreement on

the topics to be on the agenda of full talks. But the 'preparatory' talks are expected to be resumed on 15 September.

19 August 1997. The formal ceremony takes place to celebrate the start of construction on the nuclear power site. (Phone lines connecting the site to South Korea were installed earlier in the month.)

21–22 August 1997. Japan and North Korea hold talks on whether to resume the formal normalization talks broken off in November 1992. (North Korea walked out after allegations were made that its agents had kidnapped Japanese citizens. Japan believes that more than ten Japanese were kidnapped by North Korean agents, mostly in the late 1970s and early 1980s: *FEER*, 11 September 1997, p. 16.)

27 August 1997. North Korea announces that it will not attend the third round of talks with the USA on missile proliferation planned for 28–30 August.

North Korea withdraws from the UN's (1976) International Covenant on Civil and Political Rights (which it joined in 1981) after being criticized for its human rights record.

9 September 1997. Some North Korean soldiers cross the border. One is shot dead.

12 September 1997. North Korea agrees to attend the second round of 'preparatory' talks (scheduled for 18–19 September in New York). The USA agrees to hold separate, bilateral negotiations with North Korea two days before the 'preparatory' talks.

South Korea returns a North Korean soldier who drifted into southern waters after his boat capsized in August 1997.

18–19 September 1997. The second round of 'preparatory' talks fail. (North Korea wanted the future agenda to include food aid and the withdrawal of US troops from South Korea.)

21 September 1997. A provincial conference of the Korean Workers' Party adopts a resolution recommending Kim Jong Il to be the party's secretary-general (*IHT*, 23 September 1997, p. 6).

22 September 1997. The army endorses the resolution.

8 October 1997. Kim Jong Il is elected general secretary of the Korean Workers' Party.

17 October 1997. North Korean troops enter the South Korean controlled half of the DMZ and abduct two South Korean farmers. (North Korea and South Korea have one farm each in the DMZ.) The last time a South Korean civilian was abducted in the DMZ was in August 1975. That person was never returned (*IHT*, 18 October 1997, p. 4).

21 October 1997. The two farmers are returned, saying that they accidentally crossed into the part of the DMZ controlled by North Korea.

8 November 1997. Fifteen Japanese wives from North Korea begin a week-long visit to Japan.

21 November 1997. North Korea agrees to formal four-party talks, beginning in Geneva on 9 December 1997, on a permanent peace settlement.

9–10 December 1997. The opening session of the formal talks takes place,

the agenda dealing with ‘the establishment of a peace regime on the Korean Peninsula and issues concerning tension reduction there’.

18 December 1997. The opposition candidate, Kim Dae Jung, wins the presidential election in South Korea. (He is keen on easing tension between North Korea and South Korea. For example, he called on both sides to implement the 1991 agreement designed to reduce tensions and promote exchanges and economic co-operation: *IHT*, 20 December 1997, p. 13. His policy was later termed the ‘sunshine policy’, which refers to warmer relations between South and North Korea. South Korea is well aware of the enormous cost of German reunification under more favourable conditions than those facing the two Koreas. President Kim Dae Jung does not wish to see the collapse of North Korea and thus favours gradual improvements in political and economic relations. South Korea, he believes, should help North Korea via aid, trade and investment.)

(‘Kim Dae Jung has pursued his own approach with consistency, determination and patience, emphasizing a metaphor – from an Aesop fable – of how sunshine can be more successful than a cold wind in getting a stranger to take off his coat’: Samuel Kim, *Asian Survey*, 2000, vol. XL, no. 1, p. 159.)

2 February 1998. The second batch (twelve) of Japanese wives of North Koreans leave Japan after a brief visit.

19 February 1998. North Korea makes conciliatory gestures towards President-elect Kim Dae Jung of South Korea, who has called for direct talks with North Korea, direct talks between himself and Kim Jong Il, an exchange of envoys and the revocation of laws that forbid South Koreans from receiving North Korean radio and television broadcasts. North Korea says that: ‘We make clear that we are willing to have dialogue and negotiations with anyone in South Korea, including political parties and organizations. The North and South must promote coexistence, co-prosperity, common interests, mutual collaboration and unity between fellow countrymen.’ But the prerequisites for reconciliation remain the same, including the halting of joint military exercises between South Korea and the United States, the abolition of the South Korean intelligence agency and the repeal of South Korea’s national security law. Kim Young Sam is criticized for ‘anti-unification’ views and ‘anti-national policies taken in the name of globalization’. North Korea has said that it will open ‘address information centres’ to assist North Koreans in finding relatives living elsewhere. (*IHT*, 20 February 1998, pp. 1, 12; *FT*, 20 February 1998, p. 8; *Independent*, 20 February 1998, p. 11; *Telegraph*, 20 February 1998, p. 18.)

25 February 1998. Kim Dae Jung is sworn in as president of South Korea. He proposes an exchange of envoys with North Korea and says that he is ready to hold a summit meeting at any time (*Independent*, 26 February 1998, p. 11). Kim Dae Jung proposes an exchange of special envoys (a process suspended since 1992) and a summit meeting (*The Economist*, 28 February 1998, p. 75). He sees reunification as being at least a decade away (p. 20). Kim Dae Jung calls for strengthened economic relations with North Korea. He says that it is fine ‘if North Korea pushes for interaction and co-operation with our

friends, including the United States and Japan' (*IHT*, 2 March 1998, p. 4). The South Korean government may double the amount that South Korean companies can invest in North Korea from the ceiling of \$5 million set in 1994 (p. 11). Kim Dae Jung says that South Korea will 'not be parsimonious in extending food aid to North Korea from the government and private organizations through reasonable means' (*FT*, 3 March 1998, p. 9). The new president is setting up a fund to raise money from families in South Korea who have relations in North Korea to help establish an inter-Korean agricultural research institute (*The Economist*, 7 March 1998, p. 82).

The South Korean government has said that civic and religious bodies can send officials to North Korea to discuss food aid. But food may be delivered only through the Red Cross (*FEER*, 2 April 1998, p. 18).

1 March 1998. There takes place the first flight through North Korean airspace by a non-communist airline since the Korean War (*The Times*, 2 March 1998, p. 11).

16–21 March 1998. Four-nation talks take place in Geneva.

4 April 1998. North Korea proposes talks with South Korea at deputy-minister level to begin on 11 April in order to discuss food and agricultural problems (the need for fertilizers in particular).

11 April 1998. The talks begin in Beijing with a five-member delegation from both sides, each led by a deputy minister.

On 12 April the talks moved on to a working level to discuss family reunions along with South Korean proposals to exchange envoys and reopen liaison offices in the border truce village of Panmunjom. Although the talks had been prompted by a North Korean request for fertilizer, the agenda of the meetings was far broader. Negotiators discussed everything from large-scale economic investments by South Korea to implementation of a 1991 basic agreement to pursue peaceful reunification. But South Korea stated that large-scale aid depended on political concessions (*IHT*, 13 April 1998, p. 5).

The talks stalled on 14 April, with North Korea asking for fertilizer before discussing a timetable for family reunions (*IHT*, 15 April 1998, p. 1). North Korea's chief negotiator: 'Because the South attached political conditions to an economic and humanitarian issue, talks will not succeed.' South Korea's delegation head: 'North Korea said the family issue is a political issue, while the fertilizer was a humanitarian issue. But we believe the reunion of families is a humanitarian issue of the first order.' (*FT*, 15 April 1998, p. 4). (The negotiating teams agreed to remain in Beijing for two days: *IHT*, 16 April 1998, p. 5.)

The two teams met again on 16 April but failed to restart the formal talks (*IHT*, 17 April 1998, p. 6).

18 April 1998. The two teams leave Beijing after failing to restart the talks.

Kim Jong Il publishes 'an open letter' to delegates at a North Korean symposium on reunification in the North Korean press dated 18 April but not released until 29 April. He calls for 'a wide-ranging, nationwide dialogue' in a drive toward reunification. 'We must improve relations between the North

and the South in order to achieve the great unity of our nation.' 'Let us reunify the country independently and peacefully through the great unity of the entire nation.' 'All Koreans in the North, South and abroad must visit one another, hold contacts, promote dialogue and strengthen solidarity.' He calls for participation by 'representatives of all political parties and social organizations, including the authorities and the figures from various walks of life in the North and South and the overseas compatriots', the purpose being 'the unity of the nation' (*IHT*, 30 April 1998, p. 4; *Independent*, 30 April 1998, p. 12; *Guardian*, 30 April 1998, p. 15).

The April North–South joint conference clearly showed that the communists, nationalists and various other political forces and different sections of the population would be fully able to unite in the struggle for the common cause of the nation, regardless of the difference in ideology, ideals, political views and religious beliefs. (*Telegraph*, 30 April 1998, p. 26)

9 June 1998. North Korea calls off a planned visit to Japan by Japanese-born wives (*IHT*, 10 June 1998, p. 1).

16 June 1998. North Korea issues the following statement:

We will continue developing, testing and deploying missiles. If the United States really wants to prevent our missile export, it should lift the economic embargo as early as possible and make a compensation for the losses to be caused by discontinued missile export. Our missile export is aimed at obtaining foreign money, which we need at present. (*IHT*, 17 June 1998, p. 1)

North Korea's provocative statements about its missile programme come as Pyongyang has been more receptive and open on other issues. In recent months relations between North and South Korea have thawed somewhat, especially on economic matters . . . Since the inauguration of President Kim Dae Jung in February, the South has followed Mr Kim's 'sunshine policy' by taking a more moderate approach toward Pyongyang, engaging rather than isolating. The Kim government has separated political and economic dealings with the North, allowing business leaders to pursue deals in North Korea in growing numbers. The Seoul government, which has jailed people for reading North Korean literature or listening to radio broadcasts from Pyongyang, this week began allowing some government-approved North Korean books, music and videotapes to be imported into the South. They also allowed the importation of frozen fish and some agricultural products. (Kevin Sullivan, *IHT*, 17 June 1998, p. 4)

The founder of South Korea's Hyundai conglomerate, Chung Ju Yung, leads a convoy of lorries carrying 500 head of cattle through Panmunjom. He will deliver them to the village in North Korea where he was born.

Chung Ju Yung's offer of aid amounted to some \$600,000, including 500

head of cattle, 10,000 tonnes of maize and the fifty lorries. Another 500 head of cattle and 40,000 tonnes of maize will be sent across the border later in the year (*The Economist*, 20 June 1998, p. 84). The \$600,000 aid package involves 1,000 head of cattle and 40,000 tonnes of corn (*FT*, 24 June 1998, p. 7).

On his return on 23 June Chung Ju Yung claimed that he had gained approval in principle for a tourist scheme involving the Mount Kemgang (Diamond Mountain) area.

22 June 1998. A North Korean midget submarine is caught in the trawling nets of a fishing boat in South Korean waters. The submarine sank the following day as it was being towed towards a South Korean port. When the submarine was raised nine bodies were found shot dead. South Korea believes that four agents shot the five crewmen and then committed suicide (*IHT*, 27 June 1998, pp. 1, 4). The bodies were returned to North Korea on 3 July. (The incident led to the halting of the second batch of 500 cattle: *FEER*, 9 July 1998, p. 16.)

23 June 1998. Military talks begin between generals of the United Nations Command and of North Korea. These are the first talks at general level since February 1991 (*IHT*, 23 June 1998, p. 8, and 24 June 1998, p. 6).

12 July 1998. The body of a diver, claimed by South Korea to be a North Korean commando, is found. A submersible boat large enough to carry up to five commandos is found nearby.

North Korea announces that Kim Jong Il has accepted a nomination for the Supreme People's Assembly, apparently a step towards assuming the presidency (*IHT*, 13 July 1998, p. 4).

26 July 1998. Kim Jong Il is elected to the Supreme People's Assembly.

17 August 1998. It is reported that US intelligence agencies have detected a huge secret underground complex in North Korea that they believe is the centrepiece of an effort to revive the country's frozen nuclear weapons programme. But North Korea has not yet technically violated the nuclear accord because there is no evidence that it has begun pouring cement for a new reactor or a reprocessing plant that would convert nuclear waste into bomb-grade material (*IHT*, 18 August 1998, p. 1).

31 August 1998. It is reported that North Korea has test-fired its longest range ballistic missile to date, with the second stage crossing over northern Japan.

1 September 1998. Japan suspends food and other aid to North Korea. Japan also suspends normalization talks (although these have already been broken off by North Korea). South Korea also protests (*IHT*, 2 September 1998, p. 4). Japan said it would suspend air links with North Korea, send no new food aid, suspend efforts to hold normalization talks and halt its contribution to build nuclear power reactors in North Korea (*IHT*, 3 September 1998, p. 4).

4 September 1998. North Korea says that on 31 August it launched its first satellite.

The United States and South Korea do not rule out this possibility (*IHT*, 7 September 1998, p. 4). The United States is apparently unable to say whether

North Korea test-fired an intercontinental missile, launched a satellite, or did both (*IHT*, 9 September 1998, p. 10). The USA now believes that it was a failed attempt to launch a small satellite into orbit. It was a third stage which failed (*IHT*, 16 September 1998, p. 4). Japan also accepts this version (*FT*, 16 September 1998, p. 8). 'The official US position is that] in August 1998 ... the North Koreans flight-tested a medium-range ballistic missile configured to put a small satellite into orbit' (*IHT*, 9 June 2000, p. 12).

The North Koreans were discovered last month to have been digging a large underground installation that many assume to be nuclear-related. No specific information from the intelligence community as yet concretely supports this assumption ... The North Koreans have said, both publicly and privately, that the new underground facility is for civilian purposes and that outside inspectors can visit it to verify this ... Regarding their multi-stage rocket, the North Koreans averred that they launched a satellite and provided quite precise information about its orbit. That claim was first greeted in Washington with derision, but has now been confirmed. Even as a satellite, however, the launching is worrisome because it indicates Pyongyang possesses longer-range missile technology. The North Koreans have said, however, that they would abandon their missile programme if the United States would ease economic sanctions, a condition agreed to in 1994. (Donald Gregg and James Laney, *IHT*, 22 September 1998, p. 10)

(The writers are former US ambassadors to South Korea.)

6 September 1998. It is announced that the constitution has been revised to make the late Kim Il Sung North Korea's 'eternal president'. Kim Jong Il will be head of state, based on his position as chairman of the National Defence Commission. Under the new constitution the tasks of receiving ambassadors and representing the state for diplomatic purposes will be taken over by the president of the presidium of the Supreme People's Assembly. The president of the presidium will be Kim Yong Nam, the previous foreign minister.

The son, known as 'Dear Leader' while his father was alive, is now also referred to as 'Great Leader' – although the Korean phrase used for the son is different from the one reserved for the father ... North Korea became the first communist country to transfer government power within a family dynasty when it anointed Kim Jong Il as head of an expanded National Defence Commission on Saturday [5 September] ... He has travelled outside his country only once, to China in 1983. (Nicholas Kristof, *IHT*, 7 September 1998, pp. 1, 8)

The post of Chairman of the National Defence Commission is proclaimed the 'highest post of the state'. The newly amended constitution grants the chairman the right to declare war and mobilize soldiers (*Independent*, 7 September 1998, p. 12).

(Kim Jong Il made his only recorded foreign trip in 1983, in his capacity as head of the National Defence Commission: *FEER*, 23 February 2000, p. 24.)

9 September 1998. Kim Jong Il appears in public (but did not make a speech) at a military parade and mass rally in Pyongyang to celebrate the fiftieth anniversary of the Democratic People's Republic of Korea.

8 October 1998.

Emperor Akihito [of Japan] and [Japanese] prime minister Keizo Obuchi have offered frank and unambiguous apologies to President Kim Dae Jung of South Korea for suffering Japan caused during its 1910–45 occupation of the Korean Peninsula. In a joint statement issued by the leaders Thursday [8 October] during Mr Kim's state visit to Japan, Mr Obuchi 'expressed deep remorse and extended a heartfelt apology to the people of South Korea, having humbly accepted the historical fact that Japan inflicted heavy damage and pain on the people of South Korea through its colonial rule'. It was the first written apology issued to an individual country by Japan for its actions before and during World War II . . . In the past Japanese leaders have expressed 'regret' for any suffering Japan may have caused this century, but never offered an outright apology or specifically mentioned Korea . . . Perhaps most symbolic were the words of Akihito, whose father, Hirohito, oversaw the occupation of Korea. At a welcoming banquet for Mr Kim on Wednesday night [7 October] Akihito expressed 'deep sorrow' for the 'period when Japan brought great suffering on the people of the Korean Peninsula'. He said 'The sorrow that I feel over this never leaves my memory.' (*IHT*, 9 October 1998, pp. 1, 6)

16 October 1998. Japan announces that it has decided to lift a freeze on plans to contribute \$1 billion to the international consortium to build nuclear reactors (Korean Peninsula Energy Development Organization) and will soon sign the cost-sharing agreement. The US Congress agrees to restore \$35 million in food, oil and other aid to North Korea (*IHT*, 17 October 1998, p. 7). (Japan signed the agreement on 21 October 1998.)

21–24 October 1998. Talks between North Korea, South Korea, the USA and China resume. They agree to create two working parties to explore a peace treaty and to examine confidence-building measures. They also agree to hold a fourth round of talks in January 1999 (*IHT*, 26 October 1998, p. 4).

27 October 1998. Chung Ju Yung (the founder of Hyundai) crosses the border to deliver 501 head of cattle and twenty cars to North Korea (*Guardian*, 28 October 1998, p. 17).

'Mr Chung, the son of a poor farmer . . . in North Korea, said he had decided to donate the cattle to pay a family debt. At eighteen Mr Chung stole his father's cow and used the proceeds to travel to Seoul to make his fortune' (*IHT*, 9 August 1999, p. 4).

15 November 1998. A trial cruise is undertaken ahead of the scheduled trips starting on 18 November.

19 November 1998. A US envoy says that he has rejected a North Korean demand for a reported \$300 million for access to the underground facility at Kumchangri (*IHT*, 20 November 1998, p. 6).

15 December 1998. Chung Ju Yung starts his third visit this year to North Korea.

18 December 1998. South Korean forces destroy a North Korean semi-submersible. One North Korean is found dead and perhaps as many as five others are missing.

19–22 January 1999. Talks between North Korea, South Korea, the United States and China take place. They agree to meet again.

4 February 1999.

North Korea on Wednesday [3 February] proposed high-level political talks with South Korea for the first time in years. But the North's initiative contained many conditions that Seoul has previously rejected, including repeal of its national security law and an end to joint military exercises with the United States. Among other things, the security law makes it a crime to speak or write favourably about North Korea or have any unauthorized contact with its citizens. (*IHT*, 4 February 1999, p. 5)

22 February 1999.

The South Korean government promised unconditional amnesty [effective 25 February] Monday [22 February] to seventeen long-term prisoners who had been convicted of spying for North Korea or sympathizing with the communists in a move that the authorities hoped would promote an exchange for 300 South Koreans held captive by the north. The South Korean justice minister . . . said the government was considering 'extraordinary measures' under which the seventeen, including . . . [one] who has been in prison for forty-one years [since his capture in 1958 while leading a North Korean Navy reconnaissance team in the south], might return to North Korea Navy provided the North freed the South Koreans, some of them held there since the Korean War . . . The seventeen . . . are among 1,508 prisoners who will go free . . . All told the amnesty covers 8,800 people . . . The release marks a sharp departure from the previous policy of releasing prisoners only after they signed a pledge to abide by South Korean law. The pledge meant that a prisoner, once freed, would not violate the national security law, which forbids the slightest sign of support for the North Korean government or its ruling party. (*IHT*, 23 February 1999, p. 1)

16 March 1999. North Korea agrees to allow repeated US inspections (starting in May 1999) of the suspected nuclear weapons underground site at Kumchangri (about 40 kilometres north-west of Yongbyon).

When talks on the issue opened in November [1998] Pyongyang demanded \$300 million as the price for access to the site, an enormous man-made cavern . . . Although the United States this month [March] pledged 500,000 tonnes of new food aid to North Korea . . . [the US State Department spokesman] denied that there was any direct link to the

inspection agreement ... [He] added that the United States approved plans for a private US organization to help improve potato production on North Korean farms ... and said it would be monitored to ensure that the potatoes go to needy civilians and not to the North Korean military. (*IHT*, 17 March 1999, p. 1)

'While American officials say they will "inspect" the underground site, North Korean state radio said American inspectors will "visit" the site.' The USA pledges to launch a bilateral agricultural project that will include 100,000 tonnes of food aid and announces that 200,000 tonnes from the September pledge are being delivered. (In September 1998 the USA pledged 500,000 tonnes of food aid through the World Food Programme. The first 300,000 tonnes were sent soon afterwards.) South Korea offers 50,000 tonnes of fertilizer (*FEER*, 1 April 1999, pp. 18–19).

23 March 1999. The United States announces 200,000 tonnes of new food aid to North Korea. The UN World Food Programme will receive 100,000 tonnes, while US private aid groups will deliver the remaining 100,000 tonnes as part of a food-for-work project. The latter shipment, part of a pilot aid programme for growing potatoes, marks the first time the USA has given direct aid to North Korea (*IHT*, 24 March 1999, p. 4).

16 April 1999.

North Korea will soon lose its main conduit for receiving international funds, including millions of dollars in donor assistance used to alleviate the country's persistent famine. The board of the Dutch Investment Bank ING Barings NV voted to close within six weeks the company's Pyongyang branch, one of the two foreign banks operating in North Korea ... The bank [set up in 1994] ... is 70 per cent owned by ING Barings and 30 per cent owned by ... a Pyongyang-controlled business ... ING Barings auditors had raised concern over the potential for money laundering as it is impossible to verify the source of funds from North Korean companies. International drug enforcement officials have repeatedly raised allegations of large-scale production of illegal narcotics in North Korea, and the country's diplomats have frequently been caught trying to smuggle drugs and pass off high-quality counterfeit dollar bills. (*IHT*, 17 April 1999, pp. 1, 13)

21 April 1999.

The United States is offering its first direct aid to North Korea ... Washington's first direct agreement between the two countries will provide about 100,000 tonnes of food aid, primarily wheat, and about 1,000 tonnes of potato seeds through US non-governmental organizations ... The United States traditionally has sent hundreds of thousands of tonnes of food to North Korea through the World Food Programme and other international organizations. The first direct shipment, of potato seeds, is expected to take place in May ... The food and seeds are part of a deal reached in March. (*IHT*, 22 April 1999, p. 4)

25–27 April 1999. The fifth round of four-country talks takes place.
2 May 1999.

Japan has ... decided to go ahead with its \$1 billion contribution to an international consortium building two light-water nuclear reactors in North Korea. The Japanese government will seek approval from the Diet for the release of its funds to the Korean Peninsula Energy Development (Kedo). (*FT*, 5 May 1999, p. 8)

17 May 1999. The United States announces that it will provide an additional 400,000 tonnes of food to North Korea (*IHT*, 18 May 1999, p. 12).

27 May 1999. US officials report on their investigation on 20–24 May of the North Korean site. The team found an unfinished site, the underground portion of which was an extensive, empty tunnel complex (*IHT*, 28 May 1999, p. 7).

29 May 1999.

Former [US] defence secretary William Perry says that during his just-completed trip to North Korea he ‘clearly and firmly’ expressed concern about North Korean military programmes but did not get a definitive response. Mr Perry spoke in Seoul on Saturday [29 May] after concluding a four-day visit to North Korea [25–28 May] where he apparently outlined a Clinton administration proposal to offer a major expansion of economic and diplomatic ties if the North in exchange would restrict its nuclear and missile programmes ... The North Korean leader Kim Jong Il declined to meet with Mr Perry ... Although former president Jimmy Carter visited North Korea in 1994 on his own, Mr Perry as a presidential envoy was heading the highest ranking US delegation to North Korea since the Korean War. But his contacts were confined mostly to the vice minister level ... Mr Perry ... is to put the finishing touches on his review of policy towards North Korea. (Nicholas Kristof, *IHT*, 31 May 1999, p. 5)

3–7 June 1999. Kim Yong Nam, who ranks number two in North Korea, visits China. This is the first high-level contact with China in almost eight years. China pledges aid in the form of 150,000 tonnes of food and 400,000 tonnes of coal (*FEER*, 17 June 1999, p. 17).

For the first time in eight years North Korean flags flew together with Chinese ones in honour of the five-day visit by Kim Yong Nam, the president of North Korea’s parliament and the highest ranking official behind ... Kim Jong Il ... During Mr Kim’s visit China pledged 150,000 tonnes of grain and 400,000 tonnes of coal in new aid to North Korea. (*The Economist*, 12 June 1999, p. 85)

8–9 June 1999.

North and South Korean military vessels confronted each other in a tense standoff Wednesday [9 June], for the second day in a row, with

each side accusing the other of intruding into its own waters ... According to the South Korean version of events, the episode began Tuesday [8 June] when six North Korean military vessels headed in single file south of the 'northern limit line' that divides the waters to the west of the two Koreas. The vessels entered a South Korean 'buffer zone' and escorted some fishing boats that apparently were catching crabs ... North Korea does not recognize the limit line and it sometimes intrudes south of it ... But in the past they have normally retreated at the first sight of South Korean patrol boats ... The two Koreas had agreed a few days ago to talks at the deputy minister level on such issues as arranging meetings of divided families. (Nicholas Kristof, *IHT*, 10 June 1999, p. 7)

11 June 1999. South Korean patrol boats ram at least three North Korean vessels (*IHT*, 12 June 1999, p. 3).

15 June 1999.

South Korean naval ships sank a North Korean gunboat early Tuesday [15 June] in the Yellow Sea in a furious ten-minute barrage ... The encounter, possibly the fiercest naval clash between the two nations since the Korean War ended in 1953, receded into a verbal clash later in the day ... About thirty North Korean sailors are believed dead and others wounded ... Seven South Korean sailors were wounded, none seriously ... The other North Korean vessels fled ... At least one of the two was reported damaged and possibly under tow ... Defence officials in Seoul admitted that South Korean ships were ramming the North Korean vessels, trying to force their return to North Korean waters, when the North Koreans began firing ... The confrontation took place in a disputed buffer zone off the Korean west coast claimed by South Korea as within its territorial waters ... The Northern Limit Line extends into the sea from the western end of the demarcation line between the two Koreas. The North has never recognized the boundary. (*IHT*, 16 June 1999, pp. 1, 8)

16 June 1999.

North Korea said Wednesday [16 June] that it was suspending contacts with the South, a day after South Korean vessels sank one of its warships in a firefight in the Yellow Sea ... [causing] the deaths of all its seventeen crew members. More than twenty North Korean sailors may have died in a high-seas gun battle that may have lasted less than thirty minutes early Tuesday [15 June]. North Korea's action immediately put in jeopardy two-way talks set for Monday 21 June] in Beijing, though Pyongyang did not specifically mention the meeting ... 'We solemnly declare that we will restrict or suspend Pyongyang visits of South Koreans and their contacts with us for the time being' ... Meanwhile patrol boats from the two sides circled near the disputed waters in the Yellow Sea, though there was no exchange of fire. (*IHT*, 17 June 1999, p. 6)

21 June 1999. North Korea announces a delay in the bilateral meeting with South Korea in Beijing (the first such meeting since April 1998) because of the delay in the delivery of the remaining shipment of 22,000 tonnes of fertilizer (out of a total of 100,000 planned to be delivered by 20 June).

A South Korean tourist in North Korea, visiting Mount Kumgang, is detained.

The thirty-six-year-old housewife ... [was detained] for suggesting a North Korean tour guide visit the South to see how North Korean defectors were treated ... When a tour guide told her that North Korean defectors to the South were executed ... [the tourist] said they lived well in the South and said the guide should come to the South to see how people lived there. North Korean officials accused her of attempting to persuade the guide to defect. (*IHT*, 26 June 1999, p. 5)

The tours are suspended.

22 June 1999. North Korean and South Korean officials attend talks. North Korea demands an apology for the naval incident but agrees to meet again on 26 June.

23–24 June 1999. North Korean and US officials meet in Beijing.

25 June 1999. North Korea releases the tourist.

26 June 1999. North Korea and South Korea resume talks and agree to meet again on 1 July.

2 July 1999.

South Korean officials said Friday [2 July] that they were suspending talks with their North Korean counterparts because they had refused to discuss reuniting families divided by the Korean War ... The South promised 200,000 tonnes of fertilizer aid and delivered half of it before the talks began ... In the Beijing talks the North has demanded that South Korea apologize for the naval incident and that it deliver the rest of the fertilizer. The South has refused to apologize, saying it would not deliver the other 100,000 tonnes of fertilizer until the North began discussing the family issue. (*IHT*, 3 July 1999, p. 4)

3 July 1999.

After a secretive, last-minute meeting to revive broken-down talks failed, South Korean and North Korean negotiators headed home Saturday [3 July] ... North Korea requested the low-profile meeting ... Talks broke down over reuniting 10 million people separated from relatives in the fifty-four-year partition of the Koreas. (*IHT*, 5 July 1999, p. 8)

27 July 1999. The foreign ministers of the USA, South Korea and Japan say that the launch of another long-range missile will have 'serious negative consequences' for North Korea. There are reports that North Korea is preparing to launch a more powerful missile that could reach as far as Hawaii and Alaska (*IHT*, 28 July 1999, pp. 1, 6).

1 August 1999. It is announced that tours to North Korea are to resume, probably on 5 August (*IHT*, 2 August 1999, p. 2).

5 August 1999. The sixth round of the four-country talks begin.

8 August 1999. North Korea says that it expected a 'sharp drop' in the grain harvest because of effects of a typhoon which recently blighted the region.

12 August 1999. South Korea's parliament approves \$3.22 billion in funding for two nuclear reactors in North Korea (*IHT*, 13 August 1999, p. 4).

The first soccer match in nine years is played in Pyongyang between teams from North Korea and South Korea (*Independent*, 13 August 1999, p. 12).

15 August 1999. 'Riot police armed with tear gas launchers and water cannons blocked thousands of leftist [South Korean] students who were trying to march from Seoul to the border with North Korea on Sunday [15 August] to promote national reunification' (*IHT*, 16 August 1999, p. 6).

16 August 1999. Japan and the United States sign a formal agreement to begin the first phase of a theatre missile defence (TMD) system (*The Economist*, 21 August 1999, p. 55).

27 August 1999.

Diplomats say a Kazakh company agreed to provide North Korea with thirty to forty MiG-21s [jet fighters] ... What Kazakhstan officials describe as a rogue group that included senior government officials had already delivered an undisclosed number of the jets to North Korea before the deal was discovered last month [July] and further shipments were halted. (*IHT*, 28 August 1999, p. 4)

(On 30 September 1999 Kazakhstan admitted that about forty MiGs had been illegally sold to North Korea: *IHT*, 1 October 1999, p. 9. On 23 November 1999 it was announced that the United States had imposed sanctions on one Kazakh and one Czech company for arranging the sale: *IHT*, 24 November 1999, p. 6.)

2 September 1999.

North Korea ... on Thursday [2 September] declared its sea border with South Korea invalid ... Its military would consider its territorial waters to start about 65 kilometres (40 miles) south of the line set in 1953 ... [North Korea] denounced the 'brigandish' drawing of the 'Northern Limit Line' after the Korean War, which has served as the border in the Yellow Sea. (*IHT*, 3 September 1999, p. 4)

12 September 1999.

North Korea agreed Sunday [12 September] to a de facto freeze in its missile-testing programme ... The understanding was reached after five days of discussions here [Berlin] between senior US and North Korean diplomats, who were seeking to ease tensions in Asia created by Pyongyang's plans to test an advanced model of a long-range [three-stage] missile that was fired over Japan a year ago [part of which flew

over Japan]. The two delegations ... pledged 'to preserve a positive atmosphere conducive to improved bilateral relations and to peace and security in North-east Asia and the Asia-Pacific regions'. Western diplomats familiar with the talks said that while the agreement fell short of a treaty-level commitment, North Korea acknowledged that any further tests would run counter to its promise not to do anything that would have a damaging effect on relations with the United States. In exchange the United States agreed to encourage the process of developing normal relations and of eventually removing the array of decades-old sanctions that have banned all commercial and other exchanges except for humanitarian food aid. (*IHT*, 13 September 1999, p. 1)

'North Korea agreed to refrain from additional tests of the missile as long as negotiations with the United States continued' (*IHT*, 16 September 1999, p. 5).

15 September 1999.

A special Clinton administration panel led by a former defence secretary, William Perry, has recommended that the United States step up diplomatic and trade relations with North Korea at a 'markedly faster rate' in hope of ending the communist government's programme to develop nuclear weapons ... The classified final report ... [was] presented to Mr Clinton a few days ago ... The panel ... recommended that the United States attempt to improve relations with North Korea at 'a markedly faster rate, but as North Korea takes steps to address our security concerns' ... Mr Perry's eighteen-page report recommended that the White House appoint an ambassador-level senior official to oversee all aspects of policy toward North Korea. (*IHT*, 16 September 1999, p. 5)

17 September 1999.

The United States lifted much of a more than four-decade-old trade embargo against North Korea on Friday [17 September] after what American officials called a pledge ... not to test-fire a long-range missile ... Trade in consumer goods and raw materials will now be legal. American airlines will have their government's blessing to land in North Korea, US companies to invest there and American citizens to remit money. Trade in goods with military use will remain prohibited. (*IHT*, 18 September 1999, p. 1)

The United States yesterday [17 September] lifted many of the sanctions imposed on North Korea ... The US administration said it would allow trade and travel links with North Korea in recognition of its pledge to refrain from testing long-range missiles ... Trade in most consumer goods, commercial transport of cargo and passengers, and funds transfers between individuals in the United States and North Korea would be allowed in most cases ... Strict controls will remain over goods that could also be used in weapons manufacture, and international-based sanctions

– restrictions based on multilateral arrangements – will remain in place ... US sanctions under the Trading with the Enemy Act have barred trade with the country for nearly half a century. (*FT*, 18 September 1999, p. 4)

‘Pyongyang signalled it was placing its missile development programme on hold “to preserve a positive atmosphere” during continuing talks with the United States. A joint statement ... said the two sides will continue talks over missile testing and other matters’ (*FEER*, 23 September 1999, p. 14).

A US presidential spokesman: ‘The United States is taking this action in order to pursue improved relations with North Korea. It is our understanding that North Korea will continue to refrain from testing long-range missiles of any kind as both sides move towards normal relations.’

13 October 1999. Former US defence secretary William Perry’s report is formally published.

William Perry ... has recommended ... that the United States and its Asian allies try to coexist with ... North Korea rather than seek to undermine them or to promote internal reform ... Mr Perry said that the United States should gradually eliminate sanctions and reduce the pressures that North Korea sees as threatening, in exchange for assurances that North Korea does not have a nuclear weapons programme and will not test, deploy, produce or export long-range missiles ... Mr Perry, who spent ten months reviewing North Korea policy at the request of President Bill Clinton, concluded that an attempt to hasten the demise of the North Korean government would take too long and had no guarantee of success. Such a policy would raise the risk of a destructive war on the Korean peninsula and would give ... [North Korea] time to proceed with its weapons programme ... His recommended strategy includes these points: (1) the United States should seek complete and verifiable assurances that North Korea does not have a nuclear weapons programme and the complete and verifiable cessation of testing, production, deployment and export of long-range missiles; (2) step by step the United States would ease pressures on North Korea; (3) the United States would normalize relations with North Korea and relax trade sanctions. (*IHT*, 14 October 1999, p. 4)

22 October 1999. The government of South Korea allows its people to watch newly available North Korean satellite television programmes, which began to be broadcast on 10 October. South Korean people with dishes are free to watch the programmes. Previously South Korean television stations could broadcast only those North Korean programmes provided by the South Korean intelligence agency. South Korea still jams radio broadcasts from North Korea (*IHT*, 23 October 1999, p. 5).

2 November 1999. Japan announces that it is lifting the ban imposed on direct charter flights to North Korea. They were started in 1992 and suspended on 1 September 1998 (*IHT*, 3 November 1999, p. 2).

14 December 1999.

The Japanese government said Tuesday [14 December] that it would lift restrictions on food aid ... and begin formal negotiations to establish diplomatic relations ... [But Japan said] that the government would not immediately restore food aid to North Korea but instead would 'make a comprehensive decision after closely addressing the progress of the preliminary talks and North Korea's responses ... With today's announcement we have basically returned to where we were in August 1998 before the missile was fired' ... Many Japanese are still upset that North Korea fired a missile over their territory and that the communist country has not accounted for the whereabouts of ten Japanese citizens that intelligence officials maintain were abducted by North Koreans in the 1970s and 1980s ... Two weeks ago political leaders from Japan and North Korea, meeting in Pyongyang, reached agreement to ask their governments to return to the negotiating table ... Officials from the United Nations World Food Programme have said that while there are signs that North Korea's famine was easing, people are still starving and more aid was needed. (*IHT*, 15 December 1999, p. 5)

15 December 1999. US and South Korean executives sign a contract for the construction of twin 1,000-megawatt nuclear reactors. The chief executive of the Korean Peninsula Energy Development Organization, set up by the United States, and the president of the state-owned Korea Electric Power Company sign the \$4.6 billion contract, under which the South Korean utility will construct the reactors. About 200 South Koreans already work on the site at Kumho in North Korea. South Korea is footing \$3.3 billion of the bill for the reactors (*IHT*, 16 December 1999, p. 4).

19 December 1999.

North Korea sought food and aid from Japan as the two countries opened landmark talks [lasting two days] here [Beijing] Sunday on sensitive humanitarian issues ... The vice-chairman of the North Korean Red Cross ... admitted that the food situation was 'not yet satisfactory' when asked about reports in North Korea's state-controlled media claiming that the Stalinist nation had a bumper harvest this fall. The Red Cross officials from the two countries sat down for talks a day before senior foreign ministry officials were to begin arranging government-level talks on restoring diplomatic ties after a seven-year standoff. Japan has vowed to bring up its concerns over some ten Japanese allegedly kidnapped by North Koreans. The kidnapping and aid questions are so sensitive that the two countries set them aside for the Red Cross to handle as 'humanitarian issues'. (*IHT*, 20 December 1999, p. 6)

Low-level Red Cross and foreign ministry officials from the two countries met on and off during the day [20 December] ... The two-day meeting was intended to lay the groundwork for another meeting of senior foreign ministry officials who will attempt to agree on a timetable,

site and other issues for talks on restoring diplomatic relations between the two countries. (*IHT*, 21 December 1999, p. 2)

21 December 1999.

Japan and North Korea opened preparatory talks Tuesday [21 December] on establishing diplomatic ties after Red Cross officials from both sides reached a breakthrough agreement on food aid and other humanitarian issues. Senior foreign ministry officials sat down here [Beijing] to arrange the date, place, level of delegation chiefs and agenda for formal negotiations. The talks began a day later than scheduled after Red Cross officials had signed a document promising to deal with critical humanitarian issues . . . Japan normalized relations with South Korea in 1965 and began normalization talks with North Korea in early 1991. The talks collapsed in November 1992 after Japan accused Pyongyang of kidnapping a Japanese woman so she could teach Japanese to a woman agent, who was later held responsible for the 1987 bombing of a South Korean airliner. (*IHT*, 22 December 1999, p. 5)

'Under yesterday's agreement Japanese Red Cross officials said they would urge Japan to resume food aid . . . while the Koreans would urge Pyongyang to investigate the disappearance of ten Japanese people' (*FT*, 22 December 1999, p. 8).

29 December 1999. President Kim Dae Jung of South Korea promises an amnesty. Those benefiting include two North Korean spies, who were captured in 1980 and 1985 (*IHT*, 30 December 1999, p. 5).

4 January 2000. Italy establishes diplomatic links with North Korea, becoming the first G7 country and the sixth EU country to do so (after Austria, Denmark, Finland, Portugal and Sweden). France and Germany have informal contacts with North Korea (*IHT*, 5 January 1999, p. 4).

19 January 2000. The first visit by a defence minister from China begins in South Korea (*IHT*, 20 January 2000, p. 4).

9 February 2000. Russian foreign minister Igor Ivanov visits North Korea and signs a friendship treaty. The treaty replaces a Soviet mutual aid accord and omits previous provisions that made the two countries political and military allies (*IHT*, 10 February 2000, p. 5).

The treaty pledges 'to strengthen friendship and increase co-operation', but says that this should not 'infringe on their new relationships with other countries and omits all reference to military support in a future conflict. The Soviet Union established full diplomatic relations with South Korea in 1990 (*Telegraph*, 10 February 2000, p. 19).

18 February 2000. A senior North Korean scientist (who has reportedly defected to the United States) claims that North Korea has developed a missile with a range of 6,000 kilometres (3,725 miles), capable, for example, of reaching California. The missile launched on 31 August 1998 had a range of 1,380 kilometres. North Korea has refrained from testing a newer version, capable, some estimate, of reaching Alaska or Hawaii (*IHT*, 19 February 2000, p. 5).

7 March 2000.

Japan moved Tuesday [7 March] to encourage diplomatic and military moderation by the North Korean government, resuming food aid . . . and saying it would hold the first talks in seven years aimed at establishing diplomatic ties . . . The countries began talks in early 1991, but these were suspended in November 1992 . . . Tokyo would send 100,000 tonnes of rice to North Korea through the United Nations World Food Programme . . . Japan last provided humanitarian food aid to North Korea, worth \$27 million, in October 1997. (*IHT*, 8 March 2000, p. 5)

13 March 2000.

North Korean security forces will help search for missing Japanese allegedly abducted by North Korean agents in the late 1970s, a Japanese foreign ministry official said Monday [13 March]. North Korean Red Cross officials made the pledge during talks on Monday, said the official. (*IHT*, 14 March 2000, p. 4)

4–7 April 2000. On 4 April a Japanese delegation arrived in Pyongyang to resume discussions on normalizing relations (*FT*, 5 April 2000, p. 10).

‘North Korean and Japanese negotiators . . . agreed to meet again . . . for a second round next month in Tokyo . . . – the best outcome most observers felt was possible from the countries first round of talks in eight years’ (*IHT*, 8 April 2000, p. 5).

10 April 2000. In a joint statement it is announced that Kim Jong Il and South Korean president Kim Dae Jung will meet in Pyongyang on 12–14 June 2000. (This will be the first ever meeting of leaders of North and South Korea.)

The wording of the announcement was slightly different. The statement made public in Seoul said that President Kim Dae Jung will visit Pyongyang ‘at the invitation’ of the North Korean leader. However, the one made public in Pyongyang said the visit will take place ‘at the request’ of the South Korean leader . . . Agreement to hold a summit conference was possible because North Korea withdrew its standard pre-conditions, which included Seoul’s abrogation of its military alliance with Washington . . . [In] President Kim Dae Jung’s policy address in Berlin on 9 March . . . he indicated a willingness to help North Korea rebuild its economy. (*FEER*, 27 April 2000, p. 27)

22 April 2000.

Negotiators from North Korea and South Korea sat down in the border town of Panmunjom for the first time in six years to prepare for a June summit in Pyongyang between the two countries’ leaders. The eight-minute meeting on 22 April was the first of a series to discuss the summit’s agenda, security and communications. (*FEER*, 4 May 2000, p. 15)

26 April 2000. It is announced that charter flights between Japan and North Korea are to resume within a few days (*IHT*, 27 April 2000, p. 5).

8 May 2000. North Korea and Australia restore diplomatic ties. They were first established in 1974 but the following year North Korea mysteriously broke them off.

17 May 2000. Japan calls off the talks (scheduled for 22 May) about normalizing relations with North Korea.

29–31 May 2000. Kim Jong Il pays a visit to China (which was meant to be secret). (His only other known visit abroad was also to China. He spent twelve days there in 1983 in his capacity as head of the National Defence Commission.)

‘The North’s leader praised China’s “great achievements” in its reforms and opening to the outside world’ (*FT*, 9 June 2000, p. 23). ‘He [Kim Jong Il] noted the “great achievements” of “opening up the country” and said North Korea supported “the reform policy pursued by the Chinese side” ... “Opening up to the outside world is correct”’ (*IHT*, 13 June 2000, p. 8).

Pyongyang ... has stopped criticising Beijing as a ‘revisionist renegade’ for forging ahead with economic reform and expanding commercial ties with South Korea ... Kim Jong Il ... congratulated it on the success of its reforms and praised what he called the ‘successful experiment in socialism with Chinese characteristics’. (*FEER*, 22 June 2000, p. 16)

China pledged aid, said to be worth \$1 billion (*FEER*, 15 June 2000, p. 17).

9 June 2000. Russia announces that President Vladimir Putin has been invited to visit North Korea on 19 July 2000.

An official in the [Russian] foreign ministry ... [said that] ‘no head of state from our country has ever been in North Korea, neither in Soviet nor in Russian times’ ... [and that] the Kremlin had proposed the visit and that the North Korean leader, Kim Jong Il, has issued a formal invitation ... The North Korean visit will provide Mr Putin with an opportunity to make his case that diplomacy, not missile defence, is the way to cope with an emerging missile threat from North Korea. (Michael Gordon, *IHT*, 10 June 2000, pp. 1, 3)

12 June 2000. North Korea requests a one-day delay in the summit meeting. South Korean president Kim Dae Jung’s spokesman says the request was for ‘some minor technical reasons’.

13–15 June 2000. The summit proved to be dramatic, although more in terms of a perceived breakthrough in relations after years of bitter division rather than specific results.

On 13 June Kim Jong Il surprised President Kim Dae Jung by greeting him at the airport. Both greeted and treated each other warmly and vast numbers of North Koreans cheered the two leaders. Contrary to general expectations, Kim Jong Il turned out to have a sense of humour and to be affable, outgoing, self-confident but respectful, relaxed and talkative. Kim Jong Il might even be described as charismatic. Kim Jong Il:

Many people, including those from Europe, say I am leading a hermit's life. I am not such a great figure to be called a recluse. The fact is that I have made many secret trips to countries like China and Indonesia. I have been here and there without people knowing.

Kim Dae Jung (16 July 2000):

I thought Western criticism of the nature of the communist rule there was valid, but that their evaluation of Chairman Kim as a leader had been greatly distorted ... My expectations of him were quite off the mark. He did not seem to be a cold-minded theoretician but a very sensitive personality who had a sharp mind. He was very much a Confucian in his behaviour, so he was very polite and considerate of me as a much older person. (*FT*, 17 July 2000, p. 18)

'Until this week ... [Kim Jong Il's] only recorded public utterance was a single phrase: "Long live the People's Revolutionary Army"' (*FT*, 17 June 2000, p. 13).

'Past defectors have fingered Kim as the mastermind behind two terrorist attacks on South Korea in the mid-1980s' (*FEER*, 22 June 2000, p. 17). 'Kim Jong Il ... is the man Seoul intelligence fingered as the one who ordered the downing of a South Korean airliner in 1987 [and] who ordered the 1983 bombing in Rangoon in which seventeen South Koreans died' (*FEER*, 29 June 2000, p. 6). '[In] the 1987 incident ... North Korean agents blew up a Korean Air plane, killing all 115 people aboard. South Korea saw the attack as an attempt by Pyongyang to sabotage the following year's Summer Olympics in Seoul' (*FEER*, 21 September 2000, p. 15). 'Seoul has claimed Kim Jong Il was the terrorist mastermind behind a 1983 bombing in Yangon, Burma, that killed four South Korean cabinet ministers, and the 1987 mid-air explosion of a Korean Air passenger jet' (*FT*, 17 June 2000, p. 13).

'South Korea's Kim Dae Jung ... spent many years in prison for advocating better relations with the North, as well as for promoting democracy' (*FEER*, 22 June 2000, p. 16).

There was no formal agenda for the talks. But on 14 June the two leaders signed a joint agreement:

- 1 'Resolve the issues of reunification independently and through the joint efforts of the Korean people.'

Kim Dae Jung (17 July 2000):

Full unification is very difficult to foresee at this point. It could take as long as twenty to thirty years. My point is that it is not important when it occurs but rather how we work together towards that goal by eliminating the danger of war, living together peacefully and extending economic co-operation ... The key point is that North Korea will not be East Germany. East Germany was totally absorbed by West Germany, which took total responsibility for it. But South Korea and North Korea will conduct economic co-operation as two independ-

ent states ... We expect private sector co-operation will be much greater than government assistance. (*FT*, 17 July 2000, p. 18)

Kim Dae Jung (18 July 2000): 'Peaceful co-existence and exchanges may go on for twenty or thirty years. We must not make haste. But in the process we will be working towards ultimate unification' (*IHT*, 20 July 2000, p. 4).

- 2 'Economic co-operation and the development of the national economy ... in a balanced manner.'

(The southern delegation has rushed to leave little doubt of its willingness to speed up deliveries of 200,000 tonnes of fertilizer and reportedly to provide \$450 million in economic assistance': *IHT*, 15 June 2000, p. 4. 'Kim Dae has promised \$450 million in aid': *FEER*, 29 June 2000, p. 6. 'The heads of the South's four largest chaebols or conglomerates – Samsung, LG, SK and Hyundai – accompanied the president to Pyongyang and pledged to invest between \$500 million and \$1 billion each in the next five to ten years': *FEER*, 22 June 2000, p. 20. South Korea has donated 300,000 tonnes of fertilizer since June 2000 and has agreed to donate up to 1 million tonnes of grain. South Korea has paid \$5.5 million for a visit by a North Korean orchestra. 'The value of government aid and private cash and goods bestowed on the North in pursuit of Kim's "sunshine policy" is estimated to have reached around \$650 million in the past twelve months': *FEER*, 28 September 2000, pp. 14, 16.)

- 3 Family reunions to be arranged, starting on 15 August (Liberation Day, celebrating liberation from Japanese occupation in 1945). Mail between relatives will also be exchanged.

(The first and to date only reunion of family members was in 1985.)

(Three members of Kim Dae Jung's delegation were able to see long-lost family members during their stay in Pyongyang: *FEER*, 29 June 2000, p. 28.)

- 4 'To resolve as soon as possible humanitarian issues such as the repatriation of long-term political prisoners.'
- 5 To promote, artistic, cultural and sporting exchanges.

(Both sides have agreed that "relevant authorities" on both sides will hold talks in the near future to find ways to implement what the two leaders have agreed upon': *FEER*, 29 June 2000, p. 28.)

The two leaders also agreed to establish a military hotline. Kim Jong Il agreed to visit South Korea 'at the earliest appropriate time'.

President Kim Dae Jung on his return to South Korea (16 June):

The danger of war on the Korean Peninsula has disappeared ... The North will no longer attempt unification by force and ... we will not do anything to harm the North ... The dialogue [on security issues] was very fruitful ... We did talk about nuclear weapons and missiles ... I told him [Kim Jong Il] that the missile and nuclear problems do not help regional and world peace as well as inter-Korean co-operation.

President Kim Dae Jung (*IHT*, 20 June 2000, p. 9):

We were able to reach agreement on a ... 'loose form of confederation' on the Korean Peninsula in the future – a concept that requires maintaining two governments for the two sides as they are now and creating a conference of ministers and an assembly with which the two sides can jointly solve problems step by step. We also talked about nuclear and missile issues and the issue of United States forces stationed in the South ... We have reached a turning point so that we can put an end to the history of territorial division for fifty-five years ... We have been a homogeneous nation for thousands of years. We lived as a unified nation for 1,300 years ... I have returned with the conviction that, sooner or later, we will become reconciled with each other, co-operate and finally become unified ... Let us coexist and proceed on the path toward unification ... None of this means that everything went smoothly in our talks ... There should not be the slightest wavering in the resolve on the part of the Republic of Korea to maintain national security and sovereignty. But we must ultimately go on the path toward unification by solving one thing at a time ... The North will no longer attempt unification by force and, at the same time, we will not do any harm to the North. In short, the most important outcome of the summit is that there is no longer going to be any war.

President Kim told a [South Korean] cabinet meeting that the North had accepted Seoul's confederation idea of 'two government and two systems' in which both Koreas would exercise their own diplomacy and defence. North Korea had previously pushed for a united government with authority over joint affairs. (*FT*, 17 June 2000, p. 8)

A sticking point was a disagreement on the unification formula. North Korea favoured a centralized federal government that would include joint control over the armed forces and foreign affairs, while South Korea proposed a 'confederation' of two independent states. [Kim Dae Jung] 'After a heated argument the North Koreans said: "This is the end of the discussion. No more. But then they came back and proposed a looser form of federation that would keep the two governments as they are but establish a central government as a formality."' (*FT*, 17 July 2000, p. 18)

The North agreed to the South's demand that, even after any eventual reunification, the two halves of Korea would run independent defence and foreign policies ... A picture emerged of how the South sees a united Korea: as a loose confederation. (*Telegraph*, 16 June 2000, p. 16)

'The South envisions a confederation with two independent states; the North proposes one state under a federal congress' (*IHT*, 17 June 2000, p. 1).
16 June 2000.

South Korea ordered an end to anti-communist propaganda broadcasts that its military has transmitted for decades from giant loudspeakers

along the heavily fortified border with North Korea. The move came in response to North Korea's decision Tuesday [13 June] to switch off its loudspeakers that for years have blasted insults over the border . . . North Korea allowed a South Korean fishing boat that had strayed across its heavily patrolled sea border to sail back to its home port without incident Friday . . . South Korea's defence ministry said it would reconsider a \$40 million programme to commemorate the fiftieth anniversary of the outbreak of the Korean War, which began on 25 June 1950 . . . In another surprise Kim Dae Jung told his cabinet Friday [16 June] that Kim Jong Il had agreed to his suggestion to invite Pope John Paul to visit North Korea . . . Out of a population of 22 million there are believed to be 4,000 Roman Catholics [in North Korea]. (*IHT*, 17 June 2000, pp. 1, 5)

(The Seoul government says it would use ceremonies on 25 June marking the fiftieth anniversary of the outbreak of the Korean War to celebrate the end of confrontation: *FT*, 20 June 2000, p. 14. On 20 June South Korea announced that it had cancelled a massive military parade and battle reenactments to commemorate the fiftieth anniversary of the outbreak of the Korean War. The plans would be replaced by more benign ceremonies, such as seminars, wreath-layings, photo exhibitions and parties for domestic and foreign veterans. 'The North used to celebrate the 24 July anniversary of the signing of the Korean War armistice as "War Victory Day". It typically marked the day with military parades and diatribes against what it called US "imperialist war maniacs". During the summit meeting . . . Kim Jong Il said he had ordered the cancellation of all war anniversary programmes by his army': *IHT*, 21 June 2000, p. 5.)

North and South Korea yesterday [16 June] halted propaganda attacks against each other . . . The North ended its anti-Seoul diatribes on Radio Pyongyang, while both sides switched off giant loudspeakers along the heavily fortified border that previously blasted insults at each other and urged soldiers to defect. In another sign of openness Kim Jong Il reportedly agreed to allow Pope John Paul to visit the country. Kim Dae Jung, a devout Catholic, made the suggestion during his visit to Pyongyang. (*FT*, 17 June 2000, p. 8)

17 June 2000.

The Vatican has confirmed that the invitation was handed over by South Korea's ambassador in Rome, on behalf of Kim Jong Il . . . The Catholic church in North Korea is believed to number no more than 3,000 members. Its priests were expelled from the country long ago. However, contacts between the Catholic world and Pyongyang are increasing. The Holy See has quietly sent four delegations to North Korea since 1995 for humanitarian purposes, most recently in December [1999] . . . Mass is not celebrated and the faithful can only pray together . . . The Vatican insists that a papal visit will only be possible if the country accepts Catholic priests again. (*Guardian*, 19 June 2000, p. 15)

19 June 2000. The United States eases economic sanctions against North Korea:

- 1 An easing of trade in consumer goods, agricultural products, financial services and raw materials. Personal financial transfers will also be eased.
- 2 Direct flights will be allowed and sea routes will be opened.
- 3 US companies will be allowed to invest in agriculture, mining, roads, ports, travel and tourism.

'The move [was] foreshadowed in September [1999] . . . US officials say the step Monday [19 June] was unrelated to the historic meeting last week in Pyongyang' (*IHT*, 20 June 2000, p. 9).

US Secretary of State Madeleine Albright declares that the term 'rogue state' is no longer to be used to describe countries such as North Korea. Instead the term 'states of concern' will be used (*IHT*, 21 June 2000, p. 4).

23 June 2000. US Secretary of State Madeleine Albright visits South Korea.

The South Korean foreign minister: '[US troops in South Korea would] continue to play their role as a guarantor of the balance of power.'

The [South Korean] foreign minister said that the South Korean president had told his North Korean counterpart during the summit meeting that that he wanted American troops to stay in South Korea . . . One [US] administration official who has been privy to post-summit briefings by senior South Korean officials said that the North Korean leader indicated that he was not anxious to rid South Korea of the US troops. (*IHT*, 24 June 2000, p. 2)

25 June 2000. South Korea celebrates the fiftieth anniversary of the start of the Korean War in low-key fashion.

President Kim Dae Jung:

My position is very clear. I explained to the North that the US armed forces will remain until a complete peace is put in place . . . US troops will be needed on the Korean Peninsula even after unification to maintain the balance of power in north-east Asia . . . [North Korea] showed substantial understanding of my position on the need for US troops.

There was no suggestion in anything he [President Kim Dae Jung] said as to whom the US troops had to confront in maintaining the regional balance, but his remarks reflect the fear of both Koreas of a renescent Japan, which had ruled the Korean Peninsula for thirty-five years until the end of World War II. Koreans have historically been fearful of the danger of encirclement by Japan as well as Russia and China.' (*IHT*, 26 June 2000, p. 4)

Kim Dae Jung (29 August 2000):

I began the discussion by pointing out the American forces must continue to stay even after unification for stability in North-east Asia. The

peninsula is surrounded by big countries and if the American military presence were to withdraw that would create a huge vacuum that would draw these big countries into a fight over hegemony. His [Kim Jong Il's] exact response was, to my surprise, 'Well, I read the South Korean newspapers and I read your position on the issue. I said to myself, how similar was [your] view on this issue with mine.' Those were his words. He went on to say: 'Yes, we are surrounded by big powers – Russia, China and Japan – and so therefore it is desirable that the American troops continue to stay.' In fact he added that several years ago he sent a high-level envoy to the United States to deliver this position to the American side. I do not remember the exact year, but I believe it was towards the final years of Kim Il Sung ... This bought a great relief to me. I believe this was one of the most significant outcomes of the summit. (*IHT*, 30 August 2000, p. 4)

Privately North Korea has long hinted at more flexibility on the issue ... On one rare meeting on 22 January 1992 then under-secretary of state Arnold Kantor talked with a North Korean official ... mainly about nuclear issues. Mr Kantor said ... that during the six-hour meeting the envoy suggested that withdrawal of US troops would not be a prerequisite for reunification of North and South Korea and might be discussed. (*IHT*, 30 August 2000, p. 4)

30 June 2000.

A deal was struck this week by the Hyundai Group, the South's largest chaebol or conglomerate, to participate in the establishment of a Korean 'Silicon Valley' in the Mount Kumgang region [to be called 'Kumgangsan Valley'] and to conduct surveys of possible sites for an industrial park ... Chung Ju Yung, the group's founder and ... one of his sons returned Friday [30 June] from three days in Pyongyang, where they met Kim Jong Il ... North Korean officials agreed on a proposal for Hyundai to establish telecommunication facilities throughout the North while co-operating in the development of telecommunications-related software and production of telecommunications equipment ... The North also agreed on expansion of Kumgang as a tourist area, including the opening of four floating hotels and a tourist hotel on shore. Tourists now have to stay on the Hyundai cruise ships that transport them to the area ... The North agree that [all] 'foreigners' could go on all the tours. While most foreigners have been able to go on Kumgang tours since February [2000], the North had refused to issue permits for Japanese. (*IHT*, 1 July 2000, p. 4)

Mr Kim broached the idea ... of a Silicon Valley-style technology zone ... in talks last week with a team from the largest conglomerate in South Korea, Hyundai Group. Mr Kim suggested that Hyundai put together a plan for bringing high-tech to the region of Kumgang, which Hyundai has been developing as a tourist destination a few miles north of the

Demilitarized Zone dividing the two Koreas . . . Hyundai, which is paying the North nearly \$1 billion to operate the tours, has been losing money heavily on them . . . Hyundai officials foresee the special zone as engaged in research on telecommunications in conjunction with a plan to construct communications facilities throughout the north. Hyundai also envisions a major role for small and medium-sized enterprises from the South, operating in tandem with North Korean state companies . . . A Hyundai spokesman said that the development would be known as 'Kumgang Valley' . . . A Hyundai spokeswoman pointed out that . . . 'The purpose is to make use of high-tech knowledge . . . for civilian purposes.' (*IHT*, 5 July 2000, p. 16)

'North Korea may soon allow its citizens to South Korea's resort island of Cheju under the supervision of Hyundai [which means 'modern' in Korean: *IHT*, 5 July 2000, p. 13], the group said yesterday [30 June]' (*FT*, 1 July 2000, p. 6).

12 July 2000.

US negotiators [after three days of talks] rejected demands by North Korea on Wednesday [12 July] that Washington provide \$1 billion annually in exchange for the dismantling of Pyongyang's missile export programme . . . The duration of the requested annual payment was unclear . . . The talks ended deadlocked, with no schedule for future meetings . . . North Korea has repeatedly demanded cash compensation at previous talks with US officials held sporadically since April 1996 . . . North Korea is believed to be one of the world's leading exporters of missile equipment and technology, selling its weapons to such countries as Pakistan and Iran, according to US officials . . . [The chief US negotiator said that any US] 'assistance' to North Korea would be part of the 'normalization process' with Pyongyang. (*IHT*, 13 July 2000, p. 40)

North Korea and the Philippines signed diplomatic relations, a move which cleared the way for Pyongyang to join the annual meeting the Association of South East Nations' Regional Forum on 27 July in Bangkok. The Philippines had been the only Asean member without diplomatic ties to North Korea, although Pyongyang's relations with Burma were suspended after a bilateral diplomatic incident in 1983. (*FT*, 13 July 2000, p. 12)

19–20 July 2000. President Vladimir Putin of Russia visits North Korea.

'The first [visit] by a Kremlin leader – Soviet or Russian' (*IHT*, 17 July 2000, p. 1).

[President Putin visited North Korea] where no Soviet or Russian leader had set foot since 1956 . . . Putin's route to the G8 nations' summit included a stop in Pyongyang, where he met with . . . Comrade Kim Jong Il . . . While the heads of state were conferring . . . the State Duma in Moscow ratified ahead of schedule the Russian–Korean

friendship treaty drafted during foreign minister's Igor Ivanov's visit to Pyongyang in February ... Annual trade between Russia and North Korea amounts to no more than \$15 million, and the main subjects of consultation and discussion are a few thousand North Korean loggers in the Amur region, a pointless dispute over seventy economic facilities built in Korea by the Soviet Union, and a hopelessly irrecoverable Korean debt to our country of about 3.2 billion so-called foreign-currency roubles. (*Vremya Novosti*, 20 July 2000, pp. 1–2: *CDSP*, 2000, vol. 52, no. 29, p. 20)

Putin (19 July):

[Kim Jong Il] voiced an idea under which North Korea is even prepared to use exclusively the rocket equipment of other countries for peaceful space research if they offered it ... North Korea is even prepared to use exclusively the technology of other countries if it is offered rocket boosters for peaceful space research ... One should expect other countries, if they assert that the DPRK poses a threat for them, would support this project. One can minimize the threat by supplying the DPRK with its rocket boosters ... The efforts of Russia alone are not enough.

'Mr Putin last week said any North Korean missile threat could be reduced by "extending real security guarantees"' (*FT*, Thursday 20 July 2000, p. 10).

Russia has rejected the US proposal to set up a national missile defence (NMD) system, a missile shield to defend the whole of US territory against a small number of strategic (intercontinental) nuclear missiles from what are now called 'states of concern' (formerly 'rogue states') such as North Korea, Iran and Iraq. (On 1 September 2000 Bill Clinton announced that a decision regarding deployment of the NMD would be left to his successor as US president. Factors included technical failures during tests.)

20 July 2000.

The [US] Pentagon spokesman rejected the idea of making rocket boosters available, but he suggested Washington would consider launching satellites for North Korea. 'We think that developing space-launch capability is frequently a way to move toward ICBM capability ... so we are in favour of helping countries get into space without developing that capability.' (*IHT*, 21 July 2000, p. 1)

21 July 2000. 'A Russian official said Friday [21 July] that Mr Kim had offered to drop his missile development "if the international community would help North Korea launch a satellite once or twice a year"' (*IHT*, 22 July 2000, p. 1).

21–23 July 2000. President Putin attends the G8 summit meeting in Japan.

He [Putin] made it clear to the G8 leaders that he was not sure how to interpret what Kim Jong Il ... had told him at their meeting last week about his interest in using other countries' space launch capacity to conduct research in space. (*FT*, 24 July 2000, p. 10)

While initially there was considerable ambiguity about the North Korean proposal, Russian officials later said Pyongyang was not asking Western countries to provide it with rocket boosters and would be content with an arrangement in which two or three of its satellites were launched each year in other countries. 'It is not a matter of launching from North Korean territory but from the territory of others,' [Russian] foreign minister Igor Ivanov said at the weekend G8 meeting in Okinawa. (*IHT*, 26 July 2000, p. 2)

'Foreign minister Igor Ivanov of Russia said at the summit that North Korea was open to suggestions on that issue, but his statement attracted little attention and doubts persisted' (*IHT*, 5 August 2000, p. 2).

25 July 2000.

Kim Jong Il is planning to visit Russia in September . . . Russian officials said Tuesday [25 July] that the visit was scheduled to take place in Vladivostok . . . Though the trip is billed as an 'unofficial' visit to Primorye and not a negotiation session with Kremlin leaders, the agenda includes trade, economic co-operation and other measures to expand ties between Russian and North Korea . . . Yevgeni Nazdratenko [is the] governor of the Primorye region that borders North Korea . . . The invitation to visit Vladivostok was made by Mr Nazdratenko, who accompanied Mr Putin on his recent trip to Pyongyang . . . A spokeswoman for Mr Nazdratenko said by phone Tuesday that Mr Kim had accepted the invitation and that the trip was scheduled for the first days of September . . . Moscow has already granted permission for 5,000 North Koreans to work in the timber and construction industries in Primorye, though not many workers are currently in the region. (*IHT*, 26 July 2000, p. 2)

26 July 2000. US Secretary of State Madeleine Albright was due to meet North Korean foreign minister Paek Nam Sun in Bangkok but the former postponed the meeting [probably until 28 July] owing to Middle East peace talks.

27 July 2000. North Korea attends, as an observer, the annual meeting of the Association of South East Nations' Regional Forum in Bangkok. The Regional Forum deals with regional security matters. The regional forum consists of ten South East Asian countries and thirteen other countries, including the USA, China and Japan. There were prior developments in Bangkok.

South East Asian foreign ministers will hold the first formal meeting with their counterparts from China, Japan and South Korea on Wednesday [26 July] . . . The Asean foreign ministers, who will end their meeting Tuesday [25 July], have been gathering informally for several years with their counterparts from China, Japan and South Korea in a forum known as Asean Plus Three. (*IHT*, 25 July 2000, p. 8)

'The foreign ministers of North and South Korea met for the first time Wednesday [26 July] . . . Japan and North Korea agreed to meet from 21 to 25 August in Tokyo to resume stalled negotiations on normalizing diplomatic relations' (*IHT*, 27 July 2000, p. 5).

[North Korean foreign minister Paek Nam Sun] held the first-ever foreign-minister talks with Japan [on 26 July] ... The ministers agreed that the tenth round of bilateral talks on normalizing diplomatic relations would take place in Tokyo from 21 to 25 August ... A first-ever foreign minister-level meeting between North Korea and the USA is planned, probably on Friday [28 July].’ (*FT*, 27 July 2000, p. 14)

On 26 July Canada said it was to establish formal ties with North Korea and hoped to achieve full diplomatic relations by the end of 2000 (*IHT*, 27 July 2000, p. 1).

On 28 July 2000 US Secretary of State Madeleine Albright met North Korean foreign minister Paek Nam Sun: ‘the highest diplomatic contact between the two nations since the Korean War’ (*IHT*, 29 July 2000, p. 5); ‘the first ministerial level talks between the USA and North Korea’ (*FT*, 29 July 2000, p. 9).

On 30 July ... Madeleine Albright, fresh from meeting Paek in Bangkok, expressed support for the first time for the idea that North Korea should join financial organizations such as the IMF and the World Bank and other multilateral bodies, including the Asia-Pacific Economic Cooperation Forum. (*FEER*, 10 August 2000, p. 16)

30 July 2000. The North Korean foreign minister visits Cambodia. The Cambodian foreign minister: ‘We have agreed there will be an exchange of economic and trade delegations in the future’ (*IHT*, 31 July 2000, p. 9).

Negotiators from North and South Korea ... in talks in Seoul over the weekend ... planned to issue a statement Monday [31 July] committing their governments to regular talks between ministers, reopening liaison offices and designating a week of reconciliation surrounding the date of 15 August, which is celebrated in both Koreas as the independence day marking liberation from Japanese rule ... The negotiating teams also reached a general understanding on reconstructing the railroad linking the two Koreas ... as well as [on] other economic, social and cultural cooperation pilot projects ... All goods [currently traded] move by ship, a process that business people say is several times more expensive than shipping by land. (*IHT*, 31 July 2000, pp. 1, 9)

31 July 2000.

An agreement [is announced] to open liaison offices, resume rail services and open the South to visits by Koreans living in Japan who hold North Korean passports ... The agreement signed Monday [31 July] guaranteed continuation of the dialogue by declaring that the South and the North would go on holding ‘ministerial talks in accordance with the spirit of the South–North declaration’ signed by their leaders at the Pyongyang summit. Negotiators agreed to meet again in Pyongyang from 29 to 31 August ... North and South Korean officials agreed to reopen liaison offices at Panmunjom on 15 August, the date observed by both Koreas as

a national holiday celebrating the end of Japanese rule in 1945. The liaison offices were first opened in 1992 in accordance with a 'basic agreement' reached by North and South Korean negotiators in 1992, but they never served as more than a symbol of the need for a dialogue ... Monday's agreement calls for both sides to 'rehabilitate' the rail link that was bombed out in the Korean War. The railroad passes through Panmunjom en route to Kaesong, a key North Korean city that is clearly visible from Panmunjom. Once full rail service resumes, a South Korean official said, goods from China, Russia and Europe can move by freight through North Korea to South Korea. (*IHT*, 1 August 2000, p. 5)

'First used in 1992, but abandoned by the North in 1996, the liaison offices will be reopened on 15 August' (*Independent*, 1 August 2000, p. 12).

'They were closed in 1996 amid heightened tensions after a North Korean submarine ran aground in the South' (*The Economist*, 5 August 2000, p. 67).

'The offices ... were first opened in 1992 but were closed four years later after a crisis erupted over the North's nuclear programme' (*FEER*, 24 August 2000, p. 14).

4 August 2000.

In a confidential exchange of letters North Korea is reported to have reaffirmed to Russia that it will drop its intercontinental ballistic missile programme if other countries will launch two or three satellites a year for Pyongyang at their expense ... The letters described Thursday [4 August], with their demand that the launches be paid for by countries with concerns over the missiles, strongly suggest that Pyongyang envisages that the launches indeed would be outside North Korea ... Well-informed sources here [in Moscow] said the letter to Mr Putin reiterated that North Korea would abandon its intercontinental ballistic missile programme in exchange for the help with satellite launches, which Pyongyang say are for peaceful purposes. Going a step further than what was earlier disclosed, the North Koreans also asked that the 'concerned countries' – those that have criticised its missile programme – pay for the two or three launches a year Pyongyang was requesting, the sources said. (*IHT*, 5 August 2000, p. 2)

10 August 2000. North Korea and Japan have agreed to allow sixteen Japanese wives of North Koreans to visit North Korea from 12 to 18 September. There have been two visits by Japanese spouses of North Korea since 1997, but a third was cancelled in 1998 (*IHT*, 11 August 2000, p. 5).

South Korea's Hyundai Group announces that it has signed an agreement with North Korea to build an industrial park in Kaesong. The agreement also provides for South Korean tourists to visit Kaesong, seat of the Koryo dynasty that ruled much of the Korean peninsula from the tenth to the fourteenth centuries. North Korea wanted the industrial complex to be built in Sinuiju, an industrial city on the Yalu River border with China. The Kaesong complex will be big enough for nearly a thousand factories employing more

than 200,000 workers (*IHT*, 11 August 2000, p. 11). ‘North Korea ... signed an agreement with [Hyundai] ... to develop a permanent meeting place for separated families at Kaesong, North Korea’ (*IHT*, 16 August 2000, p. 5).

12 August 2000. Kim Jong Il meets forty-six South Korean media executives in Pyongyang.

Kim Jong Il:

It costs \$200 million to \$300 million for one rocket. It is not economical for a small country like ours to have a launch twice a year. I told President Putin that if the US can launch a satellite for us, then we will not develop. We were talking about a subject laughingly, as just a laughing subject, but President Putin did not say anything ... I made this and other remarks regarding scientific technology research of rockets in a casual, laughing manner. Putin did not respond at that time but he later seized on it firmly and that is how it happened ... Mr Putin relayed that message when President Clinton went to Okinawa. It must be a headache for the United States. It is reluctant to give us money, but it has to stop our scientific development. It must be a headache. We are developing rockets for peaceful purposes but the United States fears that we are preparing for war with them. Could we win a war with the United States if we attacked with just two or three intercontinental ballistic missiles? This is absurd ... The United States is casting us in the role of a country which supports terrorism. If they should stop we could establish relations right away ... We earn hundreds of millions of dollars by developing rockets and selling them ... We are selling rockets to Syria and Iran. (*IHT*, 15 August 2000, pp. 1, 4; *FT*, 15 August 2000, p. 10; *Independent*, 15 August 2000, p. 11; *FEER*, 31 August 2000, p. 25)

Kim Jong Il has said what he would like the Americans to do: drop his country from their list of states that sponsor terrorism ... It was originally included in the list for harbouring members of the Japanese Red Army who had hijacked a Japanese airliner in 1970. (*The Economist*, 19 August 2000, p. 17)

‘Leaders of forty-six media organizations who visited the North signed a pledge in Pyongyang on 14 August to “avoid confrontation between compatriots and stop slander and condemnation, which damages national reconciliation and unity”’ (*FEER*, 28 September 2000, p. 16).

15 August 2004. ‘North and South Korea reopened liaison offices at Panmunjom in the Demilitarized Zone. The offices ... will provide direct channels of communications between the two sides ... The reopening [on 15 August] marked the beginning of “Reunification Week”’ (*FEER*, 24 August 2000, p. 14).

21 August 2000. It is announced that the annual joint military exercises by South Korean and US forces will be scaled back.

22–24 August 2000. Talks are held in Japan between North Korea and

Japan. They agree to meet again in October to discuss normalizing relations, although this time in a third country.

A four-lane highway will be built alongside a railroad that is to be reconnected across the border between North and South Korea, the government in Seoul announced Thursday [24 August]. The two Koreas plan to break ground for the project on 15 September ... A four-lane expressway ... is to connect the two capitals, Seoul and Pyongyang, and continue to Sinuiju, a North Korean city on the border with China ... North Korea intends to use 35,000 soldiers from two army divisions to build its portion of the rail line and highway. Seoul officials said the reconnection work would be completed within a year. (*IHT*, 25 August 2000, p. 6)

2 September 2000. Sixty-three North Koreans held as spies and guerrillas in South Korean prisons are allowed to go to North Korea.

[There is the issue of] “abductees” – 454 South Koreans forcibly taken to the North since 1955 – as well as 25,000 soldiers held there since the Korean War’ (*IHT*, 30 August 2000, p. 4).

‘Seoul has made little progress over its demands for the return of South Korean prisoners and people abducted and taken to the North during the Cold War’ (*FT*, 14 September 2000, p. 12).

‘Seven hundred South Koreans – prisoners of war and errant fishermen – are being held in the North’ (*FEER*, 28 September 2000, p. 14).

1 September 2000. After four days of negotiations in North Korea (one more than planned) a joint statement is issued by North Korea and South Korea: ‘The South and the North will exert efforts to ease tension and guarantee peace. In this regard consultations will be held for military authorities of both sides to open dialogue as soon as possible.’

The two Koreas will hold another round of negotiations on 27–30 September 2000 (in South Korea) (*IHT*, 2 September 2000, p. 4). The Asian Development Bank says that last week North Korea applied to become a member (p. 16).

Diplomats say that in recent weeks Pyongyang has written a letter ‘reminding’ the ADB board of an application for membership that it first made back in 1997 ... ADB membership would provide ... access to soft loans and other funds that are badly needed to improve its sagging infrastructure ... South Korea supports the application. [But] the South Korean foreign ministry yesterday [5 September] said the chances of North Korea joining the ADB soon were ‘slim’ because of opposition from the USA and Japan ... North Korea has made several attempts at ADB membership in recent years. (*FT*, 6 September 2000, p. 11)

5 September 2000.

North Korea cancelled a trip by its envoy to the United Nations Millennium Summit on Tuesday [5 September] after its delegation was allegedly forced to undergo a strip search [by US air security officials]

before boarding an American Airlines flight in Frankfurt. The delegation was led by Kim Jong Nam, the country's nominal number two leader, who is also chairman of the Supreme People's Assembly. (*IHT*, 6 September 2000, p. 5)

The United States says the airport search of North Korea's number two leader and top diplomats was an innocent mistake and not part of a 'brazen-faced' plot, as the Pyongyang government claims . . . North Korea withdrew from this week's United Nations Millennium Summit, during which Kim Yong Nam, leader of North Korea's parliament, was to have met with the South Korean president, Kim Dae Jung. The diplomats had been en route to the summit in New York . . . The fifteen-member delegation was waiting to board an American Airlines flight to New York when it was approached by security agents . . . The US state department said such a search was in line with standing procedures for travellers from countries on a terrorism watch list.' (*IHT*, 7 September 2000, p. 7)

'[US] Secretary of State Madeleine Albright sent a letter of apology to North Korea' (*IHT*, 11 September 2000, p. 10).

'Pyongyang has accepted a US apology' (*FT*, 14 September 2000, p. 12).

10 September 2000. It is announced that North Korea and South Korea will march under a special unification flag and wear identical white uniforms during the opening ceremony of the Sydney Olympic Games on 15 September. The marching team will simply be named Korea. The white flag with a light blue depiction of an undivided Korea will be carried by two athletes, one from each side. But the two Koreas will compete as separate teams, with their own uniforms, flags and anthems.

11 September 2000.

A special North Korean envoy will visit South Korea this week to discuss a variety of issues . . . Kim Yong Sun is to arrive Monday [11 September] in Seoul for a four-day visit . . . [He] heads the Asia-Pacific Peace Committee, which handles policy with South Korea and promotes exchanges with countries that have no diplomatic ties with the North . . . He is expected to discuss the date of Kim Jong Il's visit to Seoul.' (*IHT*, 11 September 2000, p. 10)

On 13 September it was reported that Kim Jong Il will visit South Korea in the spring of 2001.

A North Korean General . . . General Pak Jai Kyung . . . arrived in Seoul on 11 September . . . Even though General Pak soon returned home . . . the rest of the delegation stayed on for four days of talks. By mid-week they had reached a number of agreements, including one for a meeting of the two countries' defence ministers in Hong Kong on 26 September. (*The Economist*, 16 September 2000, p. 94)

12 September 2000. It is announced that North Korea will attend the forthcoming annual meetings of the IMF and the World Bank. Although North

Korea will only be an observer (North Korea and East Timor being 'special guests'), this will be another 'first' for North Korea (*FT*, 13 September 2000, p. 15).

17 September 2000.

South Korea said Sunday [17 September] that the two Koreas had agreed to hold the first talks between their defence ministers ... The defence ministry spokesman in Seoul said the meeting between defence ministers would take place on 25–26 September on Cheju Island, a southern resort, because there was no time to make arrangements for talks in a third country ... Cho Seong Tae, who will lead the South's five-member delegation to the meeting, will meet the North's armed forces minister, Kim Il Chol, who will also head a team of five. Mr Kim is also the vice-chairman of North Korea's National Defence Commission ... The announcement of the meeting between the defence ministers was made after North Korea sent a letter Sunday proposing the talks be held in Cheju instead of Hong Kong. Pyongyang had offered either Beijing or Hong Kong. (*IHT*, 18 September 2000, p. 4)

(Hong Kong was originally chosen.)

A visa-free entry programme between North Korea and Malaysia starts. Nations of both countries travelling for business, sports or vacation can stay for up to a month in the other country without prior application for a visa. Malaysia established diplomatic ties with North Korea but does not maintain a mission in Pyongyang. North Koreans previously had to travel to Beijing to get a visa (*FEER*, 5 October 2000, p. 12).

18 September 2000.

President Kim Dae Jung of South Korea ... inaugurates work on a rail-road and a highway across the demilitarized zone ... Thousands of soldiers will be mobilized to clear mines inside the four-kilometre-wide zone for the rail work, which is expected to be completed in a year. North Korea was also expected to mobilize soldiers to rebuild eight kilometres of rail line on its side. Its officials said the work would start about the same time as the South. (*IHT*, 18 September 2000, p. 4)

'No North Korean officials attended the ceremony ... and North Korea has said nothing about when it will start work on its side of the border' (*IHT*, 19 September 2000, p. 8).

21 September 2000.

North Korea said Thursday [21 September] that it had proposed opening diplomatic relations with members of the EU ... [that] foreign minister Paek Nam Sun had recently sent a letter officially proposing ties to the foreign ministers of Belgium, Britain, France, Germany, Greece, Ireland, the Netherlands, Spain and the European Commission. (*IHT*, 22 September 2000, p. 8)

24 September 2000. President Kim Dae Jung: 'North Korea suffered

damage caused by the worst droughts in 100 years as well as typhoons this year. The food situation could worsen further next year [2001] and become a major problem.'

President Kim Dae Jung urged Japan to send more food aid ... during talks with prime minister Yoshiro Mori of Japan ... But ... North Korea warned Japan on Sunday [24 September] not to pursue accusations that North Korean agents have in the past abducted Japanese nationals – an issue Japan insists must be cleared up before the two countries established diplomatic ties. (*IHT*, 25 September 2000, p. 9)

25–26 September 2000. The defence ministers of North Korea (Kim Il Chol) and South Korea (Cho Sung Tae) meet in South Korea.

North Korea and South Korea reached agreement Tuesday [26 September] on the limited reopening of the Demilitarized Zone that separates the two countries to allow repair work on a rail link that has been severed for more than fifty years ... Co-operation from the North Korean military is crucial because the no-man's land across which the two armies face off contains as many as a million mines ... The agreement, which was announced at the first talks between defence ministers from the two Koreas since the civil war they fought from 1950 to 1953, is the highest level confirmation of the reconciliation between the two countries since a historic summit meeting in the North Korean capital in June ... The defence ministers agreed to 'working level' military talks starting in October and a second round of ministerial meetings in the North Korean capital, Pyongyang, in November ... The two sides have also agreed to discuss the creation of a hot line linking the two military commands in their future meetings. (*IHT*, 27 September 2000, p. 5)

'The defence ministers of the two Koreas ... declared yesterday [25 September] that their militaries would co-operate to fulfil plans agreed in June, including a rail and road link' (*Telegraph*, 26 September 2000, p. 18).

While the military delegations were meeting Monday [25 September], two other delegations met in Seoul to discuss investment possibilities in North Korea ... On Monday North Korea said it would need 1.4 million tonnes of grain from international donors to help feed its population of 22 million. (*IHT*, 26 September 2000, p. 8)

The rapprochement was further confirmed by a simultaneous meeting of finance ministers from the two countries in Seoul. That meeting reached agreement on legal protections for South Korean companies that invest in the ... North. Additionally, South Korea said it would provide the North with 600,000 tonnes of food aid, in the form of loans, over the next year. The aid ... is worth about \$97 million. (*IHT*, 27 September 2000, p. 5)

North Korea is facing a fresh famine after drought and a recent typhoon cut grain harvests by an estimated 1.4 million tonnes ... [North Korea]

was hit last month [August] by what the United Nations said might have been the country's worst storm in thirty years. 'The amount of the lost grain caused by natural disasters including drought and typhoons in our country this year is estimated at more than 1.4 million tonnes in all,' the official Korean Central News Agency said yesterday [25 September]. 'Therefore it is certain that the shortage of food will continue next year [2001].' The agency reported the destruction of 29,000 homes and more than 4 billion pounds sterling of damage ... The handful of international aid workers allowed into North Korea have confirmed 'very serious and extensive' damage to villages, bridges, roads and railways, following a direct hit by tropical storm '12' on 31 August. The UN said damage to infrastructure appeared to be more severe than to crops. (*Telegraph*, 26 September 2000, p. 18)

29 September 2000. It is announced that Jo Myong Rok will visit the USA in November as a special envoy of Kim Jong Il. He will meet President Clinton (*IHT*, 30 September 2000, p. 1).

US and North Korean officials wrapped up several days of talks with both sides saying [on 3 October] they had made progress on negotiations aimed at ending a stalemate over North Korea's development and export of missile ... Arrangements were being completed for a [9–12 October] visit to Washington ... by Jo Myong Rok, the first vice-chairman of North Korea's National Defence Commission, who is considered to be second in command to ... Kim Jong Il. President Clinton is scheduled to meet with Mr Cho during his visit next week. (*IHT*, 4 October 2000, p. 6)

8 October 2000.

The South Korean authorities ... decided to allow twenty representatives of the government and non-governmental organizations to fly to Pyongyang aboard a North Korean plane Monday [9 October] for observances on Tuesday [10 October] marking the fifty-fifth anniversary of the founding of the Korean Workers' Party ... The South Korean government – which had previously said that no one could accept the invitations to attend the Workers' Party celebrations – imposed one condition on the trip. Nobody from the South, the unification ministry said, could publicly comment on the observances while in Pyongyang ... Meanwhile, North Korea's second most powerful leader, Jo Myong Rok, left Pyongyang on Sunday [8 October] for a meeting with President Bill Clinton, Secretary of State Madeleine Albright and Defence Secretary William Cohen. (*IHT*, 9 October 2000, p. 8)

10 October 2000.

President Bill Clinton met in the White House on Tuesday [10 October] with Jo Myong Rok ... The forty-five-minute session [was] the first between an American president and a senior North Korean official ... The North ... is keen to be dropped from the US list of terrorist nations,

which includes Libya, Iraq and Cuba. There were hints Friday [6 October], after the two sides issued a joint communiqué in which North Korea said it was opposed to all forms of terrorism, that it might soon be granted. Washington has demanded such a renunciation of terrorism as a condition for removing North Korea from the state department list of terrorist sponsors. Its removal would open the way for aid beyond strictly humanitarian assistance ... and open the door to Pyongyang's involvement in international financial institutions. (*IHT*, 11 October 2000, p. 7)

'Thousands of North Korean soldiers paraded in Pyongyang on Tuesday [10 October] to mark the fifty-fifth anniversary of the founding of their Communist Party ... Unlike past celebrations missiles, rockets, tanks and heavy weapons were not displayed' (*IHT*, 11 October 2000, p. 7).

12 October 2000.

President Bill Clinton may visit North Korea before leaving office, a joint US–North Korean communiqué said Thursday [12 October]. The communiqué, issued at the end of two days of talks with a special envoy from North Korea, came after Secretary of State Madeleine Albright announced plans to visit Pyongyang in the near future ... Mrs Albright said her visit to North Korea would probably take place before the end of the month [October] ... The visit to Washington by Jo Myong Rok, first deputy chairman of North Korea's National Defence Commission, included talks with Mr Clinton, Mrs Albright and defence secretary William Cohen ... The communiqué said the two sides 'have decided to take steps to fundamentally improve their bilateral relations in the interests of enhancing peace and security in the Asia-Pacific region ... As a first step the two sides stated that neither government would have hostile intent toward the other and confirmed the commitment of both governments to make every effort in the future to build a new relationship free from past enmity ... [North Korea] informed the United States that it will not launch long-range missiles of any kind while talks on the missile issue continue.' (*IHT*, 13 October 2000, p. 10)

Marshal Jo said Pyongyang was prepared to establish peaceful ties with the United States if Washington agreed to offer assurances about North Korea's security against a US military attack ... Last week [6 October] both sides issued a joint statement in which both agreed to forswear international terrorism. (*FT*, 13 October 2000, p. 12)

13 October 2000. Kim Dae Jung is awarded the Nobel peace prize.

A statement is issued by the committee:

The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2000 to Kim Dae Jung for his work for democracy and human rights in South Korea and in East Asia in general, and for peace and reconciliation with North Korea in particular. In the course of South Korea's decades of authoritarian rule, despite repeated threats on his life

and long periods in exile, Kim Dae Jung gradually emerged as his country's leading spokesman for democracy ... Kim Dae Jung has stood out in East Asia as a leading defender of universal human rights against attempts to limit the relevance of those rights in Asia ... Through his 'sunshine policy' Kim Dae Jung has attempted to overcome more than fifty years of war and hostility between North and South Korea. His visit to North Korea gave impetus to a process which has reduced tension between the two countries. There may now be hope that the Cold War will also come to an end in Korea. Kim Dae Jung has worked for South Korea's reconciliation with other neighbouring countries, especially Japan. The Norwegian Nobel Committee wishes to express its recognition of the contributions made by North Korea's and other countries leaders' to advance reconciliation and possible reunification on the Korean Peninsula.

23–24 October 2000. Madeleine Albright visits North Korea, the first US secretary of state to do so (and the most senior US official to date).

She met Kim Jong Il on both days in October. As they sat together in a stadium on 23 October watching a performance extravaganza, an image of the launching of the Taepodong missile in 1998 flashed on to the screen. Madeleine Albright: 'He [Kim Long Il] immediately turned to me and quipped that this was the first satellite launching and it would be the last.'

[Kim Jong Il] accepted 'the idea' of a deal to curb his country's missile programme during six hours of talks Tuesday [24 October] with Secretary of State Madeleine Albright, according to a senior American official ... He [Kim Jong Il] repeated that sentiment [about the 1998 Taepodong missile launching] in his conversations with Mrs Albright on Tuesday, according to the US official, and US and North Korean missile experts were ordered to meet next week to talk over the details. North Korea said the Taepodong launching was for a satellite, but such a long-range missile could carry warheads ... During the talks the two sides discussed in detail ways to fashion a package that would restrain North Korea's missile programme ... 'Chairman Kim and I discussed the full range of our concerns on missiles, including both indigenous missile programmes and exports,' Mrs Albright said. (*IHT*, 25 October 2000, pp. 1, 9)

'In one of the many conversations with Mrs Albright ... Mr Kim said he was examining alternatives to the communist economy. Specifically, he said, he liked the Swedish model' (*IHT*, 26 October 2000, p. 6).

'A key remaining obstacle is North Korea's refusal to expel three Japanese Red Army members involved in the 1970 hijacking of a Japanese airliner' (*FEER*, 2 November 2000, p. 18).

30–31 October 2000. North Korea resumes talks with Japan.

Negotiations between Japan and North Korea have been stalled for a decade over a charge that North Korea kidnapped at least ten Japanese citizens during espionage forays onto the Japanese coastline between

1977 and 1980. North Korea denies the allegations. Negotiations that began in 1991 broke down over that issue after eight sessions. They resumed this year and the talks in Beijing are the third round [this year]. (*IHT*, 31 October 2000, p. 5)

1–3 November 2000. Talks between North Korea and the United States end without agreement on the former's missile programme.

11 November 2000.

The Kaesong industrial complex ... was the main reason for a ground-breaking economic agreement between ... South and North Korea on Saturday [11 November]. The two ... signed a deal to protect investment, end double taxation, open a direct route for financial transactions and establish a panel to settle trade disputes.' (*Guardian*, 14 November 2000, p. 31)

'North and South Korea signed an agreement designed to improve economic co-operation. They provisionally agreed measures to allow remittances across their border, avoid double taxation, provide guarantees for investment and settle cross-border payments' (*FEER*, 23 November 2000, p. 12).

16 November 2000.

Asian Pacific leaders agreed Thursday [16 November] to give North Korea a limited role in future sessions of the region's premier economic forum ... the group of twenty-one Pacific Rim economies. 'South Korea has proposed that North Korea be involved in some sectors of the APEC [Asia-Pacific Economic Co-operation] process and leaders have agreed that North Korea could participate in APEC working groups,' said [a spokesman] ... at the end of a two-day APEC forum. North Korea is unlikely to gain full membership in APEC soon because the organization has a moratorium on new members until 2007. (*IHT*, 17 November 2000, p. 15)

27 November 2000. Kim Dae Jung:

In a series of talks [in Pyongyang] over three days, I was able to engage him [Kim Jong Il] in serious and sincere discussions that produced some significant successes. First, we agreed that the Korean people must first take the initiative on the road to national unification. But we also acknowledged that immediate and complete unification would be difficult to achieve. We concurred that for now the two Koreas should focus on realizing peaceful co-existence and exchanges. What was noteworthy was that the North withdrew its long-standing demand that a centralized federal government be established for all of Korea to achieve unification. Instead, the North proposed a 'loose form of confederation' as the formula for unification. Its new proposal is very similar to the South's formula of a South–North confederation of one people, two systems and two governments ... Second, North Korea has consented to the South's view that US troops should continue to stay on the Korean Peninsula.

Korea is the only country in the world surrounded by four big powers – the United States, Japan, China and Russia. I have long been convinced that the US presence is necessary for the stability and balance of power in North-east Asia ... Kim Jong Il also agreed to visit Seoul ... We expect his visit to take place by next spring ... The defence ministers have met. They agreed never to wage another war on the peninsula, actively to support the 15 June South–North Joint Declaration and to co-operate with each other in the demilitarized zone to relink the severed inter-Korean railroad ... We are trying to ascertain how many of the 10 million members of separated families are still living, and their reunions are taking place ... Apart from rejoining the railroad between South and North Korea, a new highway is also under construction linking the South to Kaesong city just north of the demilitarized zone, where an industrial complex will be built. The South and North have initialled agreements on investment protection, avoidance of double taxation, clearance of accounts and settlement of business disputes ... By passing through North Korea the cost of transporting cargo can be reduced significantly.’

1 December 2000.

The technology group ABB Ltd. said Friday [1 December] that it had signed a co-operation agreement with North Korea on improving the performance of the country’s power transmission network and basic industries ... The pact covers investment and technical co-operation in modernizing North Korea’s power grid, upgrading electrical equipment and control systems in power plants and industrial plants, co-operation in the field of wind and solar power systems, and the opening of a representative office in Pyongyang in 2001. North Korea relies heavily on coal-powered plants for its electricity generation. (*IHT*, 2 December 2000, p. 14)

‘Hyundai recently began construction of a large-scale industrial complex in Kaesong City, about 70 kilometres (43 miles) north of the Demilitarized Zone’ (*IHT*, Survey, 9 December 2000, p. 22).

12 December 2000. North Korea and the UK establish diplomatic relations.

28 December 2000. President Clinton announces that he will not be visiting North Korea before his term of office ends on 20 January 2001.

January 2001.

Seoul adopted a new missile policy, after negotiations with the United States, despite fears of an arms race. It will build and deploy missiles that can reach most of North Korea. The missiles will have a range of 300 kilometres ... A 1979 agreement with the USA had limited the missile range to 180 kilometres. (*FEER*, 1 February 2001, p. 14)

15 January 2001. North Korea and the Netherlands agree to establish diplomatic relations after holding talks in The Hague. ‘The Netherlands became the eighth EU nation to forge ties’ (*FEER*, 25 January 2001, p. 12).

'North Korea established relations with Britain, Canada, Italy and Australia last year [2000]' (*IHT*, 17 January 2001, p. 4).

15–20 January 2001. Kim Jong Il pays a visit to China. At first an attempt was made to keep it secret.

Kim Jong Il has returned from a secretive visit to China after giving the strongest signals yet that he hopes to begin opening his country's isolated, controlled economy to outside investment and market forces. Mr Kim spent nearly all the visit, his second to China since May, touring companies and discussing economic issues in Shanghai ... In a meeting with President Jiang Zemin on Saturday [20 January] in Beijing, Mr Kim fully endorsed the pro-market policies that have transformed China over the last twenty years, according to Chinese accounts. 'Mr Kim stressed that the big changes that have taken place in China, and Shanghai in particular, since China began its reform and opening-up have proved that the policies pursued by the Chinese Communist Party and the people are correct,' said ... a foreign ministry spokesman. Mr Kim specifically asked to visit Shanghai on this trip, where he toured joint venture enterprises of General Motors and of a Japanese semiconductor manufacturer as well as the stock exchange, the Pudong commercial development zone and other companies. (*IHT*, 22 January 2001, p. 6)

'Mr Kim spent four of a secrecy-shrouded six-day visit to [Shanghai]' (*IHT*, 24 January 2001, p. 2).

On a 15–20 January visit to Shanghai and Beijing ... Kim Jong Il pronounced China's reform programme 'correct' ... On his last trip to Shanghai, in 1983, Kim criticised China's fledgling policy of economic reform as a dangerous departure from socialist doctrine. This time, according to China's official Xinhua news agency, 'Kim stressed that the big changes that have taken place in China, and Shanghai in particular, since China began the reform and opening-up drive, proved that the policies ... are correct.' Kim reached that conclusion after touring foreign joint ventures, a technology park and other capitalist ventures ... The United Nations recently warned that due to poor harvests last year [2000] the government-run food distribution system will cease all food provision 'in most parts of the country' by the end of January. (*FEER*, 1 February 2001, p. 15)

Beijing announced after the visit: 'Kim stressed that the big changes that have taken place in China, and in Shanghai in particular, since China began the reform and opening-up drive prove the policies of the Chinese Communist Party are correct' ... Radio Pyongyang gave an unusually detailed account of the trip, quoting Kim Jong Il's amazement at the 'cataclysmic change' in modern Shanghai ... Three top military men were part of Kim Jong Il's delegation. (*FEER*, 8 February 2001, pp. 26–7)

Kim Jong Il's interest in high technology is a common theme in the new atmosphere he has created. He visited Legend Computer in Beijing in May

last year [2000] and in October [2000] Marshal Jo Myong Rok stopped off in San Francisco. Escorted by former defence secretary William Perry, Jo visited Silicon Valley ... In a series of editorials since 1 January [2001] Pyongyang has given new emphasis to the economy. A 16 January editorial in the party daily *Rodong Sinmun* in effect said the way to fulfil the 'military first' policy was now through building economic strength ... On 4 January the party paper blasted 'the old backward way of thinking' among party cadres. 'In the new millennium when we require new measurements to approach our problems, we need to resort to new ways of thinking to solve them,' it said. (Nayan Chanda, *FEER*, 8 February 2001, p. 27)

16 January 2001.

A little more than two years later ... tourist cruises to the North ... risks foundering amid the harsh realities of slow business ... Foreigners have shown little interest ... As the daily tours continue to lose money planners at cash-strapped Hyundai companies are gambling on approval [by South Korea] of their application to run a floating casino ... The company plans to ask North Korean officials to agree to delays in payment of much of the rest of the \$942 million that Hyundai originally agreed to pay the North by 2005. (*IHT*, 17 January 2001, p. 15)

'[On 18 January the] Hyundai Group proposed that its monthly payments for tourism development rights in the Kumgang Mountain area of North Korea be halved to \$6 million and said payments would be halted if Pyongyang rejected the proposal' (*IHT*, 19 January 2001, p. 17).

The cruises to Mount Kumgang have sunk steadily into debt ... Hyundai officials have threatened to scrap it unless a solution is found. Asan [the Hyundai Group affiliate that runs the tours] president Kim Yoon Kyu failed last week to convince North Korea to defer half of the \$12 million a month that Hyundai pays for running the tours. Hyundai decided to halve the payments anyway. It will try again to negotiate ... For extra revenue Hyundai wants Seoul to approve a floating casino and duty-free shops at Mount Kumgang ... Hyundai agreed to pay North Korea \$942 million over six years ... It has paid \$342 million so far ... The [South Korean] government is helping fund ... a \$5 billion industrial complex in Kaesong city. (*FEER*, 1 February 2001, p. 22)

[The] tourist cruises to Mount Kumgang ... have lost nearly \$400 million – a significant drain on Hyundai Asan Corp. and Hyundai Merchant Marine, which run the tour ... Hyundai has failed to persuade the North to accept halving the \$12 million a month it pays for the right to develop the Mount Kumgang market. (*FEER*, 5 April 2001, p. 20)

8 February 2001.

The militaries of North and South Korea reached full agreement Thursday [8 February] on arrangements to reconnect a cross-border railroad

... [including] setting up a hot line to link the two militaries ... South Korean officials said they hoped the rail line will be reconnected by autumn [2001], as scheduled ... During four previous meetings the Korea reached agreement on all but five points. (*IHT*, 9 February 2001, p. 7)

26–28 February 2001. President Putin of Russia visits South Korea. ‘Russia’s debt to South Korea ... has grown to \$1.8 billion’ (*IHT*, 27 February 2001, p. 4).

An intergovernmental memorandum signed in Seoul establishes arrangements whereby a portion of the debt will be repaid in the form of Russian military equipment. According to unofficial reports, \$700 million could be repaid in this way; the entire debt, including interest, stands at \$1.9 billion. (*CDSP*, 2001, vol. 53, no. 9, p. 17)

4 March 2001. ‘Last Tuesday [27 February] and Sunday [4 March] ... President George W. Bush [inaugurated on 20 January 2001] ... used the term “rogue nations” ... [Former US Secretary of State] Madeleine Albright ... advocated the alternative expression “states of concern”’ (*IHT*, 6 March 2001, p. 3).

7 March 2001. President Kim Dae Jung of South Korea begins a visit to the United States. President George W. Bush is cool regarding North Korea, describing Kim Jong Il as untrustworthy. The Bush administration has halted talks with North Korea pending a review of policy.

‘Mr Bush ... shocked President Kim Dae Jung ... by expressing “some scepticism” about Kim Jong Il and citing the difficulties of verifying any agreement with the North on missiles’ (*IHT*, 21 July 2001, p. 4).

21 March 2001. Chung Ju Yung, the founder of Hyundai, dies.

24 March 2001.

EU leaders announced ... that they would dispatch their own team of mediators to help invigorate the peace process between North and South Korea and fill a breach left by the Bush administration to postpone talks with the North ... Mr Bush has voiced distrust about making any deals with North Korea’s leader, Kim Jong Il ... Senior EU officials said Kim Dae Jung came away deeply disappointed from recent talks with Mr Bush ... Suspicions have grown in Europe that the Bush administration is seeking to kill any chances of an agreement to sustain the ‘rogue state’ threat from North Korea that the administration has cited as a prime motivation for building a missile defence system ... EU officials ... said the idea of a European initiative was first broached by Kim Dae Jung during a visit here [Stockholm] after he was awarded the Nobel Peace Prize last year [2000]. They said he stepped up his pleas after his disappointing talks with Mr Bush. (*IHT*, 26 March 2001, pp. 1, 5)

A notable diplomatic shift came this month [March] when Germany negotiated a protocol calling for its diplomats to enjoy freedom of movement in North Korea. This protocol, which is already being taken up by

other European countries, would also give free movement to German relief workers and free access to German journalists. The German–North Korean accord calls for overland access to the country via China for the first time. It also provides for talks on human rights and arms proliferation issues. (*IHT*, 30 March 2001, p. 4)

27 April 2001. ‘Russia has promised to replace the now-outdated weapons that were given to North Korea during the Soviet era’ (*IHT*, 28 April 2001, p. 2).

2 May 2001. A high-level European delegation arrives in Pyongyang today [2 May] to pave the way for the establishment of diplomatic relations between the EU and North Korea ... All EU countries, except France and Ireland, have diplomatic ties with Pyongyang, but Sweden’s embassy dates from the Cold War. (*Independent*, 2 May 2001, p. 13)

3 May 2001.

Kim Jong Il ... promised Thursday [3 May] to extend his country’s moratorium on testfiring missiles until 2003, but avoided any commitment on coming here [Seoul] for a second inter-Korean summit meeting ... Kim Jong Il ... [said] he would ‘wait and see’ whether to extend the moratorium beyond 2003 ... [He] indicated he would await the outcome of a US policy review on North Korea before deciding when or whether he will [visit Seoul] ... Kim Jong Il gave the [EU] delegation the firm impression that the North wants a new summit. (*IHT*, 4 May 2001, p. 1)

‘Mr Kim said he wanted a second summit with Kim Dae Jung ... but not while the United States reviewed its policies on the North’ (*FT*, 4 May 2001, p. 8).

The Japanese authorities on Thursday [3 May] arrested a man who is believed to be the eldest son of ... Kim Jong Il after he tried to enter the country on a passport from the Dominican Republic ... The arrested man, who after questioning identified himself as Kim Jong Nam, twenty-nine years old and heir apparent to the North Korean leader, arrived in Japan on Tuesday [1 May] on a Japan Air Lines flight from Singapore. The man was travelling under the name of Pang Xiong and was accompanied by three people believed to be relatives: two women aged thirty-three and thirty and a four-year-old boy. He said he had entered Japan to take the boy to Tokyo Disneyland. (*IHT*, 4 May 2001, p. 12)

‘Japanese academics believe that Kim Jong Nam has made several trips to Japan in recent years to learn Japanese’ (*FT*, 4 May 2001, p. 8). ‘Japanese officials have indicated that Mr Kim has made several trips to Japan on the false passport’ (*FT*, 5 May 2001, p. 5).

‘With ... Kim Jong Nam ... were two women, one of them his wife, and a four-year-old boy reported to be his son ... Kim’s passport showed he had visited Japan twice on the spurious document’ (*FEER*, 17 May 2001, p. 15).

4 May 2001.

The Japanese authorities deported [the four] to China on Friday [4 May] ... The man ... initially told the Japanese authorities that he was a South Korean ... [but later] said he was Kim Jong Nam ... Kim Jong Nam [is] the twenty-nine-year-old eldest son of and heir apparent to ... Kim Jong Il ... According to Japanese news reports ... Kim Jong Nam ... speaks Japanese well. He is reported to have been working for North Korea's national intelligence agency for at least one and a half years and he is also said to have headed a government panel on information technology since 1998. (*IHT*, 5 May 2001, p. 5)

Kim Jong Il ... has pledged that he will keep his past promises to Washington and Seoul to show he wants good relations, according to European officials [speaking in Seoul] ... but Kim Jong Il said he could not afford to stop selling missiles. Mr Kim told the officials his missile sales to other countries are 'part of trade' ... A South Korean agency recently estimated that North Korea had sold at least 540 missiles to Libya, Iran and other Mideast countries since 1985 ... and had sold 490 Scud-type missiles to Iran, Iraq and Egypt since 1998. (*IHT*, 5 May 2001, p. 5)

9 May 2001.

A senior US envoy Wednesday [9 May] offered President Kim Dae Jung the firmest assurance he has received so far that the United States would resume its dialogue with North Korea ... President George W. Bush said in a letter ... that the United States would 'strongly support the South's engagement policy on the North' ... Mr Bush ... [had earlier] said he had 'some scepticism' about the good faith of ... Kim Jong Il. (*IHT*, 10 May 2001, p. 8)

'Bush's public scepticism about North Korea's intentions at a disastrous summit with President Kim Dae Jung in March prompted Pyongyang to cancel inter-Korean talks. Since then dialogue has been all but frozen' (*FEER*, 17 May 2001, p. 29).

14 May 2001. 'The European Commission announced Monday [14 May] it will establish diplomatic relations with North Korea' (*IHT*, 15 May 2001, p. 4).

'The EU hopes to have full diplomatic representation in North Korea by the summer' (*FT*, 16 May 2001, p. 13).

4 June 2001.

The executive director of the Korean Peninsula Energy Development Organization ... said on 4 June that the first reactor would not be delivered until 2008 – five years late ... [He said that although the 1994 agreement] called for the first reactor to be built by 2003, this was not a contractual obligation. He said North Korea would continue to receive fuel oil ... North Korea ruled out resuming talks with the USA if Washington set conditions for meetings. The commentary in the ruling party's

Rodong Sinmun newspaper was published as the United States warned the North to continue a moratorium on missile launches to keep contacts open. (*FEER*, 14 June 2001, p. 17)

6 June 2001. 'The Bush administration will resume negotiations with North Korea with the aim of restricting Pyongyang's missile development, tightening inspections of nuclear facilities and easing military tension along the border with South Korea ... The decision follows a three-month policy review' (*IHT*, 8 June 2001, p. 5).

Washington's decision to 'undertake serious discussions' with Pyongyang includes several important policy goals: strengthening the 1994 Agreed Framework to end North Korea's nuclear weapons programme; halting the North's missile exports while ensuring through verification that its missile development programme is curbed; enhancing North-South reconciliation; and reducing the threat posed by the North's conventional forces deployed near the demilitarized zone ... A notable feature of the new policy is that it is to be 'comprehensive' ... If Pyongyang responds affirmatively, the United States will expand its efforts to 'help the North Korean people, ease sanctions and take other political steps'. (*IHT*, 11 June 2001, p. 8)

Analysts warned that new conditions imposed by the United States could slow the negotiating process ... North Korea has not yet responded to the US proposal to broaden the agenda of the talks to include conventional forces and nuclear issues as well as missile development and exports ... One potential point of dispute would be a US demand that North Korea should soon reveal the extent of its nuclear programme to the inspectors from the International Atomic Energy Agency to determine whether it had obtained plutonium for nuclear weapons ... The project to build the new reactors under the 1994 deal has fallen far behind schedule ... Contacts between the two [Koreas] have been frozen since March after Mr Bush said he would not immediately resume talks with North Korea pending the completion of a policy review. (*FT*, 8 June 2001, p. 14)

13 June 2001. 'Diplomats from the United States and North Korea have met in New York ... The session Wednesday [13 June] was the first since President George W. Bush announced last week that ... he has decided to resume negotiations' (*IHT*, 15 June 2001, p. 5).

'North Korea [has] agreed to a South Korean plan to promote tourism between the two countries' (*The Economist*, 16 June 2001, p. 6).

17 June 2001.

In its first official reaction to American proposals to resume bilateral talks, North Korea has dismissed a Bush administration request that conventional forces be included ... In a statement read on state radio Sunday [17 June] ... [it was said] that the United States must remove its

37,000 troops from South Korea before any discussion of North Korean troop deployments was possible. (*IHT*, 19 June 2001, p. 4)

[North Korea] described the Bush administration proposal as ‘unilateral and conditional in its nature and hostile in its intention’ ... North Korea added that financial compensation for electricity losses from the delay in the construction of two light-water reactors ... should be the top priority when talks were resumed. (*FT*, 19 June 2001, p. 12)

20 June 2001.

The South Korean government agreed Wednesday [20 June] to bail out ... the Hyundai Group’s fledgling tourism venture in North Korea ... on which Hyundai was losing millions of dollars ... The deal calls for the government to provide a reported \$70 million a year for tours to the Mount Kumgang region ... [The government] did not disclose the amount of money ... [it] would provide for tourism to North Korea but indicated that the agreement called for expanding the project beyond the Kumgang region ... [It was reported] that the [South Korean] tourist organization would provide the funds through loans or from a special Inter-Korean Co-operation Fund set up by the South Korean government ... Hyundai Asan’s chairman ... persuaded North Korea this month [June] to reduce the monthly fee for the tours from \$12 million to \$6 million. But Hyundai is still obliged to pay North Korea a total of \$942 million by 2005. (*IHT*, 21 June 2001, p. 15)

‘Hyundai and the North agreed to open an overland route to Kumgang Mountain, which would be cheaper to operate than maintaining expensive cruise ship operations to the resort’ (*FT*, 21 June 2001, p. 10).

9 July 2001.

North Korea will not accept any American proposal to resume talks as long as Washington continues to attach conditions, the official newspaper of the North Korean Communist Party said on Monday [9 July] ... A commentary in *Rodong Sinmun*, the Workers’ Party newspaper ... [said that North Korea] ‘has never allowed “verification” and “inspection” as its national defence industry and military forces are vital to it ... [North Korea] will neither permit verification and inspection nor accept the demand for the reduction of armed forces in the future, too, but further strengthen them’. (*IHT*, 10 July 2001, p. 6)

20 July 2001.

When [US] Secretary of State Colin Powell meets with his Asian colleagues in Hanoi next week he will not get to talk to ... the North Korean foreign minister, Paek Nam Sun. Hopes for an early resumption of dialogue between North Korea and the United States have been dashed by Mr Paek’s statement that he will be ‘too busy’ to journey to the meeting of the regional forum of the Association of South-East

Asian Nations [Asean] on Tuesday and Wednesday [24–25 July] ... [A North Korean] note simply said that Mr Paek had ‘sudden work’, with no further explanation. (*IHT*, 21 July 2001, p. 4)

25 July 2001.

The second most senior leader in North Korea, Kim Jong Nam, paid his respects to his country’s servicemen who died in the Vietnam War. Kim’s visit to a cemetery near Hanoi came a week after North Korea admitted members of its military took part in the conflict. (*FEER*, 26 July 2001, p. 15)

27 July 2001. Colin Powell (speaking in Seoul): ‘We can meet at a time and place of the Democratic People’s Republic of Korea’s choice and we have no preconditions.’

26 July–18 August 2001. Kim Jong Il used the Trans-Siberian Railway for his visit to Russia. He arrived in Moscow on 3 August. He visited Moscow and St Petersburg on 4–7 August. He then retraced his train journey back to North Korea. (The distance between Vladivostok and Moscow is 9,300 kilometres or 5,778 miles: *IHT*, 7 August 2001, p. 7.)

The trip is only his third visit abroad as leader ... Since taking power from his father, Kim Il Sung, who died in 1994, Mr Kim, fifty-nine, has made only two foreign trips, both to China ... In Hanoi [US] Secretary of State Colin Powell said Thursday [26 July] ... that there should be no conditions for a US dialogue with Pyongyang. (*IHT*, 27 July 2001, p. 5)

Kim Jong Il repeated a promise here [in Moscow on 4 August] ... to suspend ballistic-missile launchings until 2003, saying in a declaration with President Vladimir Putin of Russia that his nation’s missile programme ‘does not present a threat to nations respecting North Korea’s sovereignty’ ... [The joint declaration] repeated that the 1972 Anti-Ballistic Missile Treaty should remain the foundation of arms control efforts ... The Kremlin expressed ‘understanding’ of ... North Korea’s demand that the United States remove its forces from South Korea ... On Saturday [4 August] ... [Kim Jong Il laid] wreaths at Lenin’s mausoleum and the tomb of the unknown soldier ... [He paid] a visit to Russian space facilities outside Moscow on Sunday [5 August]. (*IHT*, 6 August 2001, pp. 1, 4)

‘The Moscow declaration stated that the North Korean side had “reiterated its position that the withdrawal of American troops from South Korea will endure no delay” ... The declaration said that “the Russian side expressed understanding of this position”’ (*IHT*, 7 August 2001, p. 4).

‘Russia agreed to help rebuild power stations and factories in exchange for the settlement of outstanding debts estimated at \$5.5 billion. It also pledged to work on a rail corridor linking the Korean peninsula to the Trans-Siberian network’ (*FT*, 6 August 2001, p. 1).

North Korea is to repay loans worth billions of pounds sterling to Russia by sending thousands of workers to toil in logging camps in eastern Siberia ... In order to service a \$5.5 billion Soviet-era debt he [Kim Jong Il] will enlarge a [barter] scheme ... Pyongyang's barter of labour for loans dates from the 1960s and had produced an archipelago of labour camps in some of Russia's most remote forests ... about 90 per cent of ... debt to Moscow was serviced with 'free' labour last year [2000] ... Labour represented \$50 million in debt-service payments to Moscow last year ... Mr Kim intended to repay his outstanding debt in the same way over the next thirty years ... The first detailed claims of abuse in one of the least studied corners of the Russian camp system did not emerge until ... 1994 ... Despite such reports the loans-for-labour scheme was formally renewed in 1995. (*The Times*, 6 August 2001, p. 12)

'Kim Jong Il ... bought 300 million pounds sterling [\$425 million] worth of weapons from Russia at the weekend [4-5 August]' (Fiona Terry, researcher for Médecins sans Frontières, *Guardian*, 6 August 2001, p. 16).

'Modernizing its military received little publicity, as Moscow avoided military sales that would have upset the USA and South Korea' (*FEER*, 16 August 2001, p. 20).

15 August 2001.

[There was] a last-minute decision to permit several hundred peace activists to go to Pyongyang for a 'joint celebration' of independence from Japan at a newly unveiled monument dedicated to the cause of Korean unification. More than 300 members of South Korean civic and religious organization boarded two charter planes Wednesday [15 August] ... The [South Korean] unification ministry ... reversed an earlier decision denying them permission for the trip. They were told that they still could not participate in the opening or closing ceremonies of the celebration or endorse North Korean policy. (*IHT*, 16 August 2001, p. 2)

Police detained sixteen people who defied the government and took part in a rally at a monument in North Korea. The sixteen were among 100 civic, religious and labour activists who joined the rally at a monument glorifying unification based on the ideals of Kim Il Sung. (*FEER*, 30 August 2001, p. 10) [In August] 311 South Korean activists [were allowed to go] to a festival in Pyongyang, providing they did not attend political events. But half of them attended ceremonies at a monument to ... Kim Il Sung's reunification formula ... Seven activists were arrested on their return. (*FEER*, 20 September 2001, p. 24)

2 September 2001.

North Korea broadcast a proposal Sunday [2 September] for resuming talks with South Korea ... Rim Tong Ok, the senior North Korean official responsible for dealings with the South ... vice chairman of the

North's committee for peaceful reunification [Committee for Peaceful Reunification of the Fatherland] ... said he was 'seeking a speedy resumption in talks between South and North Korean government officials'. (*IHT*, 3 September 2001, p. 5)

The broadcast statement said: 'We propose that dialogue between North and South Korea reopen as soon as possible to open a wider road to reconciliation, unity and national unification' (*FT*, 3 September 2001, p. 7).

3 September 2001.

The South Korean National Assembly ... on Monday [3 September] overwhelmingly approved a resolution of no confidence in Lim Dong Won ... architect of South Korea's rapprochement policy with North Korea and Mr Kim's closest adviser ... President Kim Dae Jung has relied on him to execute his 'sunshine policy' of reconciliation with North Korea ... Mr Lim ... [said] he would resign. (*IHT*, 4 September 2001, p. 7)

3–4 September 2001. President Jiang Zemin of China visits North Korea.

6 September 2001. 'North and South Korea have agreed to resume ministerial-level talks ... The negotiations, in response to an offer from Pyongyang last weekend, are set to begin on 15 September in ... Seoul' (*FT*, Friday 7 September 2001, p. 10).

'Yesterday [6 September] the North sent a message by a telephone hotline at the border village of Panmunjom, accepting South Korea's suggestion of three days of ministerial talks in Seoul on 15–18 September' (*Telegraph*, 7 September 2001, p. 19).

12 September 2001.

North Korea has refused entry to a Japanese delegation scheduled to inspect the distribution of rice aid to Pyongyang, Japanese officials said Wednesday [12 September]. The Japanese lawmakers and officials were scheduled to visit North Korea starting Tuesday. Apparently no reason was given for the decision to bar entry. (*IHT*, 13 September 2001, p. 13)

('There is no sign of any rail work on the North Korean side: *IHT*, 13 September 2001, p. 13.)

'North Korea barred Japanese officials from entering the country to monitor the use of food aid, complaining that Japan was developing a missile that could be used against it' (*The Economist*, 15 September 2001, p. 8).

'President Kim Dae Jung ... has spent only \$118 million in three-and-a-half years on North Korean initiatives like aid shipments, according to the unification ministry. His predecessor, Kim Young Sam ... spent \$262 million over five years' (*FEER*, 20 September 2001, p. 24)

15–18 September 2001.

The first talks between the two Koreas this year [took place on 16 September] ... At the top of the North's requests ... were long-standing requests for the South to provide electrical power ... and for the return

of more long-term prisoners ... The negotiators ... plan to meet again on Monday [17 September] ... The North cancelled talks last March ... The last cabinet-level talks were in December [2000]. (*IHT*, 17 September 2001, p. 9)

‘North and South Korea have agreed to hold another round of reunions for [separated] families ... The countries also agreed to strive to complete rail and road links and to accelerate work on tourist and industrial projects’ (*FT*, 19 September 2001, p. 13).

The ministers agreed on another ‘family reunion’ in October ... Work will also start on an industrial zone in Kaesong, financed by the South ... A decision to open a land route to the Kumgangsán mountain resort in North Korea, currently accessible only by sea, may boost tourism from the South. The project, backed by the Hyundai conglomerate, is deeply in the red. It has also been agreed to hold talks on easing conditions for cross-border trade and tackling problems in a disputed fishing ground. Events planned for next months include ministerial talks. (*Guardian*, 19 September 2001, p. 15)

The two sides agreed to another set of reunions next month [October] of families separated since the Korean War of 1950–3. The officials will meet again in October ... to discuss ways to reconnect a railway across the border. The Korean line may eventually be linked to the Trans-Siberian railway. The Korean teams also have in mind a cross-border land route for southern tourists travelling to Mount Kungang in the North, as well as research to control floods and a plan to open both countries’ territorial waters to commercial vessels. (*The Economist*, 22 September 2001, p. 68)

‘[It was] agreed to hold more talks in Pyongyang in late October ... [North Korea demanded] free electricity’ (*FEER*, 27 September 2001, p. 13).

26–27 September 2001. ‘South Korean troops twice fired warning shots at North Korean forces on the ... border this week ... The incidents happened ... when North Korean soldiers encroached into the no-go areas in the demilitarized zone (the DMZ)’ (*FT*, 29 September 2001, p. 9).

5 October 2001.

A plan to open the first land route between North and South Korea since the border was sealed forty-eight years ago stalled yesterday [5 October] ... Three days of talks broke down with little progress towards Seoul’s demand to build a road to the Kungang mountain resort. (*FT*, 6 October 2001, p. 10)

7 October 2001.

South Korea’s drive to persuade North Korea to open up cross-border road and railroad traffic appears to have bogged down in a bitter quarrel over money, analysts said Sunday [7 October]. The outlook for success in

North–South negotiations seemed bleak after talks on rebuilding a 14-kilometre (8.5-mile) stretch of road across the demilitarized zone on the east side of the Korean Peninsula to the scenic Mount Kungang region of North Korea ended in failure on Friday [5 October] ... Hyundai Merchant Marine, which has lost several hundred million dollars on the North Korean operation, has said flatly that it cannot pay the bill [\$24 million in unpaid bills covering tour operations last winter], a small part of a total of \$942 million that Hyundai agreed to pay for running the tours at least until the end of 2005 ... The South has completed the single-track line to the southern edge of the demilitarized zone ... North Korea has agreed to another round of talks on 19 October. (*IHT*, 8 October 2001, p. 9)

8 October 2001.

North Korea has taken a tentative step into the digital age by allowing some of its citizens to access the internet for the first time ... [North Korea] is to allow trade organizations and government officials to exchange emails with foreigners ... Users will be restricted to a single state-approved portal ... The email service was launched on a trial basis last month [8 October] ... North Korea has its own strictly internal internet system and schools have been equipped with computers ... Ordinary citizens are not [even] allowed to make international phone calls. (*FT*, 2 November 2001, p. 9)

‘On 1 December an internet service provider in Shenyang, China, began an email service to North Korea that may link to an intranet in Pyongyang used by top officials’ (*FEER*, 27 December 2001, p. 20).

15 October 2001. Prime minister Junichiro Koizumi of Japan (on a visit to South Korea):

I looked at exhibitions, facilities and traces of torture with heartfelt remorse and apology for the tremendous damage and suffering Japan caused the South Korean people through its colonial rule ... Japan and South Korea should co-operate not to repeat the painful past ever again.’ (*FT*, 16 October 2001, p. 16; *IHT*, 16 October 2001, p. 5)

President Kim Dae Jung and Mr Koizumi ... spent most of their time on issues that have been boiling in the headlines in South Korea: Mr Koizumi’s refusal to order revisions of textbooks that Koreans say gloss over offences committed during Japanese rule and his visit to a shrine in Tokyo honouring Japan’s war dead.’ (*IHT*, 16 October 2001, p. 5)

16 October 2001. ‘South Korea voiced its anger yesterday [16 October] after the North postponed reunions of families ... The North claimed global terrorism made the South unsafe to visit ... A shipment of rice to the North was halted’ (*Telegraph*, 17 October 2001, p. 17).

North Korea cancelled last week what was to have been the fourth set of reunions of 200 family members ... Pyongyang cited the war in

Afghanistan as the reason for the sudden decision, accusing Seoul of heightening tensions by placing its troops on alert and saying there was no guarantee of security. (*IHT*, Thursday 18 October 2001, p. 7)

19 October 2001. ‘Meeting ... Kim Dae Jung [at the APEC meeting in Shanghai] ... Mr Bush publicly endorsed the ... “sunshine policy”’ (*IHT*, 20 October 2001, p. 3).

8 November 2001. ‘Kim Dae Jung, president of South Korea, resigned the leadership of his ruling Millennium Democratic Party yesterday [8 November]’ (*FT*, 9 November 2001, p. 11).

14 November 2001.

North and South Korean negotiators angrily broke off talks Wednesday morning [14 November], less than a day after the South Koreans said they had reached agreement on a fourth set of reunions between members of families separated by the Korean War ... [This was] the sixth round of meetings ... Negotiators agreed over the weekend on the need to resume family visits but could not come to terms on the issue of South Korea’s alliance with the United States as displayed by President Kim Dae Jung’s decision to put troops on alert at the outset of operations in Afghanistan last month. (*IHT*, 15 November 2001, p. 9)

Tuesday’s agreement to hold more cross-border family exchanges and ministerial meetings unravelled after six days of acrimonious talks ... Seoul had claimed a breakthrough on Tuesday [on family exchanges] ... but the deal collapsed when the two sides failed to resolve a dispute about South Korea’s heightened state of security since the 11 September attacks on the USA. Pyongyang has interpreted Seoul’s anti-terrorism measures as a threat. (*FT*, 15 November 2001, p. 13)

27 November 2001.

North and South Korean troops exchanged rifle fire Tuesday [27 November] across ... the Demilitarized Zone ... United Nations and South Korean officials said the shooting had been initiated by North Korean border guards ... North Korea did not immediately issue a statement on the exchange of fire, which was the first of its kind since 1998. But the North Korean state media did say that the South had ‘committed a military provocation by introducing two combat armoured cars in the Demilitarized Zone’ Monday [26 November]. (*IHT*, 28 November 2001, p. 5)

29 November 2001.

North Korea yesterday [29 November] rejected US calls for inspections of its suspected nuclear weapons ... On Monday [26 November] President George W. Bush demanded inspections of North Korea’s arms and warned the country would be ‘held accountable’ if it developed weapons of mass destruction ... North Korea is included in Washington’s list of terrorist-sponsoring nations and is suspected of stockpiling both nuclear and bio-

chemical weapons ... In recent weeks Washington has criticised Pyongyang for its human rights abuses and religious suppression ... [But] on Wednesday [28 November] ... North Korea ... signed a United Nations anti-terrorism treaty, backing up its condemnation of the 11 September attacks on New York and Washington. (*FT*, 30 November 2001, p. 9)

3 December 2001.

North Korea has taken a double step forward in efforts to open its atomic energy programme to international scrutiny and improve the safety of its nuclear plants ... [It] has given the go-ahead for inspection of a nuclear laboratory and signed an agreement that advances plans for modern reactors to be built ... North Korea yesterday [3 December] signed an agreement about quality assurance and warranties with the South Korean-based consortium leading the project. Provisional building work is already under way. Pyongyang also approved a visit to its Yongbyon isotope production facility by scientists representing the International Atomic Energy Agency ... Last week North Korea angrily rejected US calls for inspection of its weapons programme to investigate suspicions that the country has developed nuclear and biochemical arsenals ... Pyongyang condemned the 11 September terrorist attacks on the United States and has signed two international anti-terrorism treaties. (*FT*, Tuesday 4 December 2001, p. 13)

The North's chemical weapons programme is believed to be mature. With at least eight factories producing nerve, blister, choking and blood agents in bulk since 1989, estimates of its stockpile run from 250 tonnes to 5,000 tonnes. Production of biological weapons ... was accelerated ... in 1990, according to the Federation of American Scientists. (*FEER*, 13 December 2001, p. 18)

22 December 2001.

A vessel suspected of being a North Korean spy ship entered Japanese waters, provoking an exchange of fire with Japan's coastguard ... Japan dispatched about twenty patrol vessels and fourteen aircraft to pursue the unidentified vessel, which ignored orders to stop after entering Japan's 200-nautical-mile exclusive economic zone. Two Japanese coastguard personnel were injured on Saturday [22 December] after shooting broke out, and the ship sank, though it was unclear whether the vessel had been sunk by its own crew or by the coastguard ... The latest incident, which has echoes of a [March] 1999 incident in which two suspected North Korean spy ships were chased out of Japanese waters, came days after Pyongyang said it would no longer search for ten Japanese citizens Tokyo claims Pyongyang kidnapped in the 1960s and 1970s. (*FT*, 24 December 2001, p. 6)

Japan believes North Korean spies or drug runners were in command of the boat ... The firefight left two people on the boat dead and an esti-

mated thirteen missing. Three Coast Guard crew suffered light injuries. The incident follows a raid in November on the Tokyo headquarters of Chongryon, a pro-Pyongyang group, after one of its officials was charged with embezzlement . . . North Korea's foreign ministry says the country is the victim of 'an unpardonable smear campaign' and 'will take relevant counter-measures depending on the future attitude of Japan' . . . On 17 December the North Korean Red Cross called off its investigation into the whereabouts of ten Japanese citizens who Japan claims were abducted in the 1970s and 1980s. (*FEER*, 10 January 2002, p. 13)

December 2001.

Pyongyang announced a rare amnesty for prisoners to mark this year's ninetieth anniversary of . . . Kim Il Sung. The amnesty, the first of its kind since 1978, was due to go into effect on 1 January [2002] and reports said it would be granted to those sentenced to labour or reeducation for committing crimes against the state. (*FEER*, 10 January 2002, p. 12)

January 2002.

A team of international experts from the United Nations Atomic Energy Agency made its first official visit to a nuclear laboratory in North Korea, which pulled out as a member of the organization in 1994. The agency hopes to eventually hold a full inspection of the site, where it is believed that unspecified amounts of weapons-grade plutonium were produced before it was shut down in 1994. (*FEER*, 24 January 2002, p. 11)

'Preparations for the eventual reconnection of a cross-border railway have begun in Pyongyang, according to South Korean president Kim Dae Jung' (*FEER*, 31 January 2002, p. 12).

30 January 2002. President George W. Bush describes North Korea, Iran and Iraq as 'an axis of evil, aiming to threaten the peace of the world' (*The Economist*, 2 February 2002, p. 8). President Bush: 'North Korea is a regime arming with missiles and weapons of mass destruction, while starving its citizens' (*Guardian*, 31 January 2002, p. 15).

Pyongyang has adhered to the Agreed Framework of 1994 under which its nuclear programme has been subject to controls. Although it is not known what other weapons of mass destruction the North might have, there has been no evidence of any terrorist actions on North Korea's part since 1987. (David Steinberg, *IHT*, 1 February 2002, p. 6)

According to a new report released by the CIA . . . North Korea . . . is a major exporter of ballistic missile technology to the Middle East . . . 'Pyongyang attaches a high priority to the development and sale of ballistic missiles, equipment and technology. North Korea continued to export significant ballistic missile-related equipment, components, materials and technical expertise to countries in the Middle East, south Asia and north Africa' . . . [The report also says that North Korea] has continued to

develop its nuclear capability and may have enough plutonium for two weapons. (*Guardian*, 2 February 2002, p. 20)

In November [2001] he [President Bush] linked North Korea with Iraq in the war against terror ... [and] has already adopted ... the linkage of peace talks to reductions in Pyongyang's conventional forces ... South Korean policy-makers say North Korea has not shown itself willing to make preemptive concessions to jump-start dialogue, as the United States is now demanding by asking Pyongyang to withdraw conventional forces from the border ... There are dark mutterings in Seoul that North Korea was included in the 'axis' to drive home the message that Washington is not at war with Islam and to distract Americans from giant energy company Enron's messy collapse. Another popular theory is that North Korea is Washington's justification for its controversial missile defence initiative. (*FEER*, 14 February 2002, pp. 12–15)

'International inspectors were allowed into one nuclear facility earlier this year' (*FT*, 15 March 2002, p. 8).

The Agreed Framework leaves the timing of inspections open to interpretation. The deal requires North Korea to fully comply with International Atomic Energy Agency safeguards when 'a significant portion' of the project is completed. That, according to those building the reactors, will be around May 2005. As inspections will take at least three years, Pyongyang has at most two months to admit inspectors if it wants to meet the deadline. In other words, Pyongyang must admit inspectors now if it wants to meet that deadline, according to the pact. But North Korea believes the agreement requires it only to start inspections by May 2005, rather than be fully compliant by then. (*FEER*, 4 April 2002, pp. 18–19)

North Korea ... [says the CIA] 'attaches a high priority to the development and sale of ballistic missiles, equipment and related technology ... North Korea continued to export significant ballistic missile-related equipment, components, materials and technical expertise to countries in the Middle East, south Asia and north Africa' ... 'Pyongyang has continued to develop its nuclear capability and may have enough plutonium for two weapons,' it [the CIA] says. (*Guardian*, 2 February 2002, p. 20)

The Central Intelligence Agency's web site carries a National Intelligence Council report from December [2001] saying 'the Intelligence Community judged in the mid-1990s that North Korea has produced one, possibly two, nuclear weapons, although the North has frozen plutonium production'. Other US and South Korean officials and analysts usually say they believe that North Korea had enough enriched plutonium to produce one or two nuclear weapons, but they do not claim to have proof that Pyongyang has manufactured any weapons. (*FEER*, 2 May 2002, p. 9)

February 2002. ‘The [South Korean] government is lending \$70 million, with suspended interest payments, to Hyundai to help it pay the North its fee for allowing southern tourists to visit Mount Kumgang’ (*The Economist*, 9 February 2002, p. 57).

16 February 2002. Kim Jong Il is sixty.

20 February 2002. President George W. Bush visits South Korea as part of a six-day tour of Japan, South Korea and China. President Bush:

We have no intention of invading North Korea. South Korea has no intention of attacking North Korea, nor does America. We’re purely defensive. And the reason we have to be defensive is because there is a threatening position on the DMZ, so we long for peace. It’s in our nation’s interest that we achieve peace on the peninsula. (*IHT*, 21 February 2002, p. 1)

27 February 2002.

North Korea withdrew Wednesday [27 February] from joint lunar New Year festivities with South Korean civic and religious leaders [a rare joint event], accusing the South of being ‘servants’ of the United States after it banned some of its citizens from attending. About 250 South Korean activists and journalists arrived Tuesday [26 February] at North Korea’s scenic Diamond Mountain resort for the three-day festival – without forty-six activists banned by the South. (*IHT*, 28 February 2002, p. 6)

4–5 March 2002. A North Korean trade delegation visits Brussels to explore EU policy.

20 March 2002.

For the first time since North Korea agreed [in 1994] to freeze its nuclear activities in exchange for foreign aid, the United States will refuse to certify that the country is complying with its commitments under the accord . . . But . . . President George W. Bush . . . has also decided to continue fulfilling US obligations under the accord . . . Bush would waive, in the interest of national security, the certification of North Korean compliance that Congress now requires. That would enable the United States to continue providing North Korea with fuel oil under the agreement . . . The senior [US] official stressed that in refusing to make the certifications Washington is not accusing North Korea of violating the agreement . . . The [US] administration official also said Tuesday [20 March] that North Korea had accelerated its exports of missiles and missile technology in order to earn hard currency . . . The 1994 agreement did not cover missiles or missile exports. (*IHT*, 21 March 2002, p. 2)

25 March 2002.

North and South Korea announced Monday [25 March] that Seoul would send a presidential envoy next week and that the two countries would initiate other political contacts. South Korea said that President Kim Dae

Jung's top security and foreign affairs adviser, Lim Dong Won, would visit North Korea as a special diplomatic envoy. (*IHT*, 26 March 2002, p. 3)

3–6 April 2002. The visit takes place.

North and South Korea have revived an agreement to open the first land routes across their heavily militarized border since the frontier was sealed at the end of the Korean War ... The promise to 'quickly reconnect' two roads and two railways across the 4 kilometre-wide no-man's-land that separates the two countries emerged at the end of the first inter-Korean talks for five months. Lim Dong Won ... said Pyongyang also confirmed its intention, signalled last week, to resume dialogue with the United States ... Widely predicted agreements to resume reunions of separated families and begin talks on economic co-operation were also struck but the deal to reconnect land routes was one of several further resolutions that went beyond expectations. 'The outcome was far better than earlier expected,' said Mr Lim as he returned to South Korea on Saturday [6 April] ... Dates were set for further meetings over the next three months, some involving ministers and military officials. (*FT*, 8 April 2002, p. 10)

An American envoy is to travel to North Korea in coming days ... Lim Dong Won ... secured a statement of North Korea's willingness to receive the American envoy ... In addition to [the visit] ... Kim Jong Il spoke with enthusiasm about a long-promised reconnection of the rail line between the two countries and even proposed a second rail link. (*IHT*, 11 April 2002, p. 3)

29 April 2002. The two-month-long Arirang festival begins, celebrations marking the ninetieth birthday of Kim Il Sung.

On Sunday [28 April] Mount Kumgang was the site of a fourth round of reunions of family members separated by the Korean War ... In March the South Korean government agreed to pay a monthly subsidy of \$1.4 million to keep alive the tourism project at Mount Kumgang ... In addition to 450,000 South Koreans who have visited ... Mount Kumgang since 1999, about 6,200 South Koreans are visiting North Korea yearly. Only 270 visited yearly in the decade before 1998, the year ... Kim Dae Jung adopted a policy of reconciliation or 'sunshine' toward the North. Han Duk Soo, the main economic adviser to Kim, said in an interview: 'The main objective for us is to make sure North Korea does not collapse. If they collapse, we know it will mean a huge cost to South Korea' ... This autumn a South Korean sports entrepreneur plans to start flying hundreds of South Koreans to ... Pyongyang to play at North Korea's only eighteen-hole golf course. (*IHT*, 30 April 2002, p. 1)

On 30 April the United States indicated that it would accept a North Korean offer to renew security talks for the first time in eighteen months ... And at a meeting on the same day in Beijing between North Korean

and Japanese Red Cross officials, Pyongyang agreed to conduct a search for missing Japanese citizens that Tokyo claims were kidnapped decades ago and forced to become spies for North Korea. Pyongyang will also permit some 1,800 Japanese women married to North Korean men to visit Japan later this year. For their part the Japanese promised to search for Koreans taken to Japan during its World War II occupation of the Korean peninsula. The two sides also agreed to continue their discussions in June. (*FEER*, 9 May 2002, p. 12)

6 May 2002.

North Korea yesterday [6 May] pulled out of talks about economic co-operation with South Korea a day before they were scheduled to begin in Seoul ... Pyongyang blamed its decision on 'reckless remarks' made by South Korea's foreign minister ... during his recent visit to the United States ... Comments attributed [to him] ... in a US newspaper interview last month [April] suggested Washington's hardline policies had been a factor in drawing North Korea back into international engagement. (*FT*, 7 May 2002, p. 10)

A bitter dispute about the safety of a 120 metre-high dam in North Korea appeared at the heart of this week's breakdown in the communist state's reconciliation talks with South Korea. Pyongyang yesterday [7 May] launched a withering attack against Seoul for raising alarm about the possible collapse of the Mount Geumgang [Kumgang] barrage on the Bukhan river, ten kilometres north of the inter-Korean border ... [South Korean] engineers warned that the dam was shoddily built and could fail during this summer's rainy season, threatening ... South Korea. (*FT*, 8 May 2002, p. 13)

North Korea said yesterday [6 May] that it would not attend the second session of economic co-operation talks planned for this week in Seoul ... The South Korean foreign minister ... was quoted as saying that the North had edged back towards talks partly because of America's 'stern attitude' to North Korea. (*Guardian*, 7 May 2002, p. 12)

7 June 2002.

The head of the US agency for international development ... announced Washington would provide another 100,000 tonnes of food aid before urging North Korea to expand access for foreign aid workers to permit better monitoring and allow a new nationwide survey of children's nutritional status using international standards ... [He warned that] 'Consideration of additional food aid to North Korea will depend on verifiable progress in these areas.' (*FEER*, 20 June 2002, p. 11)

10 June 2002.

South Korea said Monday [10 June] that it had reached agreement with North Korea that could bring mobile-phone services to the North and

extend an international network across the ... frontier. The two Koreas agreed ... to start commercial mobile services in ... Pyongyang and the north-western port city of Nampo ... at an early date ... Details ... could be finalized at a meeting a month from now ... South Korean businesses would jointly set up a new company with the North's state-owned Korean Post and Telecommunications ... There are [at present] no direct communications between the two across the demilitarised zone ... There is only one military field telephone line at the truce village of Panmunjom. (*IHT*, 11 June 2002, p. 15)

'A Thai firm earlier this year [2002] announced plans to introduce a network ... for mobile communications in the North this summer' (*FEER*, 20 June 2002, p. 12)

('Washington warned that the [high-tech cell phone] technology [proposed] could be used for military purposes by North Korea's 1 million-strong army ... Washington could block Seoul's plan because the technology proposed is made by Qualcomm, a US company subject to laws that restrict exports to hostile countries ... Washington's objections was to the type of wireless technology involved. Seoul wanted the North to adopt the CDMA system used in the South, rather than the more common GSM technology [to which the United States has no objection] ... Apart from a limited wireless service in the north-east, North Korea has no mobile phone network and ordinary people have no access to the internet or international telephone lines': *FT*, 3 August 2002, p. 8.)

29 June 2002.

A naval gun battle sank a South Korean ship and killed at least four of its crewmen Saturday [29 June] ... One [other crewman] is missing ... The clash [occurred] in disputed waters ... west of the Korean Peninsula ... North Korea said Sunday [30 June] that South Korea had staged a surprise attack on its navy ... Seoul military officials said two North Korean gunboats opened fire when they were challenged by two South Korean patrol craft for crossing what South Korea claims is an extension of the land boundary between North and South. Pyongyang has rejected that 'northern limit line' and has made frequent forays into waters claimed by [South Korea] ... Pyongyang said South Korea had fired at its ships first while they were on 'routine coastal guard duty' ... South Korean military officials said one of the North Korean ships appeared to be on fire as it was towed away by another North Korean vessel. (*IHT*, 1 July 2002, p. 2)

'The [Northern Limit] Line in the Yellow Sea was drawn on maps by the United Nations Command after the Korean War' (*IHT*, 2 July 2002, p. 9). 'The northern limit line was drawn up ... as a seaward extension of the military demarcation line running through the demilitarized zone' (*IHT*, 12 July 2002, p. 10).

'The North admitted that it suffered casualties, but has not said how many' (*Independent*, 1 July 2002, p. 10).

A South Korean defence ministry spokesman said that one of its sailors had reported seeing up to thirty North Korean casualties, but it was not clear whether they were dead or injured . . . The northern limit line [is] a maritime border on the west drawn by the UN after the 1950–3 Korean War. (*The Times*, 1 July 2002, p. 14)

‘One ship from each side was sunk . . . North Korean casualties were estimated by the South Korean military at thirty dead’ (*FT*, 1 July 2002, p. 20).

‘[A North Korean vessel opened] fire in response to the South Korean vessel’s warning shot’ (*The Economist*, 3 August 2002, p. 51).

‘There have been ten incursions by North Korean boats this year [2002]’ (*Telegraph*, 1 July 2002, p. 12).

(The final number of dead South Korean sailors was six: *FT*, 21 September 2002, p. 7.)

2 July 2002.

The United States has rescinded an offer to send a high-level envoy to Pyongyang next week . . . The officials stressed, however, that Washington remained interested in resuming a dialogue with North Korea despite the complication of the [naval] clash and the fact that Pyongyang had not responded promptly to the offer, which was extended last week. (*IHT*, 3 July 2002, p. 5)

The [US] State Department announcement postponing the talks cited both North Korea’s failure to respond in a timely fashion and the battle at sea as reasons why the United States withdrew its offer for the talks on North Korea’s missile and nuclear weapons programmes. (*FEER*, 18 July 2002, p. 11)

Taiwanese criminal investigators believe a North Korean naval gunboat helped supply local drug smugglers with heroin . . . [This] will fuel suspicions that Pyongyang is tolerating and even encouraging involvement in international crime, as a way of earning scarce foreign currency . . . Western analysts and North Korean defectors have long claimed that the Pyongyang regime is implicated in the production and sale of heroin and amphetamines, as well as other criminal operations such as counterfeiting. (*FT*, 3 July 2002, p. 12)

3 July 2002. ‘South Korean government officials said shipments of rice to . . . North Korea would be put on hold while a review was launched of Seoul’s aid policy . . . Reduced aid from Japan . . . had already hit supplies’ (*FT*, 4 July 2002, p. 9).

‘The [South Korean] government shelved plans to give the North rice and help launch a mobile phone service . . . [But the] government has said its remains committed to its “sunshine policy” of engaging North Korea’ (*FT*, 4 July 2002, p. 13).

5 July 2002.

Four of the country’s sailors were killed in a naval battle last weekend with

South Korea, the official [North Korean] news agency said ... The Korea Central News Agency repeated its accusations that the United States directed South Korea to strike first. (*Independent*, 6 July 2002, p. 15)

‘[Later] the North added the fresh charge that South Korea had deliberately sent two warships into Northern territorial waters’ (*FEER*, 18 July 2002, p. 13).

‘The North accused the South of sending two warships into its territorial waters in the Yellow Sea. “Premeditated provocation”, said the North’ (*The Economist*, 13 July 2002, p. 8).

10 July 2002.

Four former members of the Red Army faction, an extreme left-wing Japanese organization, who hijacked an aircraft to North Korea in 1970, indicated yesterday [10 July] that they were preparing to return to Japan after spending thirty-two years in Pyongyang ... Washington has long cited Pyongyang’s harbouring of the hijackers as a main reason for North Korea’s inclusion in the State Department’s list of terrorist-sponsoring nations. (*FT*, 11 July 2002, p. 9)

20 July 2002.

A North Korean passenger [plane] has flown [on a new route] from North Korea to South Korea and then back in a flight that may portend the first regular inter-Korean passenger service ... Eight South Korean technicians ... [made] the return trip. The technicians will help build the twin nuclear reactors. (*IHT*, 22 July 2002, p. 2)

A fifteen-member delegation from South Korea arrived Saturday [20 July] in Pyongyang from Beijing to talk about North–South collaboration on 15 August, the day both North and South observe the Korean people’s independence from Japanese colonial rule in 1945. (*IHT*, 22 July 2002, p. 2)

25 July 2002. ‘In an announcement that surprised observers, North Korea issued an expression of regret Thursday [25 July] over a skirmish in the Yellow Sea on 29 June in which five South Korean sailors were killed ... the skipper and four of his crew ... The [South Korean] ship sank while under tow ... The statement also called for ministerial-level dialogue with the South and steps to revive dormant measures for bringing about inter-Korean reconciliation ... The message, signed by Kim Ryong Song, who is in direct charge of negotiations with the South ... [stated that] “Feeling regretful for the unforeseen armed clash, we are of the view that both sides should make joint efforts to prevent the recurrence of similar incidents in future” ... [South Korea] said the North Korean letter had proposed working-level talks ... [about things such as] reconstruction of its side of a railroad that would link the two Koreas ... family reunions ... [South Korea has] held back ... 300,000 tonnes of grain ... in the aftermath of the Yellow Sea skirmish.’ (*IHT*, 26 July 2002, p. 3)

29 July 2002. 'Kim Jong Il has told Russia's foreign minister that he wants unconditional dialogue with both the United States and Japan' (*IHT*, 30 July 2002, p. 3).

'North Korea ... it was prepared to resume dialogue with the United States and Japan "without any preconditions"' (*FT*, 1 August 2002, p. 6).

30 July 2002. 'North and South Korea have agreed to hold talks ... They will hold a three-day "working level" meeting in North Korea from next Friday [2 August] before senior officials meet in Seoul later' (*The Times*, 31 July 2002, p. 16).

31 July 2002.

[US] Secretary of State Colin Powell held talks with North Korea's foreign minister [Paek Nam Sun] ... at an Asia-Pacific security forum ... the Asean Regional Forum ... Paek Nam Sun emerged from the brief [fifteen-minute] session saying: 'We have agreed to resume the dialogue between North Korea and the United States' ... The list of foreign ministers meeting Paek included ... [Japan's foreign minister ... Japan and North Korea [agreed to] restart stalled senior talks in August. (*IHT*, 1 August 2002, p. 3)

(The Asean Regional Forum groups the ten members of Asean and their thirteen security partners, including the United States, China, Russia and the EU': *Guardian*, 1 August 2002, p. 12.)

Tokyo responded to the initiative by announcing yesterday [31 July] that North Korea and Japan would hold Red Cross talks in mid-August, followed by a meeting of senior foreign ministry officials in Pyongyang at the end of the month to discuss the normalization of ties. (*FT*, 1 August 2002, p. 6)

2 August 2002.

Working-level inter-Korean talks resumed yesterday [2 August] in Mount Kumgang ... paving the way for ministerial talks later this month. In another development yesterday Pyongyang proposed the first meeting for nearly two years between generals from North Korea and the US-led United Nations force that helps defend South Korea. The UN sought the meeting to discuss June's deadly naval clash between the two Koreas. (*FT*, 3 August 2002, p. 8)

4 August 2002.

North and South Korea agreed Sunday [4 August] to embark on high-level negotiations next week ... The South Korean unification minister, Jeong Se Hyun, will welcome a North Korean delegation led by Kim Ryong Song on 12 August. The cabinet-level talks, the first between South and North Korean ministers in nearly a year, will go on for three days and conclude 14 August, the day before the anniversary of the end of Japanese colonialism, celebrated as independence day by both North and South Korea ...

The North ... [also agreed] to send a large contingent of athletes to the Asian Games that open 29 September in the [South Korean] port city of Busan ... North and South Korean officials also promised to plan for North–South soccer matches next month. (*IHT*, 5 August 2002, p. 2)

7 August 2002.

An international consortium Wednesday [7 August] began pouring the foundation of a long-planned nuclear reactor ... North Korea has failed, so far, to allow unhindered inspection of its nuclear facilities by experts from the International Atomic Energy Agency ... [which says] that it would require about three years to complete a survey of North Korea's nuclear-related plants and laboratories ... This puts a premium on timely co-operation from North Korea because the reactors under construction will also be ready to receive their nuclear materials in about three years. (*IHT*, 8 August 2002, p. 4)

12–14 August 2002. Cabinet-level talks between North and South Korea are held in Seoul.

The North agreed Wednesday [14 August] to discuss economic co-operation with the South and to allow another round of family reunions, but balked at setting a date for key military talks that would allow construction of road and rail links across their highly militarised border ... The family reunions, to be held in mid-September, would be the fifth round in two years. The economic talks, now scheduled for the end of the month, were to have been held in May ... The South has completed its railway and road to within a few metres of the edge of the border ... There has been virtually no construction work on the northern side. (*IHT*, 15 August 2002, p. 7)

'Dates were set for sporting and cultural exchanges, including a soccer match between the two Koreas' (*FT*, 15 August 2002, p. 7).

The two sides agreed to hold six more meetings in the next three months ... Hundreds of Northerners will visit the South for the Busan Asian Games next month [September] where the (normally banned) North Korean flag will fly ... No firm date was set for military-to-military talks, essential if work on the rail and freight links is to restart. (*The Economist*, 17 August 2002, p. 49)

18–19 August 2002. Talks take place between North Korea and Japan. Talks involving senior officials are to take place on 25–26 August.

20–23 August 2002. Kim Il Sung visits by train the Russian Far East. He met President Putin in Vladivostok on 23 August.

'President Putin said they had talked about inter-Korean relations and the route of a possible Asia–Europe rail link' (*IHT*, 24 August 2002, p. 2).

The Bush administration has imposed sanctions after concluding that it sold Scud missile components to Yemen before President George W.

Bush took office ... during the Clinton administration ... The sanctions bar licences and contracts for high-tech items ... They apply to North Korea's work on missile technology, electronics, space systems or equipment, and military aircraft. The United States has no trade in these areas, but an administration official said that they were important nonetheless ... Yemen has indicated that it does not plan to buy any more missile technology from North Korea. (*IHT*, 24 August 2002, p. 2)

27 August 2002.

North Korean economic experts arrived in Seoul for their first detailed talks in two years with the South over how to connect a railroad and road ... The talks this week, while ostensibly economic, will focus on how to bring the rivals' military teams together to discuss the rail and road link, South Korean officials said. (*IHT*, 28 August 2002, p. 7)

30 August 2002.

North and South Korea agreed Friday [30 August] on a timetable for a sweeping array of economic programmes that included the North's acquiescence to complete construction this year of a railroad linking the two Koreas ... [They] agreed to start the military co-ordination that has held up progress on rebuilding the rail line ... Negotiators must still discuss a highly sensitive programme for clearing thousands of mines inside the demilitarised zone ... [South Korea agreed] to supply all the material and equipment needed to construct the track on the North Korean side and a promise to provide 400,000 tonnes of food and 100,000 tonnes of fertiliser ... South Korea announced that it would lend North Korea 400,000 tonnes of rice and 100,000 tonnes of fertiliser, more than the amount that had been held up after the 29 June sea battle. (*IHT*, 31 August 2002, p. 4)

North and South Korean negotiators agreed to begin construction before the end of the year of a huge industrial park in Kaesong, North Korea' (*IHT*, 2 September 2002, p. 2).

'North Korean delegates agreed to start work on 16 September on rebuilding the rail and road links across the border, building an industrial park in Kaesong and to look into joint flood defences' (*Guardian*, 31 August 2002, p. 15).

[Pyongyang committed itself] to forge rail links in exchange for 400,000 tonnes of food aid ... Construction on a section of track up North Korea's eastern coast to the Mount Kungang tourist resort used by South Korean holidaymakers could start soon, and hopes are high that the connection of the line from Seoul to the north-western city of Sinuiju could be made before year's end. (*FEER*, 12 September 2002, p. 28)

It was announced on 30 August that prime minister Junichiro Koizumi of Japan would fly to North Korea on 17 September for a one-day summit with

Kim Jong Il. This will be the first visit by a Japanese prime minister to communist North Korea. (Talks between North Korea and Japan at the senior level had begun in Pyongyang on 25 August.)

‘Japan says at least eleven of its nationals were abducted to North Korea between 1977 and 1983’ (*The Times*, 31 August 2002, p. 20).

5 September 2002. ‘North Korea has signed some UN anti-terrorism conventions, and may be about to hand over four ageing Japanese terrorists it had been harbouring’ (*The Economist*, 7 September 2002, p. 12).

7 September 2002. ‘In Seoul on Saturday [7 September] South and North Korea played their first soccer friendly on Korean soil in twelve years. It ended goalless’ (*IHT*, 9 September 2002, p. 14).

15 September 2002.

North and South Korea agreed to set up a military hotline and clear landmines from the sealed border to allow reconnection of rail links. Work on two cross-border rail routes along the east and west coasts is scheduled to start on Wednesday [18 September]. (*FT*, 16 September 2002, p. 6)

17 September 2002. Prime minister Junichiro Koizumi of Japan makes a historic visit to North Korea. He is the first Japanese prime minister to visit communist North Korea.

Japan and North Korea reached a broad agreement Tuesday [17 September] to begin normalizing of relations after Pyongyang acknowledged that its agents played a part in the disappearance of eleven Japanese citizens who had been missing since the late 1970s ... Kim Jong Il said at a groundbreaking summit meeting here [in Pyongyang] that he would observe an open-ended moratorium on the testing of ballistic weapons. The self-imposed moratorium was to have ended next year [2003]. Kim also asked the visiting Japanese prime minister ... to convey a message to the Bush administration that his government’s ‘door is open for dialogue’ ... [Japan promised] a large but still unspecified amount of ‘grants, long-term loans and humanitarian assistance’. Recent Japanese press accounts have said the total value of this aid could reach between \$8 billion and \$10 billion. Though not officially confirmed, these figures are based roughly on the formula Japan employed when it normalized relations with South Korea in 1965. In a joint declaration issued Tuesday, Japan also repeated essentially the same apology it made to South Korea for suffering caused during thirty-five years of colonial rule. ‘Japan humbly recognized the tremendous damage and suffering to the people of Korea through its past colonial rule and expressed feelings of deep remorse and heartfelt apology’, the apology said ... North Korean officials ... reportedly acknowledged their agents’ responsibility for the abductions ... [but it was announced that] six of the eleven people claimed by Japan are dead, and another one is missing. North Korea also said that yet another missing Japanese person who was previously

unknown to the government had died . . . Kim said of the deaths, which are laid to natural disasters and natural causes, 'This is truly regretful and I offer my candid apology. This will never happen again' . . . Kim blamed the disappearances, some of which occurred in coastal areas of Japan and others in Europe, on overzealous members of the security forces who wanted to employ native Japanese as language trainers for North Korean special services, or intelligence agencies . . . [Kim] said that 'After I came to know about this the persons responsible have been punished' . . . Supporters of the [Japanese] families claim that several dozen more may have been abducted . . . Kim said vaguely that his country would abide by international agreements concerning nuclear weapons. But absent among the day's concessions by Pyongyang was any mention of something sought by Washington and Tokyo: an agreement for inspectors from the International Atomic Energy Agency to operate freely in the country in order to ensure that North Korea is not diverting plutonium stocks for nuclear weapons production. (*IHT*, 18 September 2002, pp. 1, 4)

North Korea promised to comply with all international agreements to obtain 'an overall resolution of the nuclear issues on the Korea Peninsula' . . . Japan agreed to resume diplomatic talks with North Korea in October, when the two countries 'will make every possible effort' to achieve an early normalization of relations . . . Japan promised that once diplomatic ties are normalized, it would provide loans and credits to North Korea to support private economic activities. Tokyo also pledged to give greater humanitarian assistance. (*IHT*, 19 September 2002, p. 6)

'According to Japanese intelligence sources, up to forty people may have been abducted in the past quarter century . . . North Korea said it would help the Japanese [two couples] who were alive to come home if they wanted' (*Independent*, 18 September 2002, p. 12).

'As many as thirty other Japanese civilians are believed to have been kidnapped' (*The Times*, 18 September 2002, p. 14).

[Kim Jong Il said] 'The special forces were carried away by a reckless quest for glory. It was regretful and I want to apologize. I have take steps to ensure that it will never happen again' . . . [Kim also promised] to halt operations by spy ships in Japanese waters. He also said that four Japanese hijackers . . . in North Korea should return [to Japan]. (*Guardian*, 18 September 2002, p. 3)

'Japan gave South Korea \$500 million when it forged diplomatic links in 1965, an amount analysts said implied a payment of up to \$10 billion in today's money' (*FT*, 18 September 2002, p. 13).

'North Korea admitted that it had kidnapped thirteen Japanese citizens . . . [It] offered to release the five survivors' (*Telegraph*, 18 September 2002, p. 14).

18 September 2002. Ceremonies take place in both North and South Korea to mark the start of work to reconnect rail and road links. Two railways are

involved, one along the east coast and one along the west coast. Both armies have agreed to co-operate in clearing land mines.

(‘There was a tense incident when Northern soldiers brought light machine-guns into the demilitarized area, in violation of the armistice. But this was not seen as a threat but as a deterrent to stop hungry workers from defecting’: *The Times*, 4 January 2003, p. 22.)

19 September 2002.

The Japanese government admitted yesterday [19 September] that it had withheld from the public a document which listed the dates of the deaths of eight Japanese citizens kidnapped by North Korean agents ... Although Kim Jong Il ... [said] that the deaths of the eight were caused by ‘illness or natural disaster’, the dates given by Pyongyang have strengthened suspicions that some of the kidnapped had been murdered ... Two ... had died on the same day in 1988, suggesting they might have been executed. (*FT*, 20 September 2002, p. 10)

‘South and North Korean troops entered the DMZ ... yesterday [19 September] ... [to begin clearing mines] ... Mr Koizumi said yesterday that North Korea had said it would allow international inspectors into the country to examine its nuclear programme’ (*Independent*, 20 September 2002, p. 16).

24 September 2002.

North Korea’s national anthem was played for the first time in the South yesterday [24 September] in a ceremony to mark the arrival of the country’s athletes at the Asian Games village for the first sporting event in which North Koreans will compete on their rivals’ soil. (*Telegraph*, 25 September 2002, p. 17)

‘The Fourteenth Asian Games ... begin on Sunday [29 September] ... [Competing will be] a 194-strong North Korean team ... For the first time the North’s flag will be flown and its national anthem played when its athletes win medals’ (*FT*, 27 September 2002, p. 16).

(The North and South Korean teams marched together during the opening ceremonies.)

2 October 2002.

North Korea’s government yesterday [2 October] gave its fullest account yet of ... thirteen Japanese civilians [abducted] from Japan, Britain and Spain during the late 1970s and early 1980s ... One ‘drowned in the sea’. Another hanged herself with a kimono. Two perished in ‘car accidents’ and two died when ‘poison gas leaked out of their stove’ ... Their mortal remains [their graves] have been ‘washed away by floods’ ... Only five of the thirteen abductees were still alive. Yesterday a team of Japanese diplomats presented the results of a four-day follow-up visit to North Korea. They said they had met the five survivors, all of whom expressed mixed feelings about returning to Japan. But they were able to bring back only one set of remains, believed to be that of one of the abductees

... Relatives of the abductees denounced North Korea's 'lies' and insisted that their loved ones were either still alive or, more likely, had been murdered when their existence became politically embarrassing. (*The Times*, 3 October 2002, p. 17)

'North Korean officials gave details of the deaths ... All died of accidents or illnesses ... but one ... [who] hanged herself' (*IHT*, 5 October 2002, p. 1).

3-5 October 2002. 'James Kelly, the US assistant secretary of state, visits North Korea. Mr Kelly is the most senior US official to visit North Korea since Madeleine Albright in October 2000' (*FT*, 7 October 2002, p. 6).

4 October 2002.

Relatives ... expressed disbelief yesterday [4 October] after seeing video messages from their loved ones saying that they were happy to stay in [North Korea] ... The survivors said they want to see their parents and siblings but in North Korea rather than Japan. (*Telegraph*, 5 October 2002, p. 22)

9 October 2002.

Five Japanese abducted by spies to North Korea will be allowed home next week for a brief visit ... The five – two men and three women in their mid-forties – will be allowed to return next Tuesday [15 October] for one or two weeks, but will not be allowed to bring their children ... On Tuesday [8 October] Japan added four more people to the list of Japanese citizens it says were abducted by North Korea, bringing the total to fifteen. (*IHT*, 10 October 2002, p. 6)

Pyongyang has said that the six [actually seven] children of the returnees did not want to accompany their parents to Japan. Burt in Tokyo the Japanese grandparents said their grandchildren were being held as hostages ... Last month [September] North Korea reported that of the thirteen Japanese people kidnapped, eight were dead. Japanese officials say that actually fifteen were kidnapped. Two groups of relatives of abductees say the real number may be fifty or sixty. (*IHT*, 16 October 2002, p. 3)

14 October 2002.

On Monday [14 October] prime minister Koizumi [of Japan] openly suggested what many Japanese believe: that North Korea executed many kidnapped victims. 'Certainly North Korea is an unpardonable country. It abducts, takes away and kills' ... He later backpedalled a bit, saying that he was conveying the opinions of many people in Japan, not necessarily his own. (*IHT*, 16 October 2002, p. 3)

15 October 2002. The five people abducted arrive in Japan.

16 October 2002.

Confronted by new American intelligence, North Korea has admitted that it has been conducting a major clandestine programme for the past

several years, the Bush administration said [on 16 October]. Officials admitted that North Korea also informed them that it had 'nullified' its 1994 agreement with the United States to freeze all North Korean nuclear weapons development activity. North Korea's surprise revelation ... was made two weeks ago in Pyongyang ... During a visit 3–5 October ... a senior American diplomat, James Kelly, confronted his North Korean counterparts with American intelligence data suggesting a secret project was under way. At first the North Korean officials angrily denied the allegations ... The next day they acknowledged the nuclear programme and ... said 'they have more powerful things as well'. American officials have interpreted that cryptic comment as an acknowledgment that North Korea possesses other weapons of mass destruction ... A senior [US] official characterized the North Korean attitude at the Pyongyang meeting as 'belligerent' rather than apologetic, even while it admitted violating the 1994 accord to freeze its nuclear weapons development ... Bush administration officials refused to say Wednesday [16 October] whether the North Koreans had acknowledged successfully producing a nuclear weapon from the project, which uses highly enriched uranium. Nor would administration officials ... say whether ... they believed that North Korea has produced such a weapon ... North Korea has conducted no nuclear testing ... [US] defence secretary Donald Rumsfeld said Thursday [17 October] that he believed North Korea already had a small number of nuclear weapons ... The [US] administration announced the cessation of talks that could lead to economic co-operation ... While ground has been broken on the project, the reactors have yet to be delivered and now that [1994] agreement appeared dead ... Around the time that the Clinton administration negotiated the 1994 accord, the CIA estimated that the country's nuclear weapons facilities at Yongbyon, a programme that was based on reprocessing nuclear waste into plutonium, had already produced enough material to manufacture one or two weapons. If the North Korean assertions are true ... [North Korea] began in the mid- or late 1990s a secret, parallel programme to produce weapons-grade material from highly enriched uranium. That does not require nuclear reactors, but it is a slow process that the United States may have discovered through Korean efforts to acquire centrifuges. (*IHT*, 18 October 2002)

The United States had indications of uranium enrichment as early as two years ago ... [Some argue that] walking away from the [1994] accord carries a major risk: it could free North Korea to remove from storage 'canned' nuclear fuel rods with enough plutonium to produce upward of five nuclear weapons. (*IHT*, 19 October 2002, pp. 1, 5)

The Central Intelligence Agency told members of [the US] Congress this month [November] that North Korea's uranium enrichment programme, which it discovered only this summer, will produce weapons in two to three years. Enriched uranium is one of the few commodities that North Korea has a plentiful supply. (*IHT*, 25 November 2002, pp. 1, 10)

‘In the late 1990s, it is now known, North Korea began a covert operation to produce enriched uranium’ (*The Economist*, 4 January 2003, p. 48).

In July 2002 ... the United States conclusively confirmed the existence of the North’s HEU [highly-enriched-uranium] programme. It now seems likely that Pyongyang actually started its HEU programme in 1997 or 1998 ... The North seems to have undertaken its HEU programme slowly at first, ramping it up only in late 2000 or 2001. (Laney and Shaplen 2003: 19–20)

‘A senior [US] administration official said Wednesday [17 April 2003] that it now appears that North Korea’s leaders decided as early as 1995 to attempt a clandestine programme to produce weapons from highly enriched uranium. For several years after that North Korea secretly gathered technology from Pakistan and other countries’: *IHT*, 18 April 2003, p. 4.)

‘North Korean officials have said they considered the [1994] agreement invalid because the reactors were not expected to be finished by 2003, as promised’ (*Guardian*, 21 October 2002, p. 14).

19 October 2002. ‘On Saturday [19 October] prime minister Junichiro Koizumi of Japan said that it was “outrageous” that North Korea was developing nuclear arms while its people were going hungry’ (*IHT*, 21 October 2002, p. 8).

20 October 2002. ‘Colin Powell, the US Secretary of State ... said the [US] administration believed that North Korea already had “one or two” nuclear weapons’ (*IHT*, 21 October 2002, p. 9).

‘Condoleezza Rice, US national security adviser ... said the North had been “aggressively pursuing” its covert programme since 1999 and that “shades of evidence go back further than that”’ (*IHT*, 21 October 2002, p. 8).

North and South Korea begin a fresh round of talks.

21 October 2002. North Korea issues a statement: ‘If the United States is prepared to abandon its hostile policy toward us, we are ready for dialogue to resolve security issues’ (*The Times*, 22 October 2002, p. 17).

22 October 2002.

An editorial in North Korea’s state-controlled *Rodong Sinmun* newspaper accused ‘US imperialists’ of employing ‘crafty policy of aggression and war, styling themselves a guardian of peace and freedom’. ‘If the United States persists in its moves to pressurize and stifle [North Korea] by force, the latter will have no option but to take a tougher counter-action,’ said the newspaper, without specifying what action might be taken. (*FT*, 23 October 2002, p. 12)

23 October 2002.

The launch of an industrial complex in North Korea for South Korean businesses was among a slew of accords struck after four days of ministerial talks in Pyongyang ... The most striking deal was to begin work in December on an industrial complex at Kaesong ... Other accords

included a pledge to accelerate reconnection of cross-border road and rail links and a deal to search for South Koreans missing in the North since the 1950–3 Korean War . . . The two sides settled for a joint pledge to ‘guarantee peace and security on the Korean Peninsula’ and ‘resolve all problems through dialogue, including the nuclear issue’. (*FT*, 24 October 2002, p. 13)

[‘A joint statement resolved to] actively co-operate to settle nuclear and all other issues through dialogue’ (*IHT*, 24 October 2002, p. 7). North Korea signed the Nuclear Non-proliferation Treaty in 1985 (p. 4).

24 October 2002.

The Japanese government will not let five citizens visiting their homeland for the first time since they were abducted by North Korea . . . fly back to Pyongyang, even though some of them want to. Giving in to pressure from their families, who fear that the five are unable to speak their minds because they have been brainwashed and their children remain in North Korea, the government said it had decided on their behalf to keep them in Japan. The three men women and two men were due to go back to North Korea at the beginning of next week. Several of them are reported to have said that they want to do so as soon as possible, but their families have threatened to tie them up rather than risk losing them. Despite ethical questions about restricting its citizens’ movements, the Japanese government decided yesterday [24 October] to compulsorily extend their visit until they can be joined by relatives still in North Korea . . . North Korea has said it is willing to accept the permanent return of the five and their relatives to Japan and that of the families of eight other abducted Japanese who have since died. But several legal and diplomatic hurdles remain. (*Guardian*, 25 October 2002, p. 17)

(‘Five Japanese citizens who returned to visit their homeland . . . had their visit “extended” by the Tokyo government yesterday [27 October]. The group . . . were originally due to go back to North Korea today [28 October]. But the return was put off after their families urged Tokyo not to send them back’: *Telegraph*, 28 October 2002, p. 15.)

25 October 2002.

North Korea yesterday [25 October] sought to justify its development of nuclear weapons and threatened the use of ‘deterrent force’ if the United States refused to negotiate a non-aggression pact . . . Pyongyang said it was prepared to strike a ‘negotiated settlement’ over its nuclear capability but only if Washington first agreed to remove all US threats to North Korea . . . North Korea said it was ‘entitled to possess not only nuclear weapons but any type of weapon more powerful than that so as to defend its sovereignty and right to existence from the ever-growing threat by the United States’ . . . The statement said North Korea would preserve its sovereignty through ‘negotiations or the use of deterrent force’ but pre-

ferred the former option. 'If the United States legally assures [North Korea] of non-aggression, including the non-use of nuclear weapons against it, [North Korea] will be ready to clear the former of its security concerns' . . . The United States has said it will not negotiate unless North Korea halts its weapons programme . . . However, Pyongyang said Washington's aggressive policies had violated the pair's non-proliferation agreements. (*FT*, 26 October 2002, p. 6)

29–30 October 2002. Talks begin between North Korea and Japan on normalizing relations.

12 November 2002. 'Human remains handed over to Japan by North Korea are not those of a man the Koreans admitted kidnapping in 1980, the Japanese government said yesterday [12 November] . . . [The remains are] those of a woman in her sixties' (*The Times*, 13 November 2002, p. 18).

14–15 November 2002.

South Korea and Japan yesterday backed the US-led decision to halt energy aid to North Korea . . . The decision was made in New York on Thursday by the Korean Peninsula Energy Development Organization (KEDO) . . . KEDO agreed to deliver this month's oil [November] but said there would be no further shipments until North Korea took 'concrete and credible actions' to dismantle its nuclear programme . . . US oil provides between 15 per cent and 30 per cent of the fuel used in North Korea's power stations. (*FT*, 16 November 2002, p. 9)

'The United States, Japan and South Korea have agreed to cut off shipments of heavy oil to North Korea beginning next month [December] unless its programme for developing nuclear weapons' (*IHT*, 16 November 2002, p. 4). 'The United States . . . pays for most of the oil costs' (*IHT*, 15 November 2002, p. 9).

17 November 2002.

North Korea claimed last night [17 November] for the first time that it had developed nuclear weapons . . . The apparent admission, broadcast on state radio, declared that North Korea 'has come to have nuclear weapons and other strong military weapons due to nuclear threats by US imperialists' . . . However, the claim from Pyongyang came on the same day [that it said that] 'the United States is spreading a whopping lie that the DPRK violates the nuclear non-proliferation treaty' . . . [North Korea said that the United States] was plotting to target Pyongyang for pre-emptive strikes. 'This is a declaration of war, a nuclear war,' it said. (*Telegraph*, 18 November 2002, p. 14)

North Korea's state news agency yesterday said 'US warmongers' were clamouring for 'a pre-emptive strike' against North Korea and attempting to strangle its fragile economy. It accused the United States of declaring 'nuclear war' following Washington's decision last week to freeze energy aid. (*FT*, 18 November 2002, p. 8)

18 November 2002.

North Korea on Monday [18 November] clarified a statement made in a weekend radio broadcast that appeared to claim publicly for the first time that the country possessed nuclear weapons. The unusual clarification followed a flurry of statements of concern in the region over the radio commentary, which was widely interpreted as saying that the country 'has come to have nuclear and other strong military weapons to deal with increased military threats by the US imperialists'. In a commentary broadcast Monday by the state-run Korean Central Broadcasting Station, instead of saying it had come to have the weapons, the government said it was 'entitled' to have nuclear arms because of what it said were continuing US threats. (*IHT*, 19 November 2002, p. 3)

A new announcement . . . said North Korea was 'entitled' to have nuclear arms to 'safeguard [its] sovereignty and right to exist' . . . North Korea threatened [on 18 November] to resume flight tests of ballistic missiles, saying it might end a three-year test moratorium if Tokyo develops a missile defence shield with the United States. (*Independent*, 19 November 2002, p. 13)

21 November 2002. North Korea issues a statement:

Now that the United States has given up its last responsibilities under the basic agreement [of 1994], we believe the time has come to clearly identify whose responsibility it is for the complete collapse of the basic agreement . . . The United States responded to the DPRK proposal for concluding a non-aggression treaty with a decision to stop supplying heavy oil to the DPRK.

22 November 2002.

North Korea said Friday [22 November] that it would bar entry into the country of foreign experts sent to verify that American fuel supplies are used for peaceful purposes. The announcement comes one day after North Korea declared that a 1994 agreement, the so-called Agreed Framework intended to prevent it from producing nuclear weapons, had collapsed. (*IHT*, 23 November 2002, p. 3)

29 November 2002.

The United Nations added to pressure on Pyongyang to dismantle its weapons programme. A resolution from the UN's nuclear monitoring agency in Vienna urged North Korea to abandon its nuclear weapons programme and to submit its facilities for verification. It gave Pyongyang until March [2003] to submit a declaration on its arsenal . . . The atomic energy agency's director . . . said the agency could decide to take the matter to the UN Security Council in March, after North Korea responds to the resolution . . . [North Korean officials said this week that North

Korea] was willing to give up its weapons programme in return for a non-aggression pact with Washington. (*Guardian*, Saturday 30 November 2002, p. 17)

([On 2 December North Korea rejected the UN's International Atomic Energy Agency resolution saying it] was "extremely unilateral" ... [The resolution] urged North Korea to "give up any nuclear weapons programmes expeditiously" and open "all relevant facilities to IAEA inspection and safeguards": *IHT*, 5 December 2002, p. 7.)

2 December 2002. President Vladimir Putin of Russia and President Jiang Zemin issue a joint statement:

The sides consider it important for the destiny of the world and security in north-east Asia to preserve the non-nuclear status of the Korean Peninsula and the regime of non-proliferation of weapons of mass destruction. In this context, they stress the extreme importance of normalizing relations between the United States and the DPRK on the basis of continued observation of earlier reached agreements, including the framework agreement of 1994.

11 December 2002.

The United States, after helping seize [on 9 December] a North Korean vessel suspected of carrying [Scud] missiles to a terror-linked Middle Eastern state, relented Wednesday [11 December] and allowed the ship to continue to Yemen, where officials said the cargo was destined for defensive use by its army ... The ship ... was initially stopped in the Gulf of Aden by two Spanish warships taking part in US-led efforts to patrol Middle Eastern waters for terrorist-linked shipments ... US military officers asked their Spanish allies to stop the vessel ... The incident, while peacefully resolved, raised questions about the rights of the United States to interdict ships at sea ... [The United States] said international maritime law authorized the boarding of the *So San* because it flew no flag and its official markings had been painted over. (*IHT*, 12 December 2002, pp. 1, 4)

'The Yemeni government has declared itself an ally of the United States in the war on terrorism' (*IHT*, 13 December 2002, p. 8).

'The freighter was registered in Cambodia and crewed by Koreans' (*Independent*, 12 December 2002, p. 1). 'The ship ... previously flew the Cambodian flag' (*IHT*, 14 December 2002, p. 5).

12 December 2002. North Korea issues a statement:

The prevailing situation compelled the DPRK to lift its nuclear freeze adopted on the premise that 500,000 tonnes of heavy oil would be annually supplied to the DPRK under the [1994] DPRK-US Agreed Framework and immediately resume the operation and construction of its nuclear facilities to generate electricity. Whether the DPRK refreezes its nuclear facilities or not depends on the United States. It is the invariable

stand of the DPRK government to find a solution to the nuclear issue on the Korean Peninsula.

‘Plutonium from the reactor in question, at Yongbyon, 96 kilometres or 60 miles north of Pyongyang, is currently being kept in a cooling pond under surveillance by inspectors of the International Atomic Energy Agency’ (*IHT*, 13 December 2002, p. 7).

The five facilities at Yongbyon ... [comprise] one complete power station, two under construction, a fuel rod fabrication facility and a research laboratory ... Monitors from the IAEA have kept a constant watch on the plutonium facilities since 1994 ... However, North Korea has refused to allow the full-scale inspections the international community has demanded to determine how much plutonium was produced for military use before 1994. The United States believes that North Korea diverted enough for one or two bombs ... Two IAEA officials remained at Yongbyon yesterday [12 December]. (*FT*, 13 December 2002, pp. 1, 8)

13 December 2002.

North Korea has asked the International Atomic Energy Agency in Vienna to unseal canisters containing 8,000 spent fuel rods from which it is possible to extract plutonium ... [North Korea] also asked the agency to remove surveillance cameras that inspectors on permanent duty at the North Korean nuclear complex at Yongbyon use to monitor the site where the canisters have been stored ... North Korea said it wanted to ‘resume operations of these facilities for power generation’ ... The IAEA, repeatedly rebuffed in requests to inspect all suspected North Korean nuclear sites, made clear that it was in no hurry to comply with the request ... There was no move on the part of the agency to withdraw inspectors who have been rotating in and out of the Yongbyon complex in two-person teams since 1994 ... The CIA estimates that the North had produced at least two nuclear warheads from plutonium. (*IHT*, 14 December 2002, p. 2)

19 December 2002.

Roh Moo Hyun, a liberal lawyer who urges continued engagement with North Korea and greater autonomy from the United States, narrowly triumphed in a tight presidential election [in South Korea]. With about 99 per cent of the votes counted Roh had 48.9 per cent and Lee Hoi Chang had 46.6 per cent. The victory of Roh, fifty-six, the candidate of the governing Millennium Democratic Party, sets South Korea on the most divergent paths they have followed in a half century of alliance ... Roh staked his campaign on continued engagement with North Korea and has forcefully ruled out deadlines for compliance or economic sanctions to force [North Korea] ... to respect its international engagements. By contrast, his main rival, Lee Hoi Chang, a conservative former supreme court justice, who lost even more narrowly to Kim Dae Jung five years

ago, had said that South Korea should suspend its assistance to the North until it co-operated on a host of issues, from arms control to family reunification. Roh's commitment to engagement with North Korea [is] the most important legacy of his political mentor [Kim Dae Jung]. (*IHT*, 20 December 2002, p. 1)

The key to Mr Roh's victory ... [over] Lee Hoi Chang [sixty-seven] of the conservative opposition Grand National Party ... was support from younger voters ... The new president will take office in February [2003] when Kim Dae Jung ... reaches the end of his single term. (*FT*, 20 December 2002, p. 12)

(Kim Dae Jung's 'sunshine policy' involves warmer relations with North Korea.)

(The new president takes over on 25 February 2003.)

21 December 2002. North Korea starts to remove UN monitoring equipment at the Yongbyon complex.

'Pyongyang said the IAEA failed to react to its request for seals and surveillance equipment to be removed from the reactor' (*FT*, 23 December 2002, p. 8).

A statement was issued by North Korea on 22 December: 'This situation compelled [North Korea] to immediately start the work of removing the seals and monitoring cameras from the frozen nuclear facilities for their normal operation to produce electricity.'

23 December 2002.

Donald Rumsfeld, US defence secretary, yesterday [23 December] warned North Korea not to feel 'emboldened' because of the Bush administration's focus on Iraq ... Mr Rumsfeld said: 'We are capable of fighting two major regional conflicts. We are capable of winning decisively in one and swiftly defeating in the case of the other. And let there be no doubt about it' ... North Korea has moved a step closer to harvesting plutonium ... by removing seals on 8,000 spent nuclear fuel rods at its reactor at Yongbyon. International observers said the move was inconsistent with North Korea's contention that it simply needs the reactor for electricity generation. (*FT*, Tuesday 24 December 2002, p. 1)

The Bush administration yesterday dismissed North Korea's contention that tampering with nuclear safeguards was done to restart a power plant for electrical generation, saying the only reason for such a step would be taken was for its nuclear weapons programme ... The IAEA said at the weekend that North Korea has broken the seals on about 8,000 spent fuel rods that could produce enough plutonium for several nuclear bombs. (p. 6)

North Korea issues a statement:

If the nuclear issue on the Korean Peninsula is to be settled properly, the United States should stop posing a nuclear threat to the DPRK and

accept the DPRK's proposal for the conclusion of a non-aggression treaty between the two countries. (*IHT*, 24 December 2002, p. 1)

25 December 2002.

North Korea has let a UN watchdog agency send more inspectors to its nuclear facilities, even as engineers move freely around a reactor in violation of arms control agreements, officials in the South said Wednesday . . . The IAEA increased the number of inspectors at the Yongbyon reactor from two to three since North Korea began removing seals and disabling surveillance cameras at facilities this week, South Korean officials said . . . There was no new activity at a reprocessing lab or a plutonium fuel rod factory early Wednesday [25 December] . . . North Korea has stepped up its anti-American rhetoric in recent days, warning that US policy was leading the region to the 'brink of nuclear war'. The Bush administration, however, has rejected negotiations with North Korea unless it abandons nuclear activities . . . US officials say North Korea's claim that it needs the facility to generate electricity is false because there is no use for plutonium other than trying to build a nuclear bomb. There are 8,000 spent fuel rods at the facility, enough to make several nuclear bombs within months. The IAEA said it did not appear the North Koreans had removed any rods.' (www.iht.com, 25 December 2002)

26 December 2002.

North Koreans technicians were reported to be placing new fuel rods in the five-megawatt experimental reactor building at Yongbyon that was shut down under a 1994 agreement. The North reopened the reactors several days ago, first removing a dozen cameras used by inspectors of the IAEA to monitor activities at the site and then tearing off approximately 800 seals that had been put in place at the complex when it was shut down . . . An IAEA spokesman said Thursday [26 December] that North Korea had moved 1,000 fresh fuel rods to the reactor, which is capable of producing weapons-grade plutonium . . . On Tuesday [24 December] North Korea removed United Nations seals and surveillance cameras from a fourth nuclear site, including a reprocessing plant that produces weapons-grade plutonium. In the past few days North Korea has cut seals and cloaked cameras at the Yongbyon reactor and its spent-fuel pond, as well as a fuel-rod fabrication plant and a reprocessing plant, according to . . . the director of the atomic energy agency. 'This rapidly deteriorating situation in the DPRK raises grave non-proliferation concerns' [he said] . . . North Korean technicians there [Yongbyon] moved in and out of a reactor Wednesday [25 December] that had been closed since 1994 . . . Members of the Bush administration repeatedly stressed that the United States will not consider dialogue until the North has shown evidence of giving up all nuclear activities, including a programme for building nuclear warheads with enriched uranium that is separate from the Yongbyon project. (*IHT*, 27 December 2002, p. 2)

Mohamed ElBaradei, director-general of the IAEA, said the move by North Korea to restart its nuclear programme 'raises serious non-proliferation concerns and is tantamount to nuclear brinkmanship'. Pyongyang defied international condemnation yesterday [26 December] and moved 600 more fuel rods to the Soviet-designed five-megawatt atomic reactor. On Christmas Day [25 December] engineers moved 400 rods to the plant. (*Independent*, 27 December 2002, p. 1)

[Mohamed ElBaradei] 'The situation is very worrying. The big worry is that if they start to operate the reprocessing plant that will produce the plutonium, which can be directly used to manufacture nuclear weapons' (*The Times*, 27 December 2002, p. 1).

The IAEA has called its board of governors to an extraordinary meeting tentatively planned for 6 January [2003] . . . [IAEA director Mohamed ElBaradei] said he planned to tell the board that North Korea's actions had left the agency unable to verify 'that there has been no diversion of nuclear material to nuclear weapons or other nuclear devices'. (*FT*, 27 December 2002, p. 7)

27 December 2002.

North Korea said Friday [27 December] that it would expel the IAEA inspectors who have been reporting daily on steps to put its nuclear reactor on line . . . The inspectors were able until Thursday [26 December] to enter the reactor complex. They reported . . . that they had seen North Korean technicians loading 1,000 fresh fuel rods. With those rods the reactor is capable of converting spent fuel into the plutonium needed for nuclear warheads. At the same time that it announced the expulsions, the North said that it was reopening a laboratory at the site. Transfer of spent fuel rods to the lab was viewed as a step to reprocessing them into weapons-grade plutonium. (*IHT*, 28 December 2002, p. 1)

North Korea [said] . . . it was preparing to reopen a facility the United States believes could be used to extract enough plutonium to make at least six nuclear bombs . . . The radiochemical laboratory [is] where spent fuel rods can be reprocessed to extract plutonium. (*FT*, 28 December 2002, pp. 1, 5)

'[North Korean] troops have been taking weapons into the DMZ between North and South Korea in violation of the 1953 armistice . . . North Korean troops brought 7.63 mm machine-guns into the area six times between 13 and 20 December' (*Telegraph*, 28 December 2002, p. 18).

29 December 2002. 'Administration officials say Washington may seek UN sanctions and could order its forces to intercept [North Korean] missile exports . . . The policy of "tailored containment" could involve negotiation, but only after North Korea dismantles its uranium enrichment programme' (*Guardian*, 30 December 2002, p. 11).

The new [US] approach ... was outlined in US newspapers yesterday, based on weekend briefings with unnamed administration officials. Under the policy the United States would continue to avoid any direct contact with North Korea, while applying various forms of diplomatic pressure. The United Nations Security Council would be asked to impose economic sanctions, which could be backed by a naval blockade of ships carrying missiles to foreign customers. North Korea's neighbours would be asked to tighten the screws by withdrawing economic co-operation. (*The Times*, 30 December 2002, p. 10)

The United States ... is working to isolate Pyongyang economically. The United States is pushing for North Korea's neighbours to suspend economic ties – including fuel shipments – and to resume them only once the country suspends uranium and plutonium development ... US administration officials said that under plans for 'tailored containment' of the North if Pyongyang first dismantled its nuclear weapons programme. (*FT*, 30 December 2002, pp. 1, 6)

A report in the *New York Times* [says] that the Bush administration had prepared a comprehensive strategy to increase financial and political pressure on North Korea if it did not abandon its efforts to make nuclear weapons. Under the policy outlined by the officials the UN Security Council could threaten economic sanctions and the US military might intercept missile shipments ... North Korea's neighbours could also reduce economic ties to Pyongyang, though Washington is not now pressing them to do so ... [US Secretary of State Colin Powell] said North Korea had restarted its nuclear weapons programme during the Clinton administration, a move that the United States learned about last October. (*IHT*, 30 December 2002, p. 6)

('The US fuel oil shipments account for nearly 20 per cent of North Korea's electricity needs': *FT*, 11 January 2003, p. 8.)
30 December 2002.

North Korea might be preparing to withdraw from the Nuclear Non-proliferation Treaty ... South Korean officials said Monday [30 December] ... [North Korea] would [then] have no obligation to allow outside inspections ... The CIA has warned that once North Korea begins reprocessing spent nuclear fuel into plutonium it could produce five or six weapons by early summer ... [On 29 December US] Secretary of State Colin Powell acknowledged that the Clinton administration had what he called 'a declaratory policy' that if North Korea began to reactivate its nuclear facilities at Yongbyon 'they would attack it'? 'We don't have that policy,' said Powell, who was chairman of the Joint Chiefs of Staff under President Bill Clinton during the start of the previous North Korean crisis. 'We're not saying what we might or might not do.' (*IHT*, 31 December 2002, p. 6)

‘US intelligence believes that ... a Soviet-era atomic reactor ... can make enough plutonium for one warhead a year ... The CIA believes that ... 8,000 spent fuel rods ... could provide material for up to five bombs’ (*Independent*, 31 December 2002, p. 6).

30 December 2002.

South Korea’s government said Monday [30 December] that it was planning to operate shipping routes with North Korea for the first time ... Preliminary agreement on the marine co-operation was reached in Pyongyang last week ... and the two sides will meet again in March [2003] to complete the details ... The shipping agreement initially covers seven ports in each country. North and South Korea may increase the number of ports after further negotiations ... Until now there have been no such route agreements so shipping companies were required to seek approval from the authorities in North Korea and South Korea to operate ships between the two countries. As a result, if one side denied access shipping companies would not be allowed to send a vessel. (www.iht.com, 30 December 2002)

31 December 2002. ‘The [two] United Nations inspectors expelled by North Korea [on 30 December] flew out of Pyongyang yesterday [31 December]’ (*The Times*, 1 January 2003, p. 14).

Pak Hui Chun (North Korea’s ambassador to Russia):

The Bush administration, using nuclear weapons as blackmail and also ending fuel oil supplies to North Korea, has in fact annulled the [1994] Korean–American Framework Agreement ... [The United States has been] threatening us with a pre-emptive nuclear strike ... In these circumstances we also cannot abide by the [Nuclear] Non-proliferation Treaty, the basic clause of which is the obligation of nuclear states not to use the nuclear weapon against states which do not possess it.’ (*Independent*, 1 January 2003, p. 2; *The Times*, 1 January 2003, p. 14; www.iht.com, 31 December 2002)

North Korea issues a statement:

The United States is stepping up preparations for a war against the DPRK, persistently turning aside the latter’s constructive proposal for concluding a non-aggression treaty. If the enemy invades even an inch of the inviolable territory of the DPRK the people’s army and people of the DPRK will wipe out the aggressors to the last man. (www.iht.com, 31 December 2002)

President-elect Roh Moo Hyun: ‘I am sceptical whether so-called “tailored containment” reportedly being considered by the United States is an effective means to control or impose a surrender on North Korea’ (www.iht.com).

2 January 2003.

President Bush ... said that the decision to end the oil shipments was made in concert with Japan, South Korea and the EU ... He accused the

North Korean leader of blatant economic mismanagement, at a time that the CIA estimates that 30 per cent of the country's GDP goes to the military. (*IHT*, 3 January 2003, p. 4)

For months President George W. Bush has pledged not to use food as a weapon against North Korea. But ... the United States has continued to withhold approval of grain shipments sought by humanitarian groups to avert starvation ... The [UN] World Food Programme ... says that food aid suspensions by the United States and Japan, and severe cut-backs by South Korea, have meant that for the first time in many years it will miss its food distribution targets in North Korea this winter 'by a wide margin' ... The Bush administration says it has been withholding food, not to pressure North Korea, but because of lapses in the mechanisms monitoring where it gets distributed ... [It also says] that food could not be distributed until Congress approves the State Department budget for this year. But the World Food Programme officials say that they have 'no hard evidence' that food intended for starving civilians has been diverted for other uses, such as the military. (*IHT*, 6 January 2003, p. 1)

6 January 2003. The IAEA criticizes North Korea and gives it one last chance to comply with nuclear safeguards. No deadline is set but the IAEA seems to have in mind weeks rather than months. If North Korea failed to comply the case will be referred to the UN Security Council.

7 January 2003.

The United States announced yesterday [7 January] that it was willing to engage in bilateral talks with North Korea, but emphasized it would not make any concessions to get Pyongyang to halt its nuclear weapons programme. The move, announced following two days of discussions [in Washington] with Japanese and South Korean diplomats, marks a significant shift for the United States, which has cut off discussions since October [2002], when Pyongyang admitted that month to engaging in a uranium enrichment programme. Colin Powell, US Secretary of State, said as recently as last week that the United States was open to communications with North Korea, but only through intermediaries. (*FT*, Wednesday 7 January 2003, p. 3)

Since the surprise disclosure in October of North Korea's nuclear weapons programme, President George W. Bush and officials of his administration had said, in varying ways, that the North would have to dismantle the programme before Washington would negotiate or even talk with Pyongyang. The statement issued Tuesday changed that stance. (*IHT*, 9 January 2003, p. 4)

The joint statement issued by the United States, South Korea and Japan:

The United States is willing to talk to North Korea about how it will meet its obligations to the world community. However, the US delega-

tion stressed that the United States will not provide quid pro quos to North Korea to live up to its existing obligations.

The [restarted] reactor needs to run for about a year before it can produce enough material for a single bomb. Of greater immediate concern is the spent fuel at Yongbyon. This material contains enough plutonium for five bombs. North Korea would need about four to six months to remove the fuel from its storage canisters, chemically separate the plutonium at its reprocessing facility and then turn the material into bombs. (*IHT*, 8 January 2003, p. 6)

‘[If North Korea reprocesses] spent fuel at its Yongbyon reactor ... [this will give] enough plutonium for five to eight nuclear warheads by 1 May [2003]’ (*IHT*, 8 January 2003, p. 6).

‘The European Commission granted emergency aid to North Korea on Wednesday [8 January], partly filling a gap left by a shortfall in aid from the United States and Japan ... [The EU aid involves a] Euro 9.5 million (\$9.8 million) grant’ (*IHT*, 9 January 2003, p. 4).

9 January 2003.

The United States said Thursday [9 January] that it would grant special travel rights to Pyongyang’s UN envoy to fly to New Mexico for a meeting with governor Bill Richardson, a former United Nations ambassador ... As UN envoy under President Bill Clinton, Richardson undertook a number of highly delicate trouble-shooting missions, travelling to trouble spots from Sudan to Iraq to Burma and North Korea ... The United States said Tuesday [8 January] that it was opening new talks with North Korea, but only on how Pyongyang planned to return to compliance with nuclear safeguards. Previously it has said that the Koreans must take steps to halt recent nuclear activity before talks could begin ... North Korea suggested Thursday that a next round of minister-level talks with South Korea to be held 21–24 January. (*IHT*, 10 January 2003, p. 4)

10 January 2003. North Korea announces its withdrawal from the Nuclear Non-proliferation Treaty (which it signed in 1985) as of the following day, the first country ever to do so. (The treaty formally specifies that a member needs to give ninety days’ notice if the wish to opt out on the grounds that the ‘supreme interests of the country’ are at stake. Israel, India and Pakistan, all possessing nuclear weapons, are not signatories. ‘Cuba became the 188th party to the treaty on its accession last November [2002]’: *FT*, 11 January 2003, p. 8.)

A statement is issued by North Korea:

We can no longer remain bound to the [Nuclear Non-proliferation] Treaty, allowing the country’s security and the dignity of our nation to be infringed upon. Though we pull out of the NPT, we have no intention to produce nuclear weapons and our nuclear activities at this stage will be confined only to peaceful purposes such as the production of

electricity ... [North Korea] declares its total freedom from the binding force of the safeguards accord with the IAEA. The IAEA is used as a tool for executing United States hostile policy ... If the United States drops its hostile policy to stifle the DPRK and stops its nuclear threat against it, the DPRK may prove through a separate verification between the DPRK and the United States that it does not make any nuclear weapons.

Pak Gil Yon, the North Korean ambassador to the United Nations ... said that North Korea had been 'compelled to withdraw' from the treaty because the atomic energy agency had become a 'tool' of the United States when it adopted a resolution on 6 January deploring North Korea's expulsion of its inspectors. He said that North Korea acted as a 'legitimate self-defence measure' to protect itself from nuclear attack by the United States ... Pak said that if the Security Council voted to impose any kind of sanctions on North Korea, as it has the power to do to enforce the nuclear treaty, 'we will consider it a declaration of war' ... Pak said that Han Song Ryol, his deputy and Mun Jong Chol, another diplomat from the mission here, were holding meetings Thursday and Friday [9 and 10 January] in New Mexico with governor Bill Richardson. (*IHT*, 11 January 2002, p. 1)

(The talks in New Mexico actually went into a third day.)

Pak Gil Yin ... left the door open for resolution of the crisis through diplomacy by reiterating Pyongyang's desire for a non-aggression treaty with Washington. He said North Korea wanted to deal with the United States directly – not through the IAEA ... Mr Pak said North Korea would prove through 'separate verification' that it was not making nuclear bombs 'if the United States drops its hostile policy to stifle the DPRK and stops its nuclear threat'. (*FT*, 11 January 2003, p. 1)

11 January 2003. North Korea's ambassador to China: 'We believe we cannot continue our self-imposed missile [ballistic missile testing] moratorium, now that the United States has made all agreements invalid.'

12 January 2003. A statement by North Korea: 'The claim that we admitted developing nuclear weapons is an invention fabricated by the United States with sinister intentions.'

North Korea charged that the United States had 'intentionally fabricated' the regime's own admission in October [2002] that it was building a uranium enrichment plant' (*FT*, 13 January 2003, p. 8).

North Korea's ambassador to Moscow, Pak Hui Chun, on 31 October [2002] said that 'we have the right to possess not only nuclear but even more powerful weapons', but he denied that Pyongyang was actually developing a nuclear arsenal. Chinese officials report that the North Koreans told Beijing that they had been misunderstood and only informed the Americans that they 'had the right to develop these

weapons', not that they already had begun developing them. (*FEER*, 23 January 2003, p. 16)

13 January 2003. James Kelly (US assistant secretary of state for Asian affairs): We are, of course, willing to talk ... We do know there are energy problems in North Korea and it may well be that once we get beyond nuclear weapons there may be opportunities with the United States, with private investors, with other countries to help North Korea in the energy area.

North Korea indicated for the first time that it might reconsider its withdrawal from the Nuclear Non-proliferation Treaty ... North Korea's ambassador to Russia ... said that North Korea could rejoin the pact if its demands for changes in the IAEA's inspection regime were made ... He reiterate his country's accusations that the IAEA had become 'America's protégé'. (*IHT*, 14 January 2003, p. 4)

14 January 2003, President George W. Bush:

We expect this issue to be resolved peacefully and we expect them to disarm. We expect them not to develop nuclear weapons. And if they choose to do so – their choice – then I will reconsider whether or not we will start the bold initiative that I talked to secretary Powell about ... People say: 'Are you willing to talk to North Korea?' Of course we are. But what this nation won't do is be blackmailed.

Mr Bush said yesterday [14 January] he was open to reviving an aid package for North Korea he had been discussing with the Secretary of State, Colin Powell, before Pyongyang provoked the crisis last October [2002] by admitting its weapons programme. (*Guardian*, 15 January 2003, p. 13)

'Bush's aides insist that there are major differences between his approach and Clinton's: North Korea must not only refreeze its activities at the nuclear facilities in Yongbyon, they say, but it must actually dismantle them' (*IHT*, 15 January 2002, p. 1).

15 January 2003. North Korea issues a statement:

It is clear that the US talk about dialogue is nothing but a deceptive drama to mislead world public opinion ... No change [can be found] in the US offers. What we heard from the US side was simple words that the United States had nothing to say about the resumption of dialogue ... The US loudmouthed supply of energy and food aid are like a painted pie in the sky as they are possible only after [North Korea] is totally disarmed ... [North Korea] is ready to resolve the nuclear issue through negotiations on condition that the United States recognizes [North Korea's sovereignty] ... assures it of non-aggression and does not obstruct its economic development.' (*IHT*, 16 January 2003, p. 3; *FT*, 16 January 2003, p. 10)

18–19 January 2003.

The United States and North Korea inched closer toward a resolution of their crisis over nuclear weapons development this weekend with US offers of economic co-operation and calls from the North for dialogue . . . ‘If they satisfy our concerns about the nuclear programmes we are prepared to consider a broad approach that would entail, in the final analysis, some economic co-operation, perhaps in the power field. We are prepared to go beyond food,’ the US ambassador to South Korea, Thomas Hubbard, said [on 19 January] . . . Richard Armitage, the US deputy secretary of state [said]: ‘We are not going to invade North Korea. If we respect their sovereignty and their economic activity, then there is a basis to move forward.’ Armitage ruled out a formal non-aggression treaty with North Korea . . . saying that Congress would not support it. But he said that Washington and Pyongyang could exchange letters of intent or official statements ruling out an attack by one country against the other . . . North Korea’s ambassador to China, Choe Jin Su, said [on 18 January] . . . that, if the United States pledged not to invade, the crisis could be resolved through talks. (*IHT*, 20 January 2003, p. 3)

President-elect Roh Moo Hyun (18 January):

At the time of the [December 2002] elections some US officials, who held considerable responsibility in the administration, talked about the possibility of attacking North Korea. I then felt that no matter what differences I might face with the United States, I would oppose an attack on North Korea. Fortunately, opinion in the United States started to change to resolving the matter peacefully. (*IHT*, 20 January 2003, p. 3)

Aides to South Korea’s new president were engaged in an intense damage control exercise yesterday [19 January] after he suggested that senior hardliners in the Bush administration had suggested attacking North Korea . . . Mr Roh’s spokesman accused the foreign press of misinterpreting his words, saying the president-elect . . . was referring to media reports. (*Independent*, 20 January 2003, p. 8)

‘Work to reconnect two railways across the inter-Korean border has continued throughout the nuclear weapons crisis’ (*FT*, 20 January 2003, p. 8).

20 January 2003. Colin Powell: As President Bush has said repeatedly, we have no intention of invading or attacking [North Korea]’ (*IHT*, 21 January 2003, p. 3).

Russian intelligence officers secretly placed sophisticated nuclear-detection equipment inside North Korea at the request of the CIA in the 1990s to assist the United States in tracking the North Korean nuclear weapons programme . . . The Russian placed nuclear monitors provided by the CIA inside the Russian embassy in Pyongyang to try to detect tell-tale signs of activity from the nuclear weapons programme . . . The United States does not have an embassy in North Korea . . . The secret

agreement between the CIA and Russian intelligence came in the early 1990s, after the collapse of the Soviet Union and at about the same time that the North Korean nuclear weapons programme first emerged as a major international crisis ... The joint operation has since ended. (*IHT*, 21 January 2003, p. 3)

Russia's foreign intelligence service on Tuesday [21 January] dismissed as false a report in Monday's *New York Times* stating that the service had joined forces in the early 1990s to secretly monitor North Korea's nuclear programme ... The report said American experts trained Russians to operate the equipment and that the data it generated were turned over to the CIA. (*IHT*, 22 January 2003, p. 3)

21 January 2003.

North and South Korea began their first ministerial meetings [scheduled to last four days] in months here [in Seoul] Tuesday [21 January] amid signs of intensified efforts to resolve the crisis ... On Monday [20 January] a special Russian envoy, deputy foreign minister Alexander Losyukov, presented a three-part plan to resolve the crisis to ... Kim Jong Il. The plan would involve guarantees of a nuclear-free status for the Korean peninsula, written security guarantees for North Korea from the United States and a package of humanitarian and economic aid for [North Korea].' (*IHT*, 22 January 2003, p. 3)

South Korea's president-elect is poised [this week] to offer North Korea unprecedented economic co-operation if ... [it] scraps its nuclear weapons programme and relaxes its sealed borders. Roh Moo Hyun ... is prepared to set out a 'grand vision' in which the two Koreas would be united in a single economic community, provided Pyongyang agrees to comprehensive reforms ... The new government [in South Korea] would put more emphasis on encouraging North Korea to reform its command economy. (*FT*, 22 January 2003, p. 12)

'[President-elect] Roh's advisers have spoken in recent days of greatly increased economic co-operation with the North ... of including North Korea in a new regional economic framework and have even hinted at a reduction in the 37,000 American troops' (*IHT*, 23 January 2003, p. 7).

22 January 2003.

North Korea pledged Wednesday [22 January] that it had no intention of producing nuclear weapons ... A special adviser to the UN secretary-general said he had been advised by North Korea that it would regard any sanctions imposed by the UN Security Council to curb its nuclear programme as an act of war ... 'Although we have withdrawn from the Nuclear Non-proliferation Treaty, we have no intention of producing nuclear weapons at this stage,' North Korea's chief delegate, Kim Ryong Song, said in a keynote speech at the first session of cabinet-level talks in Seoul ... For weeks North Korea has been signalling that it is unwilling

to discuss the nuclear issue with anyone but the United States, while Washington has insisted just as firmly that the problem is a matter for the international community and not one that the Bush administration is willing to negotiate bilaterally ... Red Cross talks in the North's Kumgang resort [which began on 20 January] ended on Wednesday [22 January] with an agreement on a new round of family reunions next month [February]. Negotiations on a stalled project to open cross-border rail and road links, were due to begin in Pyongyang later Wednesday. (*IHT*, 23 January 2003, p. 7)

'Kim Ryong Song (North Korea's chief negotiator): 'At this stage our nuclear activities will be limited to peaceful goals, including power generation' (*FT*, 23 January 2003, p. 11).

John Bolton, a US deputy under-secretary of state ... when asked whether this ... an assurance that America had no invasion plans ... ruled out a surgical strike on reactors or military facilities ... answered: 'For us, all options are on the table' ... Mr Bolton said ... the 1994 Agreed framework ... would be scrapped because Washington could never trust the North with fissile material in any form ... 'Whatever happens in the future will not involve the Agreed Framework' [he said] ... South Korean officials said any new compromise on energy was likely to involve the provision of a gas pipeline from Siberia through the North to Seoul and Tokyo, which could be a source of energy and funds for Pyongyang. (*Guardian*, 23 January 2003, p. 15)

24 January 2003. 'Seoul said yesterday [24 January] it would send a presidential envoy to Pyongyang next week for talks with North Korean officials. Separately, Roh Moo Hyun ... [said] that he was prepared to hold an unconditional face-to-face meeting with Kim Jong Il' (*FT*, 25 January 2003, p. 7).

26 January 2003. Colin Powell: 'The United States stands ready to build a different kind of relationship with North Korea once Pyongyang comes into verifiable compliance with its commitments ... The North must be willing to act in a manner that builds trust' (*FT*, 27 January 2003, p. 5).

29 January 2003.

A South Korean envoy who returned yesterday [29 January] from three days of talks in Pyongyang ... Lim Dong Won ... said: 'North Korea repeated what it has said to the world: that it has not developed nuclear arms and has no intention to develop them. They said that if the United States wants to conduct its own inspections, they are willing to accept that' ... However ... Kim Jong Il delivered a snub to the South by cancelling a planned meeting with Mr Lim [scheduled for 28 January]. (*FT*, 30 January 2003, p. 11)

'Lim Dong Won ... engineered South Korea's policy of reconciliation on behalf of President Kim Dae Jung ... He was also unable to meet with the

top North Korean official on nuclear issues' (*IHT*, 30 January 2003, p. 3). 'Government officials repeatedly told reporters that Lim was expecting, then hoping, to meet [Kim Jong Il]' *IHT*, 31 January 2003, p. 10).

President Kim Dae Jung faced fresh accusations yesterday [30 January] of bribing ... Kim Jong Il to take part in their historic meeting nearly three years ago [June 2000] after an investigation found that Hyundai Group funnelled Won 223.5 billion (\$192 million) to the communist country around the time of the summit ... South Korea's board of audit did not find proof of any government involvement in Hyundai's investments ... The board of audit said Hyundai secretly diverted to North Korea part of a Won 400 billion loan it received from state-controlled Korea Development Bank less than a week before Mr Kim travelled to Pyongyang ... The group said the Won 223.5 billion was ploughed into its legitimate business in North Korea, which includes a tourist resort and business park ... The board of audit said it could not determine from Hyundai's accounts how the money was used but the loan had not been repaid ... Kim Dae Jung said ... nobody should be prosecuted: 'legal punishment [is not appropriate] if [the funds] were used to develop inter-Korean relations. I hope the nation will view the issue from the perspective of promoting national interest.' (*FT*, 31 January 2003, p. 11).

Kim Dae Jung ... defended the transfer as being for a good cause – that of 'inter-Korean economic projects and sustained development of inter-Korean friendship' ... The board ... after a three-month investigation of the path of funds after they moved from the government's Korea Development Bank into Hyundai Merchant Marine before the summit meeting. The board found that about \$186 million had been paid directly to North Korea while the company had used \$146 million for its own programmes. (*IHT*, 31 January 2003, p. 10)

'Kim Dae Jung's political opponents have claimed he bribed the communist regime to hold the [2000] summit through the Hyundai Group' (*Independent*, 6 February 2003, p. 12).

'North Korea escalated its invective after President George W. Bush's State of the Union speech Tuesday night [29 January] in which he said the United States would not be "blackmailed" by "an oppressive regime"' (*IHT*, 31 January 2003, p. 10). 'President Bush ... [in his] State of the Union speech ... described North Korea as "an oppressive regime ... [ruling] a people living in fear and starvation"' (*IHT*, 1 February 2003, p. 5). ('"The North Korean regime is using its nuclear programme to incite fear and seek concessions. America and the world will not be blackmailed," he [President Bush] said': *FT*, 1 February 2003, p. 8.)

31 January 2003.

US spy satellites have detected what appear to be trucks moving nuclear fuel rods out of storage facilities ... according to US intelligence officials,

and the UN's chief nuclear weapons inspector has proposed that the matter be brought before the Security Council ... first to the IAEA board on 12 February and then to the Security Council ... While US officials said they did not think that North Korea was converting the fuel rods into plutonium, a key ingredient needed to make nuclear arms, the possible movement of the rods could indicate that Pyongyang is intent on making plutonium. The rods under surveillance could be used to make as many as five weapons, intelligence analysts say. Still, there is uncertainty about the trucks' actual cargo ... US officials estimate that Pyongyang already has one or two weapons capable of reaching South Korea, China or Japan, in addition to well-developed chemical and biological capabilities ... The North Koreans have repeatedly said they will negotiate only directly with the United States and not through the United Nations, a position Pyongyang confirmed Friday [31 January]. (*IHT*, 1 February 2003, pp. 1, 5)

2 February 2003.

The commander of American forces in the Pacific ... has requested additional air and naval forces as a deterrent against North Korea, in the first military response to the escalating crisis over the country's nuclear programme ... The request for at least one squadron of warplanes has been under discussion for several days ... The request did not mention additional ground troops ... Although American officials said they were keeping all their options open, including military ones, they said they still saw plenty of room for diplomacy. 'The United States has no intention of attacking North Korea,' Secretary of State Colin Powell said in a speech on Friday [31 January]. (*IHT*, 3 February 2003, p. 10)

3 February 2003.

B-52 and B-1 bombers have been ordered to prepare to deploy to the western Pacific to back up American forces in South Korea ... The orders followed a request by the commander of US forces in the Pacific for additional forces to deter North Korea at a time when the United States is engaged with [the problem of Iraq]. (*IHT*, 4 February 2003, p. 1)

'[The US defence secretary] put twenty-four long-range bombers on alert for possible deployment within range of North Korea' (*IHT*, 5 February 2003, p. 3).

5 February 2003.

North Korea said Wednesday [5 February] that it had reactivated its nuclear facilities and that it was going ahead with their operation 'on a normal footing' ... [North Korea] will use the facilities to generate electricity 'at the present stage' [it said]: 'The DPRK is now putting the operation of its nuclear facilities for the production of electricity on a normal footing after their restart. The DPRK government has already solemnly declared that its nuclear activity would be limited to the peaceful purposes including the production of electricity at the present stage' ... [US]

deputy secretary of state Richard Armitage [said that] . . . North Korea's recent moves toward restarting a plutonium reprocessing facility could enable the country to build four to six new nuclear weapons within months . . . [and that North Korea] would have sufficient bomb-grade plutonium to sell or trade 'to a non-state actor or a rogue state' . . . Intelligence officials have concluded that North Korea . . . could begin producing bomb-grade plutonium from the rods by late March. (*IHT*, 6 February 2003, p. 3)

'North Korea said . . . it had restarted a mothballed reactor . . . Western diplomats in Seoul said Yongbyon was not capable of producing significant amounts of energy meaning that North Korea's nuclear activities could only be for military purposes' (*FT*, 6 February 2003, p. 9).

The [North Korean] statement said North Korea 'is putting the operation of its nuclear facilities for the production of electricity on a normal footing after their restart'. Experts were uncertain whether this meant that they were in the process of restarting it – which they have been for weeks – or whether it was now fired up . . . A Korean language statement monitored by South Korea's Yonhap news agency referred only to 'our process to restart nuclear facilities for generating electricity and normalize their operation'. (*Independent*, 7 February 2003, p. 13)

North Korea is entitled to launch a pre-emptive strike against the United States rather than wait until the American military have finished with Iraq, the North's foreign ministry [said] . . . [North Korea] said: 'The United States says that after Iraq we are next, but we have our own counter-measures. Pre-emptive attacks are not the exclusive right of the United States' . . . Additional [US] bombers will be sent to the region, along with 2,000 extra troops, who will serve alongside the 17,000 already stationed on the North–South border. USS *Carl Vinson* may also be deployed. According to Pyongyang, the USS *Kitty Hawk* has already taken up strike position in waters off the peninsula. (*Guardian*, 6 February 2003, p. 17)

'A road was opened yesterday [5 February] across the [DMZ] . . . the first such connection . . . since 1945 . . . A group of tourism and business officials from the south travelled by bus to a mountain resort in the North along the route' (*Independent*, 6 February 2003, p. 12).

South Korea's Hyundai Asan Corp. will start land tours on 21 February to North Korea . . . to the Diamond Mountain resort . . . [The fee is] about half what the company now charges for a high-speed ferry ride to the same location . . . [The] five-year-old North Korean venture has never made a profit. (*IHT*, 11 February 2003, p. 2)

'Mount Kumgang has become one of North Korea's biggest sources of foreign currency . . . Pyongyang receives \$100 for each visitor, subsidized by the Seoul government' (*FT*, 15 February 2003, p. 10).

(The first land tour started on 14 February.)

6 February 2003. Colin Powell:

No options have been taken off the table, the option of sanctions, the option of additional political moves. No military options have been taken off the table, although we have no intention of attacking North Korea as a nation – the president said that – or invading North Korea. But the president has retained all of his options. (*IHT*, 7 February 2003, p. 3)

Donald Rumsfeld (US defence secretary):

To the extent the world thinks the United States is focussed on the problems in Iraq, it's conceivable someone could make a mistake and believe that's an opportunity for them to take an action which they otherwise would have avoided ... [North Korea] is a regime that is a terrorist regime. (*Guardian*, 7 February 2003, p. 6; *The Times*, 7 February 2003, p. 26)

7 February 2003. 'President Bush: 'All options are on the table' (*IHT*, 8 February 2003, p. 3).

10 February 2003.

South Korea's prime minister, Kim Suk Soo, said his government did not believe North Korean technicians had built any nuclear warheads before the signing of the [1994] Geneva framework agreement. Kim acknowledged that North Korean technicians had extracted 'enough plutonium to make one or two bombs before 1994', but was persuaded by lack of real confirmation that the North had converted them into warheads. (*IHT*, 11 February 2003, p. 4)

12 February 2003.

[The IAEA] yesterday [12 February] declared North Korea in breach of its obligations ... [and voted to report] the matter to the [UN] Security Council ... Meeting in Vienna yesterday the thirty-five nation governing board of the IAEA passed a resolution declaring North Korea in 'non-compliance'. Russia and Cuba abstained ... [The US director] of the CIA testified yesterday that North Korea had an untested ballistic missile that could possibly reach the western United States. (*FT*, 13 February 2003, p. 9)

'[The IAEA] said that it "remains unable to verify that there has been no diversion of nuclear material" for weapons use by Pyongyang' (*IHT*, 13 February 2003, p. 19).

The head of the CIA ... [said] 'They probably have one or two plutonium-based devices today' ... The 'reporting' of North Korea stopped short of the more stringent sanction of 'referring' it to the United Nations. Under a 'report' the IAEA continues to monitor the situation, while a 'referral' would have meant that the IAEA felt it could

do no more and thus was handing the problem over to the Security Council. (*Telegraph*, 13 February 2003, p. 14)

‘The CIA director told members of Congress that North Korea ... had a missile to carry them across the Pacific ... [But] the three-stage Taepodong 2 missile in question has not been tested’ (*The Times*, 13 February 2003, p. 19).

(‘The CIA first warned of North Korea’s threat to the US mainland in August 2000. A report by the agency said the North’s Taepodong-2 missile “could deliver a several-hundred kilogramme payload to Alaska and Hawaii and a lighter payload to the western half of the United States’. A three-stage version of the missile “could deliver a several-hundred kilogramme payload anywhere in the United States”’: *FT*, 14 February 2003, p. 11.)

13 February 2003. ‘Japan’s defence minister said Tokyo would “use military force as a self-defence measure” if North Korea attacked the country ... Japan’s postwar constitution bans the use of military force except in self-defence’ (*FT*, 14 February 2003, p. 11).

[The Japanese] defence minister said: ‘Our nation will use military force as a self-defence measure if North Korea starts to resort to arms against Japan’ ... He said that fuelling a missile could be construed as the start of an attack if the missile was known to be aimed at Japan ... ‘It is too late if a missile is flying towards Japan’ [he said] ... [He also said that] emergency legislation was planned to broaden the freedom of action for the military. (*Telegraph*, 14 February 2003, p. 1)

14 February 2003.

[President] Kim Dae Jung ... yesterday [14 February] admitted for the first time that the government was involved in a secret \$200 million payment to North Korea days before the [2000] summit ... Mr Kim said the government approved clandestine payments to North Korea by the Hyundai Group to help the South Korean conglomerate establish several cross-border businesses, but he denied that public money was involved. ‘The government accommodated this, even though there were some legal problems, because it judged that such projects would be helpful for peace and in the national interest,’ said Mr Kim ... He apologized for the controversy but said the nature of relations between North and South Korea meant that peace initiatives sometimes had to be conducted ‘outside the law’, pointing out that secret aid helped bring reconciliation between East and West Germany. (*FT*, 15 February 2003, p. 10)

‘Government opponents have charged that Hyundai participated in the transfer of \$200 million in government money to North Korea’s government before the meeting’ (*IHT*, 15 February 2003, p. 5).

(North Korea issued a statement on 10 March: ‘Hyundai’s co-operation deserves the nation’s appreciation. This should be regarded as an expression of brotherly love which cannot be purchased with any amount of money’: *Telegraph*, 11 March 2003, p. 15.)

'Next Thursday [20 February] 100 elderly South Koreans are to come to the resort [of Kumgang] to meet 100 relatives that they have not seen since the end of the Korean War' (*IHT*, 15 February 2003, p. 5).

16 February 2003. There are elaborate celebrations to mark the sixty-first birthday of Kim Jong Il.

17 February 2003. President Kim Dae Jung: '[Pyongyang should not] even dream of having nuclear weapons ... If North Korea gets nuclear weapons the stance of Japan and our country toward nuclear weapons would change' (*Guardian*, 18 February 2003, p. 18).

South Korea is not a nuclear power, though it was on the verge of building an atomic bomb in 1978 when Washington intervened. The United States says it removed all of its own land-based nuclear weapons from the peninsula in 1991. (*Guardian*, 18 February 2003, p. 13)

18 February 2003. North Korea issues a statement:

If the US side continues violating and misusing the armistice agreement as it pleases, there will be no need for the DPRK to remain bound to the armistice agreement uncomfortably ... The Korean People's Army side will be left with no option but to take a decisive step to abandon its commitment to implement the armistice agreement as a signatory to it and free itself from the binding force of all its provisions, regarding the possible sanctions to be taken by the US side against the DPRK. (*IHT*, 19 February 2003, p. 5)

'On Monday [17 February] the *New York Times* reported that Bush administration officials were drawing up detailed contingency plans for penalties, including the interception of North Korean ships carrying arms and missiles for export' (*IHT*, 19 February 2003, p. 3).

20 February 2003.

South Korea yesterday [20 February] scrambled fighter aircraft and put a missile base on alert after a North Korean jet [a MiG-19] briefly intruded into southern airspace – in the first such incursion for twenty years ... Seoul made a 'strong protest' about the incursion, which lasted about two minutes ... More than 500 South Koreans travelled by a newly opened road to the North to be reunited with relatives they had not seen since the border was sealed ... The United States has urged China, which is said to provide half of its foreign aid budget to North Korea, to put pressure on its communist neighbour to hold talks with the United States within a multinational forum. (*FT*, 21 February 2003, p. 9)

25 February 2003. Roh Moo Hyun is inaugurated as president of South Korea.

President Roh Moo Hyun was sworn in ... several hours after North Korea fired a short-range missile into the eastern seas ... He introduced a new name to the policy of peaceful engagement with North Korea,

known as the sunshine policy under his predecessor and political mentor, Kim Dae Jung. Roh said his approach would be called the 'peace and prosperity policy'. This approach, he said, would seek to 'build mutual trust and uphold reciprocity' and to ensure that 'South Korea and North Korea are the two main actors in inter-Korean relations' ... The [US] State Department announced Tuesday [25 February] that it would resume shipments of food aid to North Korea after a two-month hiatus ... American food shipments to the North ended in December [2002] ... but intended to reduce its donations this year. The United States would deliver at least 40,000 tonnes to North Korea in 2003 and was prepared to increase that amount by another 60,000 tonnes ... The ultimate size of this year's food aid package depends on whether North Korea allows better monitoring of food distribution ... Pyongyang places restrictions on the World Food Programme's monitoring activities, including requiring five days' advance notice for inspections ... In 2002 the United States' contribution to the [UN] World Food Programme ... was 157,000 tonnes, more than half of the programme's total ... The United States has been among the largest suppliers of food aid to North Korea for several years, having provided 1.9 million tonnes of food worth more than \$620 million since 1995. American food aid consists largely of corn-soy flour used for making bread, cooking oil and baby formula. (*IHT*, 26 February 2003, pp. 1, 6)

'[North Korea test-fired] a short-range missile ... a ground-to-ship cruise missile with a range of 95 kilometres ... into international waters ... into the Sea of Japan, east of the peninsula' (*FT*, 26 February 2003, p. 12).

'Defence analysts have said that the test was basically a failure. The missile apparently exploded in midair' (*IHT*, 11 March 2003, p. 6).

'The North Korean state news agency ... said American RC-135 spy planes had flown over its territory for four days' (*Guardian*, 26 February 2003, p. 12).

'US Secretary of State Colin Powell was at the inauguration ... On a stopover in Alaska last night [24 February] he announced that, contrary to earlier indications, North Korea had chosen not to restart its nuclear reactor and reprocessing plant at Pyongyang' (*Independent*, 26 February 2003, p. 14).

[On 9 February Colin Powell said that] 'Half their [referring to China] foreign aid goes to North Korea. Eighty per cent of North Korea's wherewithal, with respect to energy and economic activity, comes from China' ... The exact size of Beijing's aid is unclear but is estimated by aid agencies and foreign governments at 1 million tonnes of wheat and rice and 500,000 tonnes of heavy fuel oil each year. This is believed to be about 90 per cent of Pyongyang's fuel imports and about one-third of food imports. Since the United States in December [2002] cut off fuel shipments ... China has probably been supplying almost all of Pyongyang's oil. China is also North Korea's biggest trade partner ...

[According to the] South Korean government ... China accounts for about 33 per cent of North Korea's overall trade ... Many Western military analysts are also convinced that China still plays a major role in assisting Pyongyang's massive military forces with weapons supplies, technical assistance and spare parts ... There is widespread suspicion in the West that China is directly or indirectly contributing to Pyongyang's quest for ballistic missiles and nuclear weapons. (*FEER*, 6 March 2003, pp. 13–14)

26 February 2003. 'North Korea claimed that, for the fifth time in a week, US RC-135 spy planes had intruded into its airspace by flying missions along the east coast of the Korean peninsula' (*Guardian*, 27 February 2003, p. 18).

North Korea has restarted a reactor ... according to US officials ... [This was] detected the day after Secretary of State Colin Powell said there was no evidence that the reactor was operating ... American intelligence satellites have been closely watching a nearby building, called a reprocessor, which can be used to convert spent nuclear fuel rods into bomb-grade plutonium ... If the reprocessor begins operations ... the North will have sufficient enriched plutonium to be able to produce about one bomb a month through the summer ... The 5-megawatt reactor that was restarted can produce slightly more plutonium in a year than would be necessary for one bomb ... On New Year's Eve North Korea expelled the inspectors and broke the seals on the reactor and the reprocessing building ... Starting the reactor does not pose an immediate threat, as it would be a year before it produced enough waste for a bomb ... Powell and Bush have repeatedly said they have no 'intention' of invading North Korea, though they have warned that all military options remain on the table if the security of the United States and its allies is threatened. (*IHT*, 28 February 2003, pp. 1, 7)

2 March 2003.

Four North Korean fighter jets [MiGs] ... 'shadowed' a US spy plane [an RC-135] ... for about twenty minutes ... over the Sea of Japan ... about 150 miles off the North Korean coast in international air space. It was the first such incident since August 1969 when a North Korean plane shot down a US EC-121 surveillance plane, killing thirty-one Americans. (*The Times*, 4 March 2003, p. 14)

'The North Korean fighter jets ... were trying to force the aircraft to land in North Korea ... [making] internationally recognized hand signals ... a senior US defence official said ... The American crew ignored the gesture [and] aborted the surveillance mission' (*IHT*, 10 March 2003, p. 8).

4 March 2003. 'The United States ordered military reinforcements to within striking distance of North Korea yesterday [4 March] ... The latest military exercises ... [by] American and South Korea began yesterday' (*The Times*, 5 March 2003, pp. 17, 21).

President George Bush gave notice yesterday that the United States will resort to military force against North Korea if diplomacy fails to stop it building a substantial nuclear arsenal . . . [He said] that his administration would maintain its efforts to prevent North Korea building a nuclear arsenal, adding: 'If they don't work diplomatically, they'll have to work militarily.' It is the first time he has explicitly raised the question of using force. (*Guardian*, 5 March 2003, p. 19)

The United States has begun sending two dozen long-range bombers to the island of Guam, within easy striking range of North Korea, defence department officials said Wednesday [5 March] . . . Pentagon officials said defence secretary Donald Rumsfeld had signed the deployment order for the B-52 and B-1 bombers over the weekend, even before four North Korean MiG fighters tailed [the US surveillance plane] . . . President George W. Bush has said that if diplomacy failed he might be forced to turn to military options to prevent North Korea from making nuclear weapons . . . [President Bush said]: 'If they [efforts] don't work diplomatically, they'll have to work militarily. And the military option is our last choice. Options are on the table, but I believe we can deal with this diplomatically.' (*IHT*, 6 March 2003, p. 6)

7 March 2003. 'North Korea has warned ships to stay out of a portion of the Sea of Japan until Tuesday [11 March], as a possible prelude to another missile test' (*Guardian*, 8 March 2003, p. 17).

'North Korea outlined an "exclusive zone" . . . nearly identical to the one announced before it tested an anti-ship missile last month [February]' (*The Times*, 8 March 2003, p. 20).

10 March 2003. North Korea carries out the test of an anti-ship cruise missile.

11 March 2003. 'The United States is sending up to six radar-avoiding F-117A Stealth warplanes to South Korea for exercises this month with Seoul's military on the Korean Peninsula' (*IHT*, 12 March 2003, p. 1).

12 March 2003. 'US Air Force Stealth attack fighter planes were flying here [South Korea] Wednesday [12 March] to take part for the first time in war games . . . while a US Navy aircraft carrier steamed toward South Korea to join in the exercises' (*IHT*, 13 March 2003, p. 5).

13 March 2003.

A senior [US] State Department official said North Korea could produce highly enriched uranium as fuel for nuclear weapons within months, not years, much earlier than many experts believed possible. That would mean that North Korea could produce weapons-grade material from its uranium and plutonium programmes in a short period of time. (*IHT*, 14 March 2003, p. 4)

17 March 2003. 'South Korea said yesterday [17 March] it would send \$19.2 million worth of humanitarian aid to North Korea this year [2003], including 100,000 tonnes of food . . . The United States and the EU have also made donations in recent weeks' (*FT*, 18 March 2003, p. 14).

21 March 2003.

North Korea condemned the US-led invasion of Iraq [which began on 20 March], which it described as the first stage of an attack that would also target Pyongyang. 'The unilateral demand for the disarmament of a sovereign state itself is a wanton encroachment upon this country's sovereignty,' the North Korean government told a state news service. 'This high-handed action of the United States against Iraq and the war preparations now being made by the United States and its followers in the Korean peninsula compel' North Korea 'to do all it can to defend itself' ... US troops have been conducting manoeuvres off the South Korean coast. (*IHT*, 22 March 2003, p. 6)

22–23 March 2003.

North Korea cancelled talks with South Korea ... routine talks scheduled to be held from Wednesday [26 March] to discuss economic cooperation ... 'When our dialogue partner is threatening us with a dagger, we have no option but to conclude that we must delay the talks,' said North Korean state radio. Diplomats in Seoul said the decision probably reflected North Korea's anger about the South's support for the US-led invasion of Iraq. (*FT*, 24 March 2003, p. 10)

26 March 2003. The annual session of the Supreme People's Assembly is held.

[This week] North Korea cut one of its few contacts with the United States when it withdrew from regular talks with American officers at Panmunjom ... The North increased its military spending 'to put all the people under arms and turn the whole country into a fortress', according to its finance minister. (*The Economist*, 29 March 2003, p. 8)

28 March 2003. '[Japan launches] two satellites, the first of at least four' (*Independent*, 29 March 2003, p. 19) 'Tokyo, which traditionally relies on the United States to gather its intelligence on North Korea, wants more independent surveillance capabilities' (*FT*, 28 March 2003, p. 13).

31 March 2003.

China cut off oil supplies to North Korea for three days ... to punish its oldest ally for the nuclear standoff with the United States, diplomats said yesterday [31 March] ... Diplomats said the oil pipeline from China's north-eastern province of Liaoning to North Korea was shut for three days in early March, soon after Pyongyang fired a missile into waters between the peninsula and Japan ... China's is North Korea's main source of fuel ... The Chinese reportedly told the North Korean government that the suspension was necessary for technical reasons, but it also served a warning ... diplomats said ... However ... the cut in oil supplies might also have been a punishment for non-payment of bills. (*Guardian*, 1 April 2003, p. 16)

1 April 2003.

The United States will extend the mission in South Korea of fighter planes and ground troops that were to have left this week after a month of manoeuvres, US officials said Tuesday [1 April] ... The decision to keep the extra planes and ground troops was announced amid confusion over whether North Korea had test-fired a short-range missile off its eastern coast. A Japan defence ministry agency official said the North had ... but civilian officials quickly backtracked after South Korea's defence ministry said there was no evidence to support the claim ... North Korea tested two short-range missiles this year, including one in February that exploded in the air and in March that fell wide of its target ... [There have been] increasingly violent protests by South Koreans opposing their government decision to send 700 non-combatant troops ... 100 medical troops and 600 army engineers ... to Iraq to assist refugees and aid in post-war reconstruction. (*IHT*, 2 April 2003, p. 7)

2 April 2003.

South Korea's parliament yesterday [2 April] agreed to send 700 non-combat troops to support the US-led war in Iraq. (*FT*, 3 April 2003, p. 5)

Ending several days of bitter stalemate, the South Korean parliament approved the sending of 700 soldiers to Iraq to help in the country's reconstruction effort President Roh Moo Hyun: 'I decided to dispatch troops, despite ongoing anti-war protests, because of the fate of our country and the people. In order to resolve the North Korea nuclear issue peacefully it is important to maintain strong co-operation with the United States.' (*IHT*, 3 April 2003, p. 2)

6 April 2003. A statement is issued by North Korea:

The Iraqi war shows that to allow disarming through inspection does not help avert a war but rather sparks it. This suggests that even the signing of a non-aggression treaty with the United States would not help avert a war. Only tremendous military deterrent force powerful enough to decisively beat back an attack supported by ultra-modern weapons can avert a war and protect the security of the country. This is the lesson drawn from the Iraqi war. (*IHT*, 7 April 2003, p. 3; *Guardian*, 7 April 2003, p. 16)

8 April 2003. 'The major Security Council members failed to agree Tuesday [8 April] on a statement condemning North Korea's nuclear programme because of opposition from China ... China said that the Security Council had no business discussing North Korea's nuclear programme' (*IHT*, 9 April 2003, p. 6).

9 April 2003.

The White House warned North Korea, Iran and Syria on Wednesday [9 April] to 'draw the appropriate lesson from Iraq' [US troops having

entered the centre of Baghdad on that day, signifying the formal end of the regime of Saddam Hussein] as the UN Security Council struggled to respond to Pyongyang's apparent revival of its nuclear weapons programme. In a closed-door meeting reminiscent of the bitter diplomatic divisions that hamstrung the UN in the weeks leading to the invasion of Iraq in mid-March, delegates on the fifteen-member council were unable to craft a statement on the North Korean crisis or even agree on a date to resume the debate . . . John Bolton, US under-secretary of state for arms control and international security, warned North Korea, Iran and Syria to abandon any programmes involving weapons of mass destruction and learn from the military strike against Iraq . . . North Korea . . . has said it expects a military strike against it once the United States finishes the war in Iraq. Among the Security Council's five permanent members, Britain, the United States and France favour a more aggressive UN posture toward North Korea, including a resolution condemning North Korea for withdrawing from international nuclear accords. But China and Russia – both of which initially opposed the meeting Wednesday – favour less confrontational tactics . . . A Japanese news agency reported on Monday [7 April] that the United States and North Korea held preliminary talks for three days last week that involved . . . the US special envoy to North Korea and . . . a North Korean delegate to the UN. In a private meeting of the council's permanent members on Monday . . . China blocked a proposal by the United States to issue a statement condemning North Korea. (*IHT*, 10 April 2003, p. 7)

10 April 2003. 'North Korea became the first country to withdraw from the Nuclear Non-proliferation Treaty yesterday [10 April] . . . The withdrawal followed a ninety-day notice period' (*FT*, 11 April 2003, p. 11). (The number of treaty members was thus reduced from 188 to 187.)

12 April 2003. North Korea issues a statement: 'If the United States is ready to make a bold switchover in its Korea policy for a settlement of the nuclear issue, [North Korea] will not stick to any particular dialogue format' (*FT*, 14 April 2003, p. 9).

16 April 2003. It was announced on Thursday 16 April that the United States, North Korea and China will hold talks in Beijing from 23 to 25 April. 'It was under Chinese pressure that both the United States and North Korea reopened a dialogue frozen since October [2002]' (*IHT*, 26 April 2003, p. 5). The United States will be represented by assistant secretary of state for East Asia and the Pacific Asia James Kelly.

'It was China's intervention that created the compromise leading to the negotiations. North Korea had insisted on direct talks with Washington, but [President] Bush had insisted on broad talks involving China, Japan, South Korea and Russia' (*IHT*, 18 April 2003, pp. 1, 4).

China proposed the compromise last month [March] . . . The United States then consulted South Korea which said it had no objection . . . Yesterday [16 April] the UN's human rights commission for the first time

condemned North Korea, expressing 'deep concern' at the 'systematic' rights abuses . . . The commission voted by twenty-eight to ten, with fourteen abstentions, in favour of a resolution brought by the EU and the United States accusing Pyongyang of 'widespread and grave violations'. These violations reportedly included 'torture and other cruel, inhuman or degrading treatment or punishment [and] public executions', as well as 'all-pervasive and severe restrictions on the freedoms of thought, conscience, religion, opinion and expression' . . . North Korea . . . dismissed the charges . . . and accused the EU, the prime mover behind the motion, of being politically motivated. (*Guardian*, 17 April 2003, p. 18)

On Wednesday [16 April] the United Nations Commission on Human Rights overwhelmingly passed a resolution condemning the North for 'all-pervasive and severe restrictions on the freedoms of thought, religion, opinion, expression, assembly and association' and for 'torture and other cruel, inhuman or degrading treatment' of its citizens, including 'imposition of the death penalty for political reasons'. (*IHT*, 18 April 2003, p. 4)

18 April 2003. North Korea issues two statements, one in Korean and one in English. The one in English stated:

As we have already declared, we are successfully reprocessing more than 8,000 spent fuel rods at the final stage, as we sent interim information to the United States and other countries concerned early in March after resuming our nuclear activities from December last year [2002] . . . The Iraqi war teaches a lesson that in order to prevent a war and defend the security of a country and the sovereignty of a nation it is necessary to have a powerful physical deterrent force.

However, the Korean version of the same statement was somewhat different. 'Nuclear activity', it said in one translation, had been 'going on successfully and is in the final phase to the point of reprocessing fuel rods' . . . Officials were far from certain whether the English represented a simple error in translation or was a deliberate attempt to create a sensation that might further divide US and South Korean officials and possibly deepen divisions within the US administration. Both versions left no doubt that the North believed that the United States had caved in to its demands for bilateral talks and that China's presence did not suggest the multilateral format requested did not suggest the multilateral format suggested by the United States. The statement in English . . . said China would play 'a relevant role as the host state,' while issues 'related to the settlement of the nuclear issue will be discussed between the DPRK and the United States.' Analysts were confident that North Korea had not actually begun reprocessing but was engaging in opening moves . . . before the talks formally opened. (*IHT*, 21 April 2003, p. 6)

A senior US official said there was no intelligence to suggest that North Korea had started reprocessing and said the wording of Pyongyang's

statement was ambiguous. Translated into English the statement by North Korea's foreign ministry read: 'We are successfully reprocessing more than 8,000 spent fuel rods at the final stage.' However, read in Korean, it was not clear whether reprocessing had started or whether Pyongyang was in the final stage of preparation. (*FT*, 19 April 2003, p. 1).

North Korea announced Friday [18 April] that it was reprocessing nuclear fuel rods ... In response the United States threatened to cancel talks ... even before they start ... Analysts say the country's leadership has recently undergone a major transformation in which the decision-making role of the military in everyday matters has been dramatically increased. (*IHT*, 19 April 2003, pp. 1, 5)

'[The United States and South Korea] denied being told that reprocessing had begun' (*Guardian*, 19 April 2003, p. 14).

Last night [18 April] neither Japan nor the United States had been officially informed about the resumption ... A story in *The Australian* revealed that up to twenty of North Korea's military and scientific elite, among them key nuclear specialists have defected to the United States and its allies ... The defection started last October [2002] ... Among those believed to be in a safe house in the West is the father of North Korea's nuclear programme, Kyong Won-ha. (*The Times*, 19 April 2003, p. 1)

20 April 2003. '[On 20 April] the regime of Kim Jong Il proposed holding direct [cabinet-level] talks with South Korea [in Pyongyang] ... from 27 to 29 April' (*Independent*, 21 April 2003, p. 10).

A cargo vessel thought to be the mother ship of an international drugs-smuggling operation was escorted into Sydney last night [20 April] after being boarded by the Royal Australian Navy in a high-seas raid ... [The vessel was] the North Korean-registered *Pong Su* ... American officials ... have claimed that North Korea is producing 40 tonnes of opium a year, huge quantities of high quality amphetamines and millions of dollars' worth of counterfeit \$100 bills in an illegal trade estimated to be worth \$500 million a year, compared with \$650 million in official exports. (*The Times*, 21 April 2003, p. 14)

21 April 2003.

North Korea eased the way Monday [21 April] for ... talks with US negotiators ... [North Korea] revised a report last week that the North was 'successfully reprocessing' more than 8,000 spent fuel rods into a declaration that it is 'successfully going forward to reprocess work' on the rods ... [South Korea accepted] North Korea's invitation for talks ... likely to focus on economic matters ... notably ... food aid ... North Korea has said it would discuss the nuclear issue only with the United States. (*IHT*, 22 April 2003, p. 5)

‘North Korea . . . changed the wording: “As we have already declared, we are successfully going forward to reprocess work [on] more than 8,000 spent fuel rods at the final stage”’ (*Guardian*, 22 April 2003, p. 15).

23–25 April 2003. Talks begin in Beijing. ‘James Kelly . . . met with Li Gun, deputy director of North Korea’s foreign ministry, and Wang Yi, China’s deputy foreign minister’ (*IHT*, 25 April 2003, p. 1). ‘US Secretary of State Colin Powell warned that Washington was willing to do “whatever might be required” to prevent North Korea from building nuclear weapons’ (*Guardian*, 24 April 2003, p. 17).

Talks in Beijing between the United States and North Korea over nuclear weapons ended a day early Thursday [24 April] and Secretary of State Colin Powell hinted strongly that they had not gone down well and that North Korea had taken a highly belligerent stance. Reports after the meeting ended, quoting Bush administration sources, said that North Korea had implied during the talks that they already had nuclear weapons. (*IHT*, 25 April 2003, p. 1)

The talks formally ended Friday morning [25 April], hours earlier than expected after Li Zhaoxing, China’s foreign minister . . . extracted a promise that they [the United States and North Korea] would keep diplomatic channels open . . . Li Gun asserted, apparently during a lunch break Thursday [24 April] that North Korea already had nuclear weapons and that the only issue at stake was whether it would begin testing or exporting them . . . The White House spokesman [25 April]: ‘We have said for some time in public that we assume North Korea has had nuclear weapons – one or two’. (*IHT*, 26 April 2003, pp. 1, 5)

‘United States officials told NBC television that North Korea said it had begun reprocessing spent fuel rods into plutonium, and might export the weapons-grade material to the highest bidder’ (*Telegraph*, 25 April 2003, p. 1). ‘A North Korean envoy . . . [stated] that North Korea already has at least one nuclear bomb and that “we have finished reprocessing nearly all of the 8,000 fuel rods”’ (*Telegraph*, 26 April 2003, p. 22).

According to a senior US official . . . on Wednesday night [23 April] Li Gun . . . threatened that Pyongyang would test and export nuclear weapons it already had . . . China supplies some 70 per cent of North Korea’s fuel needs and about 30 per cent of its food’ (*FT*, 26 April 2003, p. 11).

According to a senior unnamed US official, Li Gun said the North already had nuclear weapons and had nearly finished reprocessing 8,000 used fuel rods, which could give it enough plutonium for up to eight more. ‘We cannot dismantle them. It is up to you whether we do a physical demonstration or transfer them,’ he told Mr Kelly . . . The remark appeared to represent a threat to test or export nuclear weapons unless the United States made concessions, including a treaty promising not to attack. (*Guardian*, 26 April 2003, p. 17)

‘The two countries agreed to further discussions, albeit at a time and a level yet to be set’ (*Independent*, 26 April 2003, p. 13).

27–29 April 2003. Talks take place in Pyongyang between North and South North Korea at ministerial level.

The head of South Korea’s delegation ... said [on 27 April] the North’s declared possession of nuclear weapons was a security threat that broke a 1991 nuclear-free declaration ... a 1991 South–North Joint Declaration on Denuclearization of the Korean Peninsula – a bilateral pledge not to test, produce, receive, store, deploy or use nuclear arms. (*Independent*, 28 April 2003, p. 11)

Colin Powell (28 April): ‘They put forward a plan that would ultimately deal with their nuclear capability and their missile activities, but they of course expect something considerable in return’ (*IHT*, 29 April 2003, p. 5).

In Beijing a Chinese official told Western diplomats Monday [28 April] that North Korea had offered to shut down its nuclear programme if the United States dropped its ‘hostile attitude’ ... The Chinese official – the government’s leading North Korea expert – said North Korea had also offered to suspend ballistic missile tests if the United States offered ‘credible security assurances’ ... But in Washington the remarks by Powell ... indicated that the North Korean offer involved more than security assurances ... Powell said the North Koreans never threatened during the talks [in Beijing] to begin testing nuclear weapons. They never ‘used the word test’, he said ... In Beijing Western diplomats said North Korea was also seeking compensation for a delay in the completion of light-water reactors under a 1994 pact ... They quoted the Chinese official as saying Pyongyang wanted to establish diplomatic relations with Washington and mend fences with South Korea and Japan. (*IHT*, 29 April 2003, p. 5)

[In the talks between North and South Korea in Pyongyang] the North refused to discuss its nuclear activities, insisting that only the United States could resolve the crisis. Pyongyang demanded greater cross-border co-operation – a euphemism for aid ... South Korean officials endorsed North Korea’s claim that it had made a ‘bold new proposal’ during [the talks in Beijing]. (*FT*, 29 April 2003, p. 10)

29 April 2003.

The White House on Tuesday [29 April] rejected North Korea’s proposal to end its nuclear weapons standoff with Washington, saying that the United States ‘will not reward North Korea for bad behaviour’ ... The White House spokesman ... said: ‘We will not provide them with inducements for doing what they always said they were going to do. What we seek is North Korea’s irrevocable and verifiable dismantlement of its nuclear weapons programme.’ Administration officials said North Korea had asked for a step-by-step package under which it would receive oil

shipments, food aid, security guarantees, energy assistance and economic benefits, among other requests. In return, they said, North Korea had offered to dismantle its nuclear weapons, but only at the end of the process. (*IHT*, 30 April 2003, p. 6)

Colin Powell: '[North Korea's proposal] is not going to take us in the direction we need to go. But nevertheless we will study it ... [The proposal would] lead to the removal of the nuclear capability and maybe even deal with their missile capability' (*FT*, 30 April 2003, p. 10).

North and South Korea issued a joint statement on Tuesday in which they agreed to hold more bilateral [cabinet-level] talks ... 9–12 July [in Seoul] ... The joint statement said the two Koreas would 'discuss each other's position earnestly over the nuclear issue on the Korean Peninsula and continue to co-operate in resolving the nuclear standoff peacefully through a dialogue' ... [The talks] were extended after the two sides failed to reach agreement on the wording of the statement. (*IHT*, 30 April 2003, p. 6)

'Pyongyang formally asked Seoul ... to continue its shipments of fertilisers ... South Korea agreed to send 200,000, compared to 300,000 tonnes last year [2002]' (*FEER*, 15 May 2003, pp. 8–9).

30 April 2003. Colin Powell: 'The North Koreans, in very bellicose fashion, accused us of everything imaginable and then said: "We reprocessed all the fuel rods that were in storage"' (*IHT*, 2 May 2003, p. 4).

'The CIA has long believed that North Korea may have two nuclear weapons developed in the late 1980s or early 1990s' (*IHT*, 2 May 2003, p. 4).

3 May 2003.

Tacitly acknowledging that North Korea may not be deterred from producing plutonium for nuclear weapons, President George W. Bush is trying to marshal international support for preventing the country from exporting nuclear material, US and foreign officials say. Bush discussed the new approach over the weekend with the Australian prime minister John Howard ... Bush's new focus on blocking the sale of nuclear material by North Korea to countries or terrorist groups reflects the reality that US intelligence officials cannot ascertain whether North Korea was bluffing when it claimed last month that it had already reprocessed enough spent nuclear fuel to make many weapons. (*IHT*, 6 May 2003, p. 1)

4 May 2003. Colin Powell: 'Everybody has now made it clear to North Korea that they will not find any assistance coming to them from the region in terms of economic development unless they abandon their nuclear weapons programme' (*IHT*, 6 May 2003, p. 1).

12 May 2003. 'North Korea said Monday [12 May] that a 1992 agreement with South Korea to keep the Korean Peninsula free of nuclear weapons was nullified ... The move came as President Roh Moo Hyun of South Korea [was visiting the United States]' (*IHT*, 13 May 2003, p. 4).

19 May 2003. 'ABB, the struggling European engineering giant, has signed a memorandum of understanding to modernize North Korea's dilapidated electric power network ... ABB said the deal might not come to fruition' (*FT*, 20 May 2003, p. 14).

20 May 2003.

North Korea's warning that Seoul faced an 'unspeakable disaster' ... came during the first day of this week's talks between the two Koreas in Pyongyang about cross-border economic co-operation. A planned second day of talks failed to materialize yesterday [21 May], raising the prospect that the talks could end today without agreement. North Korea was angered by South Korean president Roh Moo Hyun's friendly meeting with President George W. Bush in Washington [on 14 May] ... when the pair warned that 'further steps' might be necessary to prevent North Korea developing nuclear bombs if diplomacy failed – a coded threat that South Korea might back US-led economic sanctions against Pyongyang. (*FT*, 22 May 2003, p. 12)

24 May 2003. A statement is issued by North Korea: 'It is [North Korea's] stand that the [North Korea-United States] talks should be followed by the US-proposed multilateral talks' (*FT*, 26 May 2003, p. 7).

1 June 2003. 'South Korea's navy yesterday [1 June] fired warning shots after North Korean fishing boats crossed the disputed maritime border for the fifth time in seven days' (*FT*, 2 June 2003, p. 10).

5 June 2003.

The United States and South Korea yesterday [5 June] agreed plans to withdraw US troops from the South's border with North Korea for the first time since the Korean War ended ... US troops will be redeployed from the border to more southerly locations on the peninsula ... Most of the 37,000 US troops in South Korea are positioned along the 150-mile mined border ... President Roh Moo Hyun has called for the redeployment to be delayed until the dispute about North Korea's nuclear weapons programme is resolved. (*FT*, 6 June 2003, p. 12)

'The United States promised to continue to carry out training in areas near the demilitarized zone' (*IHT*, 17 June 2003, p. 4).

9 June 2003. North Korean issues a statement:

If the United States keeps threatening the DPRK with nuclear arms instead of abandoning its hostile policy towards Pyongyang, the DPRK will have no option but to build up a nuclear deterrent force. The DPRK's intention to build up a nuclear deterrent force is not aimed to threaten or blackmail others but reduce conventional weapons under a long-term plan and divert our human and monetary resources to economic development and improve the living standards of the people.

North Korea said publicly for the first time Monday [9 June] that it needed a 'nuclear deterrent' to combat what it said was the nuclear

threat posed by the United States ... The North had never said specifically that it had to have nuclear weapons. In the months since North Korean negotiators admitted the existence of a nuclear weapons programme, North Korean commentators have referred to a physical deterrent without mentioning nuclear capability ... The commentary did not say that the North already had nuclear warheads ... The North's commentary appeared in part as a response to the US announcement last week that it would put \$11 billion into modernizing the weapons used by US troops in South Korea. North Korean broadcasts in recent days have attacked the US build-up while denouncing the long-range US plan to move its main ground force in South Korea to bases beyond the range of North Korean artillery. (*IHT*, 10 June 2003, p. 9)

North and South Korean negotiators on Monday [9 June] wound up three days of talks near ... Panmunjom by agreeing to stage a ceremony on Saturday [14 June] linking the main North-South rail line for the first time since the Korean War. (*IHT*, 10 June 2003, p. 9)

10 June 2003.

Japan detained two North Korean cargo ships in Japanese ports, moves that North Korea denounced as sanctions and that Japan defended as safety inspections ... The detentions were ordered a day after Bush administration officials said they were encouraging allies to put pressure on North Korean shipping by enforcing safety rules and searching for illegal drugs, a major North Korean export ... The detentions came after the North Korean authorities suspended the country's lone ferry link with Japan to protest the new safety inspection policy ... In another dispatch ... [North Korea] denounced the Australian government, which had seized thirty North Korean sailors to face trial in a cases where about 110 pounds of heroin were seized. (*IHT*, 11 June 2003, p. 6)

'South Korea and Australia have recently swooped on drug shipments from North Korea' (*FT*, 18 June 2003, p. 18). 'Weeks [ago] ... Australian police seized a North Korean freighter allegedly carrying heroin' (*FT*, 12 June 2003, p. 12).

14 June 2003.

North and South Korea have connected the first railway between the two countries since the border was sealed fifty years ago ... However, other parts of the proposed railway remain incomplete and it is expected to be many months before trains can cross between the two Koreas ... The ceremony was overshadowed by an agreement between the United States, Japan and South Korea at the weekend to increase pressure on the North's economy by clamping down on illegal smuggling ... The trio 'discussed means of co-operating among themselves and with other countries and international organizations' to stop North Korea's illegal activities, such as drug-running and money laundering ... Japan has already

increased scrutiny of North Korean ships visiting its ports and Australia has agreed to co-operate. (*FT*, 16 June 2003, p. 10)

North Korea is thought to produce more than 40 tonnes of opium a year, making it the world's third largest opium exporter and sixth largest heroin exporter. The North Korean regime may earn as much as \$1 billion a year from trafficking in illegal drugs, including heroin, cocaine and methamphetamine stimulants. US counter-narcotics officials say that since 1976 there have been at least fifty arrests or drug seizures involving North Koreans in more than twenty countries. Japanese authorities say that nearly 50 per cent of illegal drug imports into Japan come from North Korea. North Korean drug smuggling is often done in tandem with the Russian mafia, the Japanese yakuza and other international criminal organizations. (*IHT*, 18 June 2003, p. 8)

25 June 2003.

Two aides of former president Kim Dae Jung ... Park Jie Won and Lim Dong Won ... were indicted Wednesday [25 June] on charges of having transferred a total of \$100 million to North Korea as a pay-off to President Kim Jong Il for having agreed to a June 2000 inter-Korean summit meeting ... Also indicted [was] one of the heirs to the Hyundai fortune for having passed on the money ... Lack of evidence [was cited] as the reason for ... [not summoning] Kim Dae Jung ... Chung Mong Hun [is] chairman of Hyundai Asan ... [and] the fifth son of the late Hyundai group founder, Chung Ju Yung ... The prosecutor ... [said that] \$400 of the \$500 million transferred to North Korea by the Hyundai Group was actually a fee for the privilege of doing business in North Korea ... [President] Roh Moo Hyun refused Song Doo Hwan's [the special prosecutor's] request for a thirty-day extension of the investigation, and Song himself pleaded for closure of the case. (*IHT*, 26 June 2003, p. 1)

The [Hyundai] group was alleged to have manipulated its accounts to cover up the payment ... The three men [accused], with five others, will be tried and could face jail if found guilty ... Mr Lim denied yesterday [25 June] that the \$100 million payment was intended as a bribe. 'It was not a reward for the summit but economic assistance' [he said] ... Mr Kim admitted shortly before he stepped down in February that the government secretly helped Hyundai make payments to Pyongyang, but denied that any public funds were involved. (*FT*, 26 June 2003, p. 11)

More than 1 million North Koreans crowded Pyongyang's streets for anti-American rallies Wednesday [25 June] during government commemorations of the 53rd anniversary of the outbreak of the Korean War ... [The] head of Pyongyang's Communist Party office ... [said] the North has no option against the United States other than 'bolstering its self-defensive nuclear deterrent force'. (*IHT*, 26 June 2003, p. 6)

1 July 2003.

US intelligence officials now believe that North Korea is developing technology to make nuclear warheads small enough to fit atop ... missiles, potentially putting Tokyo and American military forces in Japan at risk ... The new intelligence estimates ... left it unclear how quickly the North could produce small warheads. The worse case estimate, officials say, is that they could do so in less than a year. (*IHT*, 2 July 2003, p. 3)

2 July 2003. China and Russia on Wednesday [2 July] blocked a second US attempt to get a UN Security Council statement adopted for condemning North Korea for reviving its nuclear weapons programme. (*IHT*, 3 July 2003, p. 1)

The North Koreans are back in Burma almost twenty years after an audacious bomb attack that devastated the South Korean cabinet during an official visit to Rangoon. Between fifteen and twenty North Korean technicians have been spotted at the Monkey Point naval base near Rangoon and at a defence ministry guesthouse in a northern suburb of the capital, according to Rangoon residents. They believe that the North Koreans are helping the Burmese equip some of their naval vessels with surface-to-surface missiles. In the 1970s Burma and North Korea enjoyed excellent relations, but these were broken after the bomb blast on 9 October 1983 ... [Four members of the South Korean cabinet] were among the twenty-one people killed. (*FEER*, 10 July 2003, p. 8)

9 July 2003.

North Korea may have carried out limited reprocessing of spent fuel rods to produce plutonium for use in nuclear bombs earlier this year [2003], according to South Korean intelligence officials and diplomats in Seoul ... South Korea's National Intelligence Service (NIS) reported ... yesterday [9 July] that the North had reprocessed a 'small number' of fuel rods. The NIS also confirmed that North Korea had tested explosive devices that could be used in nuclear bombs ... It was unlikely North Korea had nearly finished reprocessing, as it had claimed, a diplomat said.' (*FT*, 10 July 2003, p. 11)

12–13 July 2003.

North Korea has reported that it has reprocessed all its spent fuel rods, restarted a small experimental reactor and is working on much bigger reactors, a South Korean report said Sunday [13 July] ... [It] said that a high level American official had quoted North Korean diplomats as having said that the North had finished reprocessing its 8,000 spent fuel rods by the end of [June] ... North Korea's two top representatives at the UN told of the reprocessing last Tuesday [8 July] in a meeting in New York with Jack Pritchard, the US envoy assigned to the North Korean issue ... North Korea said that ... Pyongyang had restarted a

five-megawatt experimental reactor [at the Yongbyon complex] from which it is possible to extract the plutonium for nuclear warheads. At the same time the North said it had resumed work on two large reactors, one with a capacity of 200 megawatts, the other fifty megawatts ... [A report from Japan] said US analysts had taken air samples over the Yongbyon complex that showed a substance known as krypton 85, a by-product of reprocessing ... [On 12 July] a debate between North and South Korean cabinet members resulted in ... [agreement] to resolve the nuclear issue peacefully through talks ... Negotiators also agreed on another round of reunions of families ... at the Mount Kumgang resort ... in September and on more talks on North–South economic co-operation in August. (*IHT*, 14 July 2003, p. 7)

‘Washington ... [has warned Tokyo] that North Korea has 200 medium-range Rodong missiles with an estimated range of 800 miles aimed at Japan’ (*Telegraph*, 14 July 2003, p. 12).

14 July 2003.

South Korea’s foreign minister said ... ‘No scientific data or evidence have emerged to prove that North Korea started reprocessing spent nuclear fuel rods at full scale or has completed the process’ ... Senior South Korean officials and Western diplomats in Seoul said the consensus among international intelligence services was that North Korea had reprocessed some but not all of its fuel rods. (*FT*, 15 July 2003, p. 10)

15 July 2003.

China sent an envoy ... and proposed a formula for starting multi-party negotiations ... The proposal called for a multilateral meeting in which bilateral talks would take place on the sidelines ... The overture from China came as North Korean officials told the United States that North Korea had begun producing enough plutonium to make a half-dozen nuclear bombs ... American officials said they were told by North Korea that it had begun reprocessing its store of 8,000 spent nuclear fuel rods, a process that yields weapons-grade plutonium. North Korea is thought to possess one or two nuclear bombs already. It told the Bush administration that it could make another half-dozen such weapons soon, administration officials said. The officials said they were unsure whether North Korea’s claims were true. American intelligence agencies have reported that the country might have stepped up its nuclear programme, but had not confirmed the large scale reprocessing necessary to produce six or more bombs. (*IHT*, 16 July 2003, p. 3)

North Korea’s declaration [was] made to the US mission to the UN in New York last week ... The consensus among Asian and Western intelligence services is that North Korea reprocessed only a small number of rods, but nobody outside the secretive state knows for sure. (*FT*, Wednesday 16 July 2003, p. 9)

'The United States said on Monday [14 July] that North Korea had claimed to have already reprocessed enough material for five or six weapons' (*FT*, 17 July 2003, p. 9).

16 July 2003.

American and South Korean officials indicated strongly Wednesday [16 July] that both governments would reject a new Chinese proposal for dialogue [with North Korea] ... The proposal [involves] multilateral negotiations as a cover as a cover under which the United States and North Korea could meet separately on the sidelines. (*IHT*, 17 July 2003, p. 4)

17 July 2003.

North and South Korean troops exchanged machinegun fire inside the demilitarized zone Thursday [17 July] ... the first exchange of fire across the zone since 2001 ... [South Korea] said that soldiers on the North Korean side had opened fire and that the South had responded by broadcasting warnings on loudspeakers and returning fire. (*IHT*, 18 July 2003, p. 2)

'North and South exchanged machinegun fire across [the DMZ] ... for the first time in nineteen months' (*FT*, 18 July 2003, p. 8).

South Korean news reports say China is pushing for a new round of three-way talks, involving North Korea, the United States and China. The format would be later replaced by five-way multilateral talks that will also include South Korea and Japan, they said.' (*IHT*, 19 July 2003, p. 2)

18 July 2003. Mohamed ElBaradei (director-general of the International Atomic Energy Agency):

In my view the situation in the DPRK is currently the most serious threat to the nuclear non-proliferation regime. I find it regrettable that little concrete progress on the issue appears to have been made since December [2002], when the agency's verification work came to a halt. (*IHT*, 19 July 2003, p. 2)

20 July 2003.

US and Asian officials with access to the latest intelligence on North Korea say strong evidence has emerged in recent weeks that the country has built a second, secret plant for producing weapons-grade plutonium ... A senior Bush administration official cautioned ... [that] the discovery of the new evidence ... was 'very worrisome, but still not conclusive' ... American officials have said they cannot verify that claim, though they have confirmed that sensors set up on North Korea's borders have begun to detect elevated levels of Krypton 85, a gas emitted as spent fuel is converted into plutonium ... While US satellites have been focussed for years on North Korea's main nuclear plant, at Yongbyon, the computer analyses that track the gases as they are blown across the Korean

Peninsula appeared to rule out the reprocessing plant as their origin. Instead, the analysis strongly suggests that the gas originated from a second, secret plant, perhaps buried in the mountains ... Indeed, there may now be at least two hidden facilities with the capacity to produce material for nuclear weapons ... Senior [US intelligence] officials have long expressed concern ... that a second plant could be buried somewhere ... Those fears have been heightened by reports from South Korean intelligence that one of its agents – whose reliability is unknown – reported the existence of a second plant, north-east of Yongbyon. (*IHT*, 21 July 2003, pp. 1, 4)

‘Russia ... built the initial Yongbyon reactors after the North Koreans signed the Nuclear Non-proliferation Treaty’ (*IHT*, 5 September 2003, p. 8).
21 July 2003.

Roh Moo Hyun, South Korea’s president, yesterday [21 July] dismissed reports, based on US intelligence, that the North may be producing plutonium for nuclear bombs at a second, secret underground plant. But ... at least one Asian country has received its own intelligence about the possible site. (*FT*, 22 July 2003, p. 9)

27 July 2003. The fiftieth anniversary of the armistice takes place. The Korean War started on 25 June 1950.

Kim Jong Il ... was expected to review a huge military parade in North Korea’s capital ... [but] the parade was cancelled ... Ten years ago Hu Jintao, a Chinese Politburo member, travelled to Pyongyang to mark the fortieth anniversary of the armistice ... [But this time] Hu, now president of China, neglected to send a delegation to Pyongyang. (*IHT*, 1 August 2003, p. 10)

(‘In 1999 Chinese premier Zhu Rongyi declared: “North Korea is a sovereign state, so it is none of our business whether North Korea develops a missile or whether it researches and develops nuclear weapons” ... Chinese president Hu Jintao, after a summit in July [2003] with his South Korean counterpart, Roo Moo Hyun, declared that a nuclear-armed North Korea is unacceptable’: *FEER*, 7 August 2003, p. 25.)

31 July 2003.

John Bolton, [US] under secretary of state for arms control and international security ... gave a speech here [in Seoul] lambasting Kim Jong Il as ‘a tyrannical dictator’ who presides over a country that is a ‘hellish nightmare’ ... In Russia the foreign ministry announced that North Korea had accepted a proposal to begin multilateral negotiations over its nuclear weapons programme. (*IHT*, 1 August 2003, p. 10)

1 August 2003.

North Korea yesterday [1 August] confirmed it would enter six-party multilateral talks about its nuclear weapons programme ... involving the

two Koreas, the United States, China, Japan and Russia ... but said it would seek bilateral talks with the United States during the meeting ... 'We will hold six-party talks and will consult on ways of holding bilateral talks with the United States during the talks', said North Korea's foreign ministry. (*FT*, 2 August 2003, p. 8)

(The talks were later fixed for 27–29 August.)

The Bush administration, while preparing for talks soon with North Korea, is stepping up military pressure with plans for a joint naval exercise [in September] ... to train for interdicting arms and other materials going to and from the North. The exercise would be carried out in the Coral Sea off north-eastern Australia ... The exercises are part of a programme announced ... this summer as the Proliferation Security Initiative, with eleven nations participating: the United States, Britain, Australia, France, Germany, Italy, Japan, the Netherlands, Poland, Portugal and Spain. Under a separate programme, the DPRK Illicit Activities Initiative, there has been a quiet crackdown by many countries against the narcotics trade, counterfeiting, money laundering and other efforts by [North Korea] ... to earn hard currency. Recent actions under this initiative included the seizure of a North Korean freighter in April off Brisbane by the Australian authorities on suspicion of smuggling heroin and Japanese efforts to shut down a large trading company involved in illicit trade with North Korea ... Early this month [August] the Taiwan authorities boarded a North Korean freighter on a customs violation and seized barrels of phosphorus pentasulphide, a lethal material the United States said could make chemical weapons ... The Bush administration's efforts to squeeze North Korea by applying interdiction and seizure techniques were outlined by the United States and its allies in Poland in July. (*IHT*, 18 August 2003, p. 5)

3 August 2003.

[North Korea] said John Bolton ... was 'not entitled to take part in the talks' in which the North agreed Thursday [31 July] to participate. The unusual personal attack against a senior US official was provoked by a speech Bolton made last week in which he warned against 'tyrannical rogue state leaders like Kim Jong Il' and described life under Kim as 'a hellish nightmare'. (*IHT*, 4 August 2003, p. 5)

Five Japanese citizens, who were abducted by North Korean agents in the 1970s and have since returned home, have received letters from their children still in [North Korea] ... The letters ... [represent] the first communication between the separated families since the abductees returned to Japan last October [2002]. (*FT*, 4 August 2003, p. 7)

4 August 2003.

Chung Mong Hun ... died Monday [4 August] after falling from the twelfth floor of the headquarters ... of Hyundai Asan. The police said it

was suicide ... [He] was facing a trial on charges that he secretly passed \$100 million from the South Korean government to North Korea in the spring of 2000 ... [In July] Chung returned from North Korea to announce that on 1 September a daily bus service would start ... to the Mount Kumgang resort ... President Roh Moo Hyun ... vetoed an opposition party's bill to extend the term of a special prosecutor looking into the payoff scandal ... [But] government prosecutors ... placed a travel ban on [Chung]. (*IHT*, 5 August 2003, p. 8)

[Chung had been] indicted on charges of trying to cover up the transfer of \$100 billion in funds to North Korea. Hyundai Asan has admitted transferring \$40 million to North Korea, all of it as part of its business dealings with the North. (p. 11)

'Fresh allegations have emerged in recent weeks that ... [Chung] had set up a \$13 million slush fund to bribe South Korean government officials' (*FT*, 5 August 2003, p. 9).

5 August 2003.

The apparent suicide ... led the North on Tuesday [5 August] to suspend ferry tours from the South. In the last six weeks North and South Korea formally relinked their cross-border railroads, and a South Korean company inaugurated what could be a \$5 billion industrial park in an area of North Korea ... This summer charter flights from [Seoul] ... have left regularly for Pyongyang ... carrying South Korean teachers ... and South Korean aid workers. (*IHT*, 6 August 2003, p. 5)

'Hyundai is thought to have invested nearly \$1 billion since it [the Kumgang tourism project] opened in 1998' (*IHT*, 7 August 2003, p. 12).

9 August 2003. 'South Korea's navy fired warning shots at two North Korean tugboats that had strayed over the two countries' maritime border' (*FT*, 9 August 2003, p. 7).

Chung Mong Koo, chairman of Hyundai Automotive Group [and brother of Chung Mong Hun], on Friday [8 August] ruled out doing business in North Korea, saying the country's socialist system and a 'very authoritarian' leader made him wary of making any investment there for the foreseeable future: 'North Korea is a socialist country. North Korea has a different system so we do not think we can go there for business. They have a unique environment' ... Hyundai Automotive holds a 5 per cent stake in Hyundai Asan ... Kim Yoon Kyu, the current president of Hyundai Asan, has nonetheless said the group remains strongly interested in doing business in North Korea. (*IHT*, 9 August 2003, p. 11)

10 August 2003.

Hyundai Automotive Group on Sunday [10 August] issued a revised version of remarks made by its chairman, Chung Mong Koo ... A

Hyundai spokesman said Chung Mong Koo had cited North Korea's 'unique environment' as an obstacle to investment in that country but denied having described North Korea's leader as 'very authoritarian'. The spokesman said Hyundai managers who interpreted the interview had used the 'wrong choice of expression' in translating Chung's 'description of the North Korean system'. The spokesman . . . quoted him saying it was 'too early to talk about possible investment' in North Korea but that he was 'very positive that North Korea will change just as China did'. 'If and when the right time comes, I will consider building an automotive parts factory' in North Korea, Chung was quoted as adding. He said that the planned industrial complex at Kaesong . . . would be 'a good location for building automobile parts factories', but that he was not considering building a car manufacturing plant there. Chung again denied any desire to take over Hyundai Asan . . . Chung Mong Koo commended that 'either the Korean government or the public sector' take over the activities of Hyundai Asan . . . Hyundai Asan co-ordinates development of the Mount Kumgang resort region in North Korea, where North Korean officials on Monday [11 August] plan to unveil a monument honouring Chung Mong Hun. (*IHT*, 11 August 2003, p. 10)

15–18 August 2003.

China and Russia moved Monday [18 August] to build military bridges to . . . Japan and South Korea. Russia embarked Monday on a huge ten-day maritime exercise, partly in waters near North Korea, that will involve two Japanese destroyers and one South Korean destroyer, marking the first time that warships from these three nations have manoeuvred together . . . Two North Korean military officers have been invited to observe the naval exercises, which are to involve seventy-five Russian warships, twenty warplanes and 30,000 soldiers . . . Also Monday China and Japan announced that, for the first time, they would conduct mutual visits by warships . . . A South Korean navy patrol boat fired five rounds on Monday at a North Korean fishing boat that entered what South Korea considers its territorial waters. The incident came hours after North Korea angrily cancelled its participation in the World University Games in South Korea. The North had planned to send 500 athletes, trainers, journalists and cheerleaders to the games this week, but the plans were dropped in reaction to an Independence Day demonstration last Friday [15 August] in Seoul, where protesters stomped an effigy of Kim Jong Il . . . Pyongyang attacked Washington on Monday for leading ten other nations in the Proliferation Security Initiative, an alliance designed to intercept North Korean ships suspected of carrying contraband . . . On Saturday [23 August Russian] border troops and civil defence officials are to conduct drills based on the premise that huge North Korean refugee flows have started . . . [There have been] anti-North Korean attacks in Japan . . . [where] anti-North Korean sentiment is running high. (*IHT*, 19 August 2003, pp. 1, 8)

‘Anti-North Korea protests [took place] in the South on Friday [15 August]. South Korean conservatives condemned Pyongyang’s suspected development of nuclear weapons, burned flags and urged Kim Jong Il to quit’ (*FT*, 19 August 2003, p. 6).

19 August 2003.

North Korea yesterday [19 August] withdrew its threat to boycott the world student games in South Korea, a move prompted by Pyongyang’s anger at the burning of a North Korean flag at protests in Seoul last week. The move followed an apology by South Korea’s president. (*FT*, 20 August 2003, p. 9)

20 August 2003.

North Korea has offered to return the children of five Japanese it abducted decades ago if Tokyo provides food aid and agrees that the abduction issue is closed ... Tokyo is pushing for the unconditional return of the abductees, who are now in their teens and twenties ... Pyongyang wants Tokyo to pay \$8.44 million for the return of each child. Tokyo is unlikely to accept the conditions, partly because it wants an investigation into other suspected cases ... Japan has said it will raise the issue at the talks [in Beijing on 27–29 August] ... Abductee groups say that more than 100 people may have been abducted by North Korea over four decades. (*IHT*, 21 August 2003, p. 2)

The demands were passed on to a delegation of Japanese during a trip to South Korea last month [July] ... Next Monday [25 August] a North Korean ferry will call at the Japanese port of Niigata for the first time in seven months. Japan suspects the vessel of being involved in espionage and drug smuggling and has vowed to search it. (*Guardian*, 21 August 2003, p. 16)

North Korea yesterday [20 August] denounced Russian naval exercises ... Pyongyang has spurned an offer to send observers to the manoeuvres, to which Japan, South Korea and the United States were also contributing forces. Up to 70,000 Russian military personnel as well as sixty vessels and thirty-five support ships are to take part in the exercises in parts of the Okhotsk Sea, the Sea of Japan and the Bering Straits.’ (*FT*, 21 August 2003, p. 9)

24 August 2003.

North Korea threatened to pull out of the World University Games on Sunday [24 August] after a brawl between North Korean reporters and human rights activists protesting [Kim Jong Il] ... The fight, which lasted about ten minutes, erupted as reporters from [North Korea] ... tried to seize banners critical on Kim Jong Il from about twenty protesters outside the stadium [in South Korea]. (*IHT*, 25 August 2003, p. 7)

25 August 2003.

Japan barred a North Korean ferry that in the past had been suspected of smuggling missile parts and illicit funds from leaving port [Niigata] Monday [25 August] after the ship failed intensified safety inspections ... There are new allegations that the boat is a conduit for communist espionage ... The visit [is] the first in seven months ... Japanese authorities said ... the ship [the *Mangyongbong*] could not leave for its home port of Wonsan, North Korea, until they [the safety problems] were fixed ... Rightist extremists blasted the incoming ship with chants of 'go home'. Supporters of a group of Japanese kidnapped by North Korea ... demanded the return of loved ones ... Pro-Pyongyang Japanese waved North Korean flags. The *Mangyongbong* came under suspicion earlier this year when two alleged North Korean defectors testified before the US Congress that it had ferried from Japan up to 80 per cent of the parts used in Pyongyang's missile programme. (*IHT*, 26 August 2003, p. 4)

The ship ... the only direct link between [North Korea and Japan] ... has been accused by Tokyo of unloading spies, drugs and counterfeit money in Japan and returning home with luxury goods and missile parts. At least one of the Japanese citizens abducted by Pyongyang to help its espionage efforts was probably bundled aboard the *Mangyongbong*'s forerunner in the 1980s. (*FT*, 26 August 2003, p. 18)

26 August 2003. 'A South Korean warship fired warning shots Tuesday [26 August] to drive back a North Korean navy ship from southern territorial waters in the Yellow Sea ... The ship retreated into North Korean waters' (*IHT*, 27 August 2003, p. 4).

27–29 August 2003. Six-nation talks are held in Beijing.

'The US team enters the talks without one of its main advocates of diplomatic engagement with Pyongyang. It emerged yesterday [26 August] that Charles ("Jack") Pritchard, Washington's special envoy for North Korea, had resigned last Friday [22 August]' (*FT*, 27 August 2003, p. 10). (The United States revealed before the talks that John Bolton would not be part of its delegation.)

The United States and North Korea had their first direct meeting in four months on Wednesday [27 August] as part of six-nation negotiations on how to end North Korea's nuclear programme, but diplomats played down prospects for an early breakthrough. James Kelly, an assistant secretary of state, and Kim Yong Il, North Korea's deputy foreign minister, met on the sidelines of formal discussions ... The two men talked for thirty minutes. (*IHT*, 28 August 2003, pp. 1, 6)

North Korea threatened ... on Thursday [28 August] to formally declare itself a nuclear power and conduct a nuclear test [its first] ... Kim Yong Il ... was also said to have told the gathering in Beijing that his country had the means to deliver nuclear weapons ... [A US official] added that

Kim denied Thursday that the North had been developing a uranium-based nuclear weapons. (*IHT*, 29 August 2003, p. 1)

‘According to US officials ... [North Korea said] that it could declare formally its possession of nuclear arms and could test them’ (*FEER*, 11 September 2003, p. 15).

The six nations did not issue a joint communiqué ... but China announced that the six countries had agreed to meet again within two months ... Asian diplomats also noted that North Korea and the United States agreed on broad goals – a nuclear-free Korean Peninsula and addressing the security concerns of North Korea ... US officials said ... all [six nations] made plain that the world could not accept a nuclear North Korea. (*IHT*, 30 August 2003, p. 4)

Pyongyang ... made an unprecedented offer to dismantle its nuclear facilities in return for a non-aggression pact and other concessions from the United States ... Kim Yong Il ... [said]: ‘It is not our goal to have nuclear weapons. We can dismantle our nuclear weapons if the United States makes a switchover in its hostile policy towards us and does not pose any threat to us.’ (*FT*, 30 August 2003, p. 16)

A six-point plan [was] agreed by the participants ... The fourth of the points says that all parties will refrain from making statements that escalate the situation ... The six points ... also include commitments to work for a nuclear-free peninsula, respect the priorities of North Korea, resolve the crisis through peaceful negotiations and aim for a solution that would see both sides act in parallel. (*The Times*, 30 August 2003, p. 22)

North Korea ... [has proposed] a timetable for the elimination of its nuclear weapons programme ... North Korea’s official news agency published the country’s offer of a four-phase plan to ease tensions. Under the programme Pyongyang would declare its intention to scrap its nuclear programme in return for a resumption of heavy fuel oil shipments from the United States, which were halted after the start of the crisis last October [2002]. The two countries would then sign a non-aggression treaty, after which Pyongyang would readmit international inspectors into its nuclear facilities. This would be followed by a deal on missiles, in tandem with the opening of full diplomatic relations between North Korea, the United States and Japan. The final stage would see the dismantling of North Korea’s nuclear facilities. (*Guardian*, 30 August 2003, p. 18)

30–31 August 2003.

North Korea issued a statement saying it was now determined to advance its nuclear programme. ‘The talks only reinforced our confidence that there is no other option for us but to further increase the nuclear deter-

rent force,' the foreign ministry said. The statement said that unless the United States dropped its 'hostile policy', Pyongyang was not interested in a second round of the six-party talks . . . In a statement issued through its state news agency North Korea accused the United States of trying to trick Pyongyang into giving up its nuclear programme and said that Washington had toughened its stance at last week's talks. 'This made it impossible for [North Korea] to have any interest or expectation for the talks as they are not beneficial to it,' it said. North Korea said it was unreasonable for the United States to expect it to abandon its nuclear programme without Washington guaranteeing Pyongyang's security through a non-aggression pact. (*FT*, 1 September 2003, p. 8)

South Korea warned North Korea against developing its nuclear programme Sunday [31 August], a day after North Korea declared that it saw no purpose in continuing nuclear talks and had no choice but to strengthen its nuclear deterrent . . . A North Korean foreign ministry spokesman quoted by the official KCNA news agency in Pyongyang dismissed the negotiations Saturday [30 August] as a 'trick' intended to disarm North Korea. The spokesman said such talks were no longer of use. 'The talks have made us believe that we have no other choice but to strengthen our nuclear deterrent force as a self-defensive means,' the spokesman was quoted as having said. 'We are not interested at all in this kind of talks and do not have any hopes' for continuing the negotiations, he said. The comments were echoed by an unidentified member of North Korea's negotiating team, who told reporters as he left Beijing that the talks were a failure. 'We are no longer interested,' he said. (*IHT*, 1 September 2003, pp. 1, 4)

2 September 2003.

As North Korea reversed itself and pledged to continue negotiating about its nuclear programme, Chinese officials are arguing that the bigger obstacle to a diplomatic solution is what they see as the reluctance of the United States to begin bargaining in earnest. The official North Korean news agency, KCNA, issued a statement Tuesday [2 September] saying that the country was still committed to negotiations about its nuclear programme . . . At last week's negotiations North Korea proposed a phased programme in which it offered to dismantle its nuclear facilities and submit to inspections, but only after the United States signed a non-aggression treaty. The United States rejected that blueprint but offered little in return, maintaining that North Korea must completely and verifiably stop producing atomic weapons before discussions on any benefits it might receive for doing so. (*IHT*, 3 September 2003, p. 3)

President George W. Bush, in a significant shift in his approach to North Korea, authorized US negotiators to say last week that he is prepared to take a range of steps to aid [North Korea] . . . from gradually easing

sanctions to an eventual peace treaty, according to senior officials. But, officials emphasized, these inducements would be phased in slowly only as North Korea starts surrendering its nuclear weapons, dismantling the facilities to develop them and permitting inspectors free run of the country. The proposals were described to the North Koreans at the talks in Beijing last week. They constituted a major departure from the official White House statements earlier this year that North Korea would see no benefits until it shipped all its weapons out of the country and dismantled all of its nuclear facilities. (*IHT*, 6 September 2003, p. 3)

A senior US official suggested last week that North Korea could expect reciprocal steps by the United States and its allies as Pyongyang moved towards full, verifiable dismantling of its nuclear weapons . . . US officials deny a policy shift, though White House comments suggest the United States would respond after North Korea began to disarm . . . Charles Pritchard, who resigned as special envoy for negotiations with North Korea just before the Beijing talks resumed, said there was a shift in the US position, but only a small one . . . Mr Pritchard hinted at why he had to quit, saying the United States needed to engage North Korea in direct, bilateral talks with a full-time negotiator. (*FT*, Tuesday 9 September 2003, p. 11)

5 September 2003.

The South Korean Trade and Investment Promotion Agency reported on 5 September that North Korea exported \$59,000 worth of garments to the United States in the first half of 2003 and a similar amount in December 2002. US Department of Commerce statistics indicate that Pyongyang's exports to the United States totalled \$100,000 last December [2002] and \$100,000 again in January [2003], though commerce officials point out that US trade figures are rounded off, so that \$100,000 would represent any figure over \$50,000 but under \$150,000 . . . It is widely assumed that Washington's trade embargo against North Korea remains in effect, but these sanctions were eased in 2000 amid a slight thaw in bilateral ties. (*FEER*, 9 October 2003, p. 10)

7 September 2003.

North Korea has developed a long-range missile capable of targeting all of Japan and the US territory of Guam, a South Korean newspaper reported Monday [8 September] on the eve of North Korea's fifty-fifth anniversary as a communist state. The newspaper . . . quoted an unidentified government official as saying that the ballistic missile, with a range of 3,000 to 4,000 kilometres, or about 1,850 to 2,500 miles, was developed last year but has not yet been deployed. A range of 3,000 kilometres would make it more powerful than the 2,500-kilometre-range Tae-podong-1 missile, which North Korea test-fired in 1998 . . . Another missile, the Rodong, can hit targets as far as 1,300 kilometres away;

North Korea is believed to have an arsenal of up to 700. South Korea's defence ministry said it could not confirm the report, which comes amid speculation in Washington that North Korea will carry out a nuclear test on Tuesday [9 September], the anniversary of the formation of the Democratic People's Republic of Korea ... On Tuesday about 20,000 troops, 150 tanks and other military vehicles are scheduled to be paraded through Pyongyang. Fifty thousand people, including Kim Jong Il, are expected to attend. It will be the first time in several years that the North holds a military parade. The practice was set aside because of the country's poor economy. (www.iht.com, 8 September 2003)

North Korea's long awaited fifty-fifth birthday came and went without a nuclear test, without a missile launch and without a peek at a new missile reportedly capable of hitting Guam ... Even tanks [were not] on display ... Kim Yong Chun, the army's chief of staff, unleashed some fearsome rhetoric ... North Korea 'will continue to increase its nuclear deterrent force' because 'the United States has not yet shown its will to drop its hostile policy' [he said] ... Kim Jong Il stood impassively by his side. Reportedly self-conscious about his poor public speaking skills, Kim did not address the roughly 10,000 marchers ... The most prominent visitor on the reviewing stand was Konstantin Pulikovsky, a special envoy of President Vladimir Putin ... China, by contrast, sent a little-known bureaucrat. (*IHT*, 10 September 2003, p. 3)

Concerns that North Korea would use the occasion of its national day celebrations to carry out its threat to test a nuclear device or declare itself a nuclear power proved unfounded ... The celebrations were low-key ... The celebrations marked the anniversary of North Korea's establishment as an independent state in 1948 ... Even North Korea's rhetoric was subdued compared with past outbursts, though it did repeat a threat to continue developing nuclear weapons unless the United States dropped 'hostile' policies ... The United States and its allies are lobbying China, Russia and South Korea to support the Proliferation Security Initiative (PSI) aimed at curbing the spread of weapons of mass destruction ... A senior US official said yesterday [9 September] that although the initiative, launched by President George W. Bush in May, was a response to a global challenge, the proliferation of weapons and related technology to and from North Korea remained a major concern. The PSI, which he described as 'a loose association' numbering eleven countries, aims to increase seizures of suspect cargoes. (*FT*, 10 September 2003, p. 13)

10 September 2003.

The Bush administration, stepping up pressure on North Korea and Iran on the issue of nuclear programmes, has announced that the United States and other nations will carry out ten joint military exercises in coming months to train for intercepting shipments to and from countries

suspected of having illegal arms programmes. The first exercise – scheduled for the Coral Sea off Australia this weekend, with Britain, Japan and Australia participating – was disclosed over the summer. But an announcement Tuesday [10 September] said nine more were to be in the Mediterranean Sea, Arabian Sea and elsewhere between now and next spring. A senior US official said these exercises were intended to press Iran and North Korea on their nuclear weapons by making it ‘expensive and difficult’ to transmit components of chemical, biological and nuclear weapons, and the missiles to deliver them. (*IHT*, 11 September 2003, p. 9)

12 September 2003. ‘North Korea appears to have halted work at its Yongbyon nuclear complex ... US officials aid. The officials said they did not know the reason’ (*IHT*, 13 September 2003, p. 4).

Plutonium reprocessing ... at Yongbyon ... has apparently ceased ... It is unclear why ... American officials said yesterday [12 September] that they believed North Korea was developing an intermediate-range ballistic missile capable of reaching the United States. The missile has not been tested. The missile may have a range of 9,400 miles, within the range of any US state or territory. Until now the limit of North Korea’s missile range was thought by US defence experts to have been Alaska or Hawaii for larger, more powerful weapons and the western half of the United States for smaller weapons. (*Independent*, 13 September 2003, p. 14)

26 September 2003.

A South Korean court yesterday [26 September] convicted six people, including former presidential aides and a senior businessman in connection with \$500 of illegal payments to North Korea. The cash was used to secure Pyongyang’s participation in the historic June 2000 summit ... All six guilty men, including ... [a] former presidential economic adviser and ... [a] former head of South Korea’s intelligence service – were handed suspended sentences of between one and three years. (*IHT*, 27 September 2003, p. 9)

30 September 2003. North Korea issues a statement: ‘We have lost any interest in or expectations for talks when it has been proved that the United States has no will [for] peaceful co-existence but tries to use the six-way talks to completely disarm us’ (*FT*, 1 October 2003, p. 11).

2 October 2003.

Pyongyang said Thursday [2 October] that it had completed reprocessing 8,000 spent fuel rods and was using the plutonium to make atomic bombs. The statement was the first public announcement from the North on the status of the fuel rods. In an on-again-off-again propaganda campaign since the spring, North Korean officials told Western diplomats that the reprocessing had been completed, only to retreat to say that it was simply going forward ... A North Korean diplomat said in New York that his impoverished nation would not export its bombs or its

bomb-making capacity to other countries. 'We have no intention of transferring any means of that nuclear deterrent to other countries,' Choe Su Hon, the North Korean vice foreign minister, said at the North's mission to the United Nations in New York ... All the [8,000] stored rods could yield enough plutonium to make about six bombs ... The North 'made a switchover in the use of plutonium churned out by reprocessing spent fuel rods on the direction of increasing its nuclear deterrent force', [said] an unidentified spokesman for the North's foreign ministry ... New rods from a newly restarted reactor will be reprocessed and 'churned out in an unbroken chain', the statement continued, referring to a five megawatt reactor in Yongbyon that is believed capable of producing enough plutonium for one or two bombs a year ... 'One thing we can tell you is that we are in possession of nuclear deterrence and we are continuing to strengthen that deterrence,' Choe, the North Korean diplomat, said in New York ... US Secretary of State Colin Powell: 'I would say that this is the third time they have told us they have just finished reprocessing the rods. We have no evidence to confirm that ... The North's tough stance came immediately after a military parade here [in Seoul] Wednesday [1 September] where South Korea showed off new military hardware for the first time in years ... President Roh Moo Hyun announced an 8 per cent increase in defence spending, one of the biggest jumps in recent years.' (*IHT*, 3 October 2003, p. 2)

The official North Korean statement: 'The DPRK successfully finished the reprocessing of some 8,000 spent fuel rods ... The DPRK has made a switchover in the use of plutonium churned out by reprocessing spent fuel rods, in the direction of increasing its nuclear deterrent force' (*Guardian*, 3 October 2003, p. 17).

'Some analysts believe that Pyongyang will hold on to the [nuclear] weapons, which it sees as its only guarantee against becoming the next Iraq' (*The Times*, 3 October 2003, p. 19).

6 October 2003.

The first passenger coaches to travel from Seoul to Pyongyang for more than fifty years crossed the DMZ yesterday [6 October] ... More than a thousand South Koreans are attending the opening of a \$50 million sports stadium in the North funded by Hyundai. (*Independent*, 7 October 2003, p. 14)

7 October 2003.

North Korea said yesterday [7 October] that it would not allow Japan to take part in future talks about its nuclear weapons ... Pyongyang said Japan had become an untrustworthy negotiating partner by raising thorny issues – such as the past abduction of Japanese citizens by North Korean agents ... Pyongyang's delaying tactics will raise fears that it is not prepared to give up its nuclear capability and is buying time to complete its weapons programme. (*FT*, 8 October 2003, p. 10)

14 October 2003.

New intelligence estimates that North Korea may have produced one or two nuclear weapons in recent months – or perhaps more – have immersed the Bush administration in another internal debate about the quality of intelligence information about illegal weapons ... Some of his advisers say it is possible that North Korea is telling the truth about having turned the 8,000 [8,017] nuclear fuel rods into enough weapons-grade plutonium for several warheads. Others ... say there is still no proof and plenty of incentive for the North Koreans to bluff ... Charles Pritchard, who resigned this summer as the State Department special envoy for North Korean nuclear issue ... [said]: ‘We’ve gone under his [Bush’s] watch from the possibility that North Korea has one or two weapons to a possibility – a distinct possibility – that it now has eight or more.’ (*IHT*, 15 October 2003, p. 1)

A senior US administration official ... takes issue with ... [the] 14 October article ... alleging splits within the administration about how to assess the North Korean reprocessing claims. ‘Almost no one [in the administration] believes they have all been reprocessed. Almost everyone believes they have probably been reprocessed some relatively small amount,’ he says. (*FEER*, 23 October 2003, p. 10)

19 October 2003.

Presidents George W. Bush and Hu Jintao of China met Sunday [19 October] ... on the fringes of the annual Asia–Pacific Economic Cooperation summit meeting ... to discuss a new, if vague American plan to offer North Korea a five-nation commitment not to invade the country if it froze and then dismantled its nuclear weapons programme ... But Bush flatly ruled out the main North Korean demand for a non-aggression treaty with the United States that is approved by the US Senate and that could forbid the United States to ever try a preemptive, Iraq-like strike against the North’s burgeoning number of nuclear facilities. (*IHT*, 20 October 2003, p. 1)

‘President Bush ... agreed to drop his insistence on immediate North Korean nuclear disarmament and to offer “security assurances” for Pyongyang as part of an eventual deal’ (*FT*, 21 October 2003, p. 14).

‘Mr Bush said yesterday [19 October]: “I have said as plainly as I can that we have no intention of invading North Korea”’ (*Guardian*, 20 October 2003, p. 14).

20 October 2003.

North Korea test-fired an anti-ship missile off its east coast [into the Sea of Japan] ... At a meeting with ... President Roh Moo Hyun ... Mr Bush ‘explained how security assurances might be provided within the multilateral context, conditioned on North Korea’s progress in nuclear

disarmament', according to a joint US–South Korean statement. (*FT*, 21 October 2003, p. 14)

22 October 2003.

North Korea has rejected President George W. Bush's proposal to give the country multinational security assurances if it agrees to scrap its nuclear weapons programme ... [as] 'a laughing matter and not worth considering' ... [North Korea] reiterated that it would settle for nothing less than a formal non-aggression treaty that would legally bind the United States not to launch a preemptive strike ... Earlier this week Bush ... put forward a plan under which ... the United States, China, Japan, Russia and South Korea ... would give North Korea written assurances it would not be attacked if it promised to dismantle its nuclear programme ... Bush's overture was a subtle yet significant shift in Washington's approach. The United States had earlier insisted that North Korea created the nuclear crisis and must be first to end it. (www.iht.com, 22 October 2003)

25 October 2003. North Korea issues a statement:

We are ready to consider Bush's remarks on the written assurances of non-aggression if they are based on the intention to co-exist with the DPRK and aimed to play a positive role in realizing the proposal for a package solution on the principle of simultaneous actions. This stance is prompted by the expectation that the DPRK and the United States can build confidence and lay a foundation of co-existence in the course of solving issues one after another and on the principle of simultaneous actions.

The Japanese reported that North Korea may have test-fired a short-range missile off its coast ... in the Sea of Japan ... It was the third suspected launch in the past week. Test firings apparently took place on Monday and Tuesday [20 and 21 October]. (www.cnn.com, 26 October 2003)

28 October 2003.

A Japanese woman applied for political asylum in North Korea while on a trip to China ... [it was announced on 28 October] ... in what is believed to be the first case of its kind ... However, many Japanese have moved to North Korea under an organized repatriation programme in the past. Under that plan more than 90,000 people, mostly ethnic Koreans but including 1,800 Japanese women married to Koreans, went to the North between 1959 and 1984. (www.iht.com, 28 October 2003)

30 October 2003.

China and North Korea agreed in principle Thursday [30 October] that six-nation talks ... should be reconvened ... Wu Bangguo, the second-highest Chinese Communist Party leader and head of his country's

legislature . . . is on a three-day visit to North Korea . . . South Korea said that its navy had fired warning shots on Thursday after a North Korean patrol boat briefly crossed their disputed maritime border in the Yellow Sea. (www.iht.com, 30 October 2003)

North Korea agreed 'in principle' to new talks, according to [China] . . . After the Chinese announcement . . . [North Korea] issued a more qualified endorsement of future talks, expressing willingness to take part 'if they provide a process of putting into practice the proposal for a package solution based on the principle of simultaneous actions'. (*IHT*, 31 October 2003, p. 6)

4 November 2003.

The Bush administration has persuaded its Asian and European allies to suspend a multi-billion dollar programme to build two nuclear power stations in North Korea, in what appeared to be the last step in the dissolution of the 1994 accord that temporarily froze North Korea's nuclear weapons programme. After a meeting in New York on Tuesday [4 November] representatives from the international energy consortium set up under the agreement said that by 21 November Japan, South Korea, the United States and the EU would announce the fate of the project . . . But officials who attended the meeting said the announcement was a formality and that the decision to suspend the project had been reached. That will probably kill it because, according to officials in Washington, President George W. Bush has no intention of ever reviving a nuclear energy programme in North Korea, even if an agreement is reached on controlling its nuclear weapons programme. The United States has raised the possibility of helping with non-nuclear energy efforts as part of a North Korean accord to disarm. The State Department made clear that whatever the diplomatic wording about suspension, the project is dead . . . About 550 workers – about 100 North Koreans and several hundred workers from Uzbekistan and engineers from South Korea – have been busy preparing the ground for the first nuclear reactor . . . Construction workers kept digging and building at the huge nuclear site in Kumho, on the North Korean coast, because that project, worth \$4.6 billion, was largely financed by South Korea and Japan . . . The South Korean government had argued in favour of keeping the construction going – even at a slower pace – to keep the North talking about dismantling its nuclear programmes. Bush refused . . . A senior Asian official said that while the wording of the final announcement later this month would refer to the suspension of the agreement, the United States and its allies understood that if no substitute agreement is reached in six-nation negotiations with the North, 'there is no chance this programme will be revived'. If an agreement is struck the administration would very likely seek to replace the nuclear reactors with conventional power plants, Bush's aides say. It is unclear

whether that would be acceptable to the North Koreans. (*IHT*, 6 November 2003, pp. 1, 4)

'Hundreds of workers, most of them from South Korea, have completed about a third of the project, but no core parts for the reactors have yet been delivered' (*Telegraph*, 7 November 2003, p. 19).

5 November 2003.

South Korea is preparing to deploy along its border with South Korea enhanced missiles capable of reaching most parts of [North Korea] ... The latest missiles ... [which] have a range of 300 kilometres, or 185 miles ... would be deployed by the end of the year ... Under an agreement with the United States dating from the late 1970s South Korea was not allowed to develop missiles with a range exceeding 180 kilometres. But that was raised to 300 kilometres in 2001 ... The enhanced range of South Korea's new missiles enables them to reach Pyongyang, as well as Yongbyon, about 100 kilometres north of the capital, where most of the North's nuclear facilities are clustered ... The latest deployment plan is in line with a decision this year by the South Korean government to raise its military budget by 8 per cent to 18.9 trillion won, or \$16 billion ... The US military recently sent several of its latest Patriot anti-missile batteries to South Korea. (www.iht.com, 5 November 2003)

6 November 2003. 'Japanese security services were embarrassed yesterday [6 November] when a woman seeking asylum in North Korea was reported to have confessed to having spied for Japan' (*Telegraph*, 7 November 2003, p. 18).

8 November 2003.

The CIA has told Congress that it now believes that North Korea has mastered the technology of turning its nuclear fuel into functioning weapons without having to prove their effectiveness through nuclear tests. The CIA report goes beyond previous public CIA statements that North Korea built one or two weapons in the early 1990s – a figure many intelligence experts believe has risen in the past few months. Those statements carried the presumption that North Korea had developed the technology to detonate weapons, but in background briefings some American and Asian intelligence officials expressed doubts. They said that in the absence of a North Korean nuclear test there was no way to be certain of its abilities. Now those doubts appear to be gone. The CIA's notification to Congress, sent in mid-August, reports that while North Korea could conduct a nuclear test at any time, it is probably seeking to avoid 'precipitating an international backlash and further isolation'. For the first time the agency has publicly stated that the North's technology is advanced enough that a highly visible test ... is unnecessary ... One senior official said on Saturday [8 November] that the significance of the CIA's conclusion is that 'we may never know for sure how many weapons they manufactured and then hid away in some tunnel'. (*IHT*, 10 November 2003, p. 4)

12 November 2003.

Two intelligence reports issued in recent days find that North Korea and Iran have sophisticated and long-running programmes under way to master technologies necessary to build nuclear weapons, surprising Western intelligence officials. Overall the reports support the expert view that North Korea is far ahead of Iran in the production of actual weapons and poses the most urgent proliferation problems for the Bush administration . . . The essence of the CIA report about North Korea is that the country is speeding up its weapons production . . . Both Iran and North Korea have each dabbled in separating plutonium – one path to a bomb – and each have set up centrifuges to enrich uranium. The difference, as the CIA told Congress, is that North Korea has fully mastered the complexities of detonating a bomb, perhaps with the help of some of its nuclear suppliers, like Pakistan. (*IHT*, 13 November 2003, p. 3)

In 2002 the United States was surprised to discover how North Korea had turned to the . . . A.Q. Khan Research Laboratories [in Pakistan] . . . for an alternative way [uranium enrichment] to manufacture nuclear fuel, after the reactors and reprocessing facilities it had relied on for years were ‘frozen’ under a now shattered agreement with the Clinton administration . . . Around 1997 . . . Khan made inroads with the North Korean government of Kim Jong Il . . . Khan began travelling to North Korea, visiting thirteen times, American intelligence officials said. During those visits North Korea offered to exchange centrifuge technology for North Korean missile technology, enabling Pakistan to extend the reach of its nuclear weapons across India. Again, American intelligence agencies missed many of the signals. They knew of an experimental programme, but it took evidence from South Korea to demonstrate that North Korea was moving toward industrial-level production. Then in the summer of 2001 American spy satellites spotted missile parts being loaded into a Pakistani cargo plane near Pyongyang. The parts were assumed to be the quid pro quo for the nuclear technology. (*IHT*, 5 January 2004, pp. 1, 7)

The US Central Intelligence Agency has concluded that Pyongyang has used conventional explosives tests to validate its nuclear weapons designs without nuclear tests. The finding . . . means that the CIA believes that North Korea has one or two working nuclear weapons similar to the bomb dropped by the United States on Hiroshima during World War II. CIA analysts said they are not convinced that North Korea would use one of these bombs for a nuclear test as Pyongyang has threatened. (*FEER*, 20 November 2003, pp. 12–13)

16 November 2003. North Korea issues a statement:

North Korea is willing to realistically abandon nuclear weapons at the phase when the US hostile policy towards North Korea is removed and

threats against North Korea are eliminated ... [A solution depends on whether the United States is willing to undertake] simultaneous actions. (*Independent*, 17 November 2003, p. 12)

21 November 2003.

The United States and its allies yesterday [21 November] suspended for one year the construction of a nuclear power plant in North Korea. There was disagreement about whether the project ... would be revived ... The Korean Peninsula Development Organization [Kedo), the international consortium building the [\$5 billion] plant, announced the one-year suspension [starting on 1 December], but the United States and South Korea, the main financier of the project, appeared to have different views on the decision ... South Korean officials said construction of the two light-water reactors could be resumed after a year if the North agreed to scrap its nuclear weapons programme ... But Thomas Hubbard, US ambassador to Seoul, made clear that Washington did not expect the project to be revived. 'While the United States is only one member of the Kedo board [along with South Korea, Japan and the EU], the United States sees no future for light-water reactors in North Korea,' he said ... The first reactor was supposed to be delivered this year [2003], but only 30 per cent of the project has been completed and it would take another five years to finish. North Korea has cited the delay as its justification for resuming nuclear weapons development. (*FT*, 21 November 2003, p. 10)

External pressure is causing North Korea to miss out on a series of billion dollar infrastructure projects. On 14 November [2003] a multinational consortium led by BP announced in Moscow that it would route a 4,884 kilometre, or 3,035 mile, natural gas pipeline around North Korea ... by laying the \$17 billion pipeline on the floor of the Yellow Sea ... South Korea, one destination for the Siberian gas, wanted the pipeline to go through North Korea, feeding thermal power plants along the way. This month [November] ... Kedo announced the suspension of a \$4.6 billion project to build two nuclear power plants in North Korea. (*IHT*, 24 November 2003, p. 12)

This autumn a South Korean travel agency started flying the first regular tours to [Pyongyang] ... Last year [2002] about 100,000 foreigners visited North Korea, while about 5 million visited South Korea. China accounts for the largest share of visitors to the North. Some are attracted by casinos, which are illegal in China. (*IHT*, 24 November 2003, p. 12)

9 December 2003. North Korea issues a statement:

In return for the freezing of our nuclear activities the United States must remove our country's name from the list of terrorism-sponsoring; lift its political, economic, military sanctions and blockade; and give us heavy oil, electricity and other energy assistance from the United States and

neighbouring countries. If this takes place a foundation to continue six-nation talks will be created. (www.iht.com, 9 December 2003)

9 December 2003. 'President George W. Bush ... said that Pyongyang's latest offer of a nuclear weapons freeze did not go far enough' (www.iht.com, 9 December 2003).

10 December 2003. President Bush: 'The goal of the United States is not for a freeze of the nuclear programme. The goal is to dismantle a nuclear weapons programme in a verifiable and irreversible way' (www.iht.com, 10 December 2003).

11 December 2003.

South Korea is investigating but has yet to confirm reports of fresh activity this month at North Korea's main nuclear centre at Yongbyon ... [which] contains a nuclear reactor and a plutonium reprocessing plant ... [A south Korea newspaper] quoted US and South Korean officials as saying an American intelligence satellite had detected fumes rising from a coal-fired boiler at the nuclear lab at Yongbyon. The fumes were traced on four days this month. (www.iht.com, 11 December 2003)

12 December 2003.

A court sentenced a former aide of Kim Dae Jung ... to twelve years in prison Friday [12 December] for bribing North Korea for an inter-Korean summit meeting and accepting slush funds from Hyundai Group ... [The court] said Park Jie Won, former head of Kim's presidential staff, had received \$12.6 million from Hyundai and was implicated in the illegal transfer of \$500 million by Hyundai to North Korea ... Park was accused of playing a key role in remitting the \$500 million to North Korea in violation of the South's strict currency regulations ... Six others, including Lim Dong Won, a former intelligence chief under Kim's government, were convicted in charges related to the summit earlier this year. Park is also accused of receiving \$12.5 million in bribes from Chung Mong Hun, a top executive of South Korea's major Hyundai Group ... The district court said it could find no mitigating factors because the accused had denied any wrongdoing despite having used his influence to help arrange bank loans for Hyundai. However, it said Park's involvement in the illegal money transfer to the North had been less a crime because he had acted in the belief that he was working to further peace on the Korean Peninsula. (www.iht.com, 12 December 2003)

('A handful of government and Hyundai officials subsequently received suspended prison sentences': *FT*, 29 December 2003, p. 7.)

A European Union delegation that just ended three days of meetings with high-level North Korean officials said on Friday [12 December] that it had delivered a straightforward message to Pyongyang: that crucial economic co-operation measures would come only after North Korea placed its nuclear weapons programme in compliance with international

norms ... Humanitarian aid would continue. (www.iht.com, 12 December 2003)

15 December 2003.

North Korea on Monday [15 December] rejected the latest American offer ... saying that the proposal failed to allay fears of what the North sees as the threat of a US attack. Pyongyang said delays in a second round of talks would push the country to an 'endless strengthening of nuclear deterrent capabilities' ... The Bush administration agreed with South Korea and Japan earlier this month to a statement of principles to end North Korea's nuclear programme ... The US proposals call for a series of steps in which the United States, China, Japan, Russia and South Korea would offer a security guarantee and economic aid as the communist country dismantled its nuclear facilities. But North Korea and the United States disagree over who would take the first step ... [The North Korean statement said]: 'Our unwavering position is that a resolution of the nuclear problem rests in the realization of a package settlement based on simultaneous action. If the United States fully accepts the DPRK-proposed simultaneous package, though belatedly, the DPRK is ready to respond to it with the elimination of all its nuclear weapons' ... North Korea insisted that it would sit down to more talks only if the United States and its allies agreed to offer energy and other concessions. (www.iht.com, 15 December 2003)

18 December 2003.

North Korea said Thursday [28 December] that it would never give up its nuclear weapons programme unless Washington provided economic aid and security assurances ... [North Korea] reiterated the demand that Washington agree to a 'simultaneous package solution' to the nuclear dispute ... [The statement said:] 'The DPRK's stand to beef up its nuclear deterrent force will remain unchanged no matter what others may say, as long as the United States keeps pursuing a policy to threaten and stifle the DPRK, while turning down its proposal for a simultaneous package solution to the nuclear issue' ... The United States, South Korea, Japan, China and Russia are trying to convene a new round of six-nation talks with North Korea, possibly early next year [2004] ... Deep divisions have reportedly emerged between Pyongyang and Washington on a draft statement to be adopted at the talks. (www.iht.com, 28 December 2003)

2 January 2004.

North Korea has agreed to let an American delegation visit its Yongbyon nuclear plant ... The trip would represent the first time that a foreign delegation was authorized to visit the plant since North Korea expelled United Nations nuclear inspectors in late 2002 ... A White House spokeswoman ... said the administration had nothing to do with any outside group's plans to visit North Korea: 'It should be clearly

understood that groups or individuals acting outside the six-party talks would not be acting on behalf of, or with the approval of, the [Bush] administration' ... The American delegation would include Sig [Sigfried] Hecker, who served from 1986 to 1997 as director of the Los Alamos Laboratory. It would also include two Senate foreign policy aides, a former State Department official who has participated in talks with North Korea and an expert on China from Stanford University ... In October the White House blocked a trip to Yongbyon by a US congressional delegation ... At the time North Korea said it had intended to allow the American delegation to visit Yongbyon to watch the reprocessing cycle. For weeks North Korea has said it was bolstering its nuclear programme and that it was willing to demonstrate its nuclear capabilities in a physical manner. (*IHT*, 3 January 2004, pp. 1, 3)

[It was reported that] the administration of President George W. Bush had agreed to a 6–10 January visit to Yongbyon ... In October the White House blocked a trip to Yongbyon by a US congressional delegation ... At the time North Korea said it had intended to allow the US delegation to visit Yongbyon 'so that it might watch on the spot the completed reprocessing and the switchover made in the use of plutonium obtained in its course'. It accused the White House of blocking the visit because it was 'nervous' about the ramifications' confirming 'the state of our nuclear activity' ... Fearing a possible attack by US forces, North Korea insists that Washington offer security guarantees and economic aid before any dismantling of its weapons programme begins. Washington, on the other hand, wants Pyongyang to take the first step in a verifiable and irreversible process of abandoning its nuclear weapons programme. (www.iht.com, 2 January 2003)

'The delegation includes Professor John Lewis of Stanford University and Jack Pritchard, a member of the Brookings Institution, a Washington-based think-tank' (*The Times*, 3 January 2004, p. 20).

6 January 2004.

North Korea, in what it described as a 'bold concession', offered Tuesday [6 January 2004] to refrain from testing and producing nuclear weapons and to halt the operation of its nuclear power facilities in exchange for progress in six-nation talks ... But the concessions did not appear to be new and did not offer a breakthrough to the fourteen-month standoff, experts said ... North Korea pressed the United States to 'delist the DPRK as a sponsor of terrorism' and to 'lift political, economic and military sanctions and blockades on it' ... Pyongyang also called for the 'United States and neighbouring countries of the DPRK to supply heavy oil, power and other energy resources' ... Fearing a possible US military attack, North Korea has said it will not take the first step by dismantling its nuclear weapons programme until Washington offers security guarantees and economic assistance. The United States has demanded that

Pyongyang must take the first step by abandoning its nuclear weapons programme in a verifiable and irreversible process . . . Also on Tuesday [6 January] an unofficial US delegation composed of experts and congressional aides flew to North Korea to begin a five-day tour. They are seeking to visit the Yongbyon nuclear site. The trip would represent the first time a foreign delegation has been authorized to visit the plant since Pyongyang expelled UN nuclear inspectors in late 2002. (www.iht.com, 6 January 2004; *IHT*, 7 January 2004, p. 3)

‘The delegation includes Charles Pritchard, a former State Department envoy for North Korea’ (*IHT*, 7 January 2004, p. 3).

North Korea called its proposal . . . ‘one more bold concession’ . . . North Korea specified that it was willing to ‘refrain from test and production of nuclear weapons and stop even operating the nuclear power industry for a peaceful purpose as first-phase measures of the package solution’. In exchange North Korea demanded that the United States lift political, economic and other sanctions’ (*FT*, 7 January 2004, p. 8)

9 January 2004. ‘North Korea has floated the idea of allowing the children of five Japanese citizens kidnapped by Pyongyang decades ago to join their parents in Japan . . . [Japan] said no agreement had been reached’ (*FT*, 10 January 2004, p. 7).

10–11 January 2004.

Two members of a US delegation arrived in South Korea on Sunday [11 January] after an inspection [along with other members of the delegation] of North Korea’s nuclear installation . . . Both [US] Senate foreign relations committee aides . . . declined to comment of the inspection . . . North Korea declared Saturday [10 January] that it had shown what it called a ‘nuclear deterrent’ to the unofficial delegation, but officials familiar with their visit . . . said they had seen the facilities to produce bomb fuel rather than an actual weapon. The members of the delegation declined to give a description of the facilities they inspected until they had a chance to brief the Bush administration . . . The CIA concluded long ago that North Korea obtained enough plutonium to build one or two nuclear weapons in the late 1980s or early 1990s, and it told Congress last summer [2003] that the North had the designs to build a reliable weapon even without conducting a test. But one of the mysteries has been how much bomb fuel the North produced in 2003, once inspectors were ejected and its plutonium reprocessing facilities were started up. The consensus of US intelligence is that the reprocessing is incomplete, but that the North probably made enough fuel last year [2003] for two or three more weapons. (*IHT*, 12 January 2004, p. 4)

[The delegation made a] five-day visit . . . [North Korea issued a statement]: ‘As everybody knows the United States compelled [North Korea] to build a nuclear deterrent. We showed this to Lewis [John W. Lewis of

Stanford University] and his party this time ... [The visit was to] ensure transparency as speculative reports and ambiguous information about nuclear activities are throwing hurdles in the way of settling the pending nuclear issue' ... Members of the US delegation ... said they were allowed to see everything they had asked for. (*FT*, 12 January 2004, p. 10)

'A five-strong US delegation has witnessed at first hand the scale of North Korea's nuclear complex' (*Guardian*, 12 January 2004, p. 12).

'*The Washington Post* reported yesterday [11 January] that the group had been shown recently reprocessed plutonium' (*Independent*, 12 January 2004, p. 13).

'Private American contacts with North Korean officials are flourishing ... The most high-profile private interaction to date: a recent trip to North Korea by five Americans' (*FEER*, 22 January 2004, p. 18).

15 January 2004.

North Korea revealed part of its nuclear weapons programme to a visiting US delegation last week and threatened to increase the size and strength of its deterrent if negotiations did not make progress, Charles Pritchard, a former US envoy, said yesterday [15 January] ... [He] said that North Korea had invited the delegation because the communist state wanted the United States to believe it had a nuclear deterrent capacity derived from plutonium ... Kim Gye Gwan, North Korea's deputy foreign minister ... [said] 'Time is not on the US side. The lapse of time will result in the qualitative and quantitative increase in our nuclear deterrent' ... US officials said they were less troubled by what they regarded as North Korea's efforts to bolster its negotiating position than Mr Kim's denial that Pyongyang was pursuing a highly enriched uranium (HEU) programme, an alternative route towards the production of a nuclear bomb. This denial, US officials said, would greatly complicate efforts to reach an agreement on verifiably dismantling North Korea's nuclear programme. Mr Pritchard was the envoy in talks with Pyongyang in October 2002 when, according to the US account, North Korea admitted that it possessed a secret HEU programme. North Korea has since denied it made such an admission, but Mr Pritchard said he stood by the US account and continued to believe US intelligence on the programme's existence. Describing last week's visit, he confirmed reports that the delegation toured the Yongbyon facility ... and that they were shown empty ponds and canisters that had stored 8,000 fuel rods. (*FT*, 16 January 2004, p. 7)

'North Korea's deputy foreign minister Kim Gye Gwan ... now says that North Korea has "no programme, no equipment and no scientists trained" in uranium enrichment' (*The Economist*, 23 January 2004, p. 53).

19 January 2004.

Facing a choice of Japanese sanctions or Japanese aid, North Korea is quietly taking steps to unblock its longstanding political logjam with the government in Tokyo. After fifteen months of unremitting hostility,

North Korea last week sent a series of signals that suggests a desire for warmer relations with Japan. First, six adult children of Japanese hijackers from the Red Army faction, an extinct leftist terror group, unexpectedly arrived here [Beijing] on Tuesday from Pyongyang ... Then North Korea floated a 20 March deadline for sending to Japan the children of five Japanese who had been kidnapped by North Koreans years ago. The parents came here from North Korea in October 2002. On Saturday [17 January] four Japanese diplomats completed a visit to Pyongyang ... By clarifying the fates of as many as 100 kidnapped Japanese, North Korea could win Japan's full participation in a second round of six-country talks, tentatively set for March, that are intended to defuse North Korea's threat. Normalization of relations could also mean the beginning of the payments, to total \$10 billion, that Japan agreed to make in reparations for its colonial occupation of northern Korea in the first half of the twentieth century ... On Friday leaders of Japan's governing coalition and the main opposition party agreed that soon after parliament reconvenes on Monday they would submit legislation to empower Japan's government to restrict trade and financial remittances to North Korea. (www.iht.com, 19 January 2004)

21 January 2004. Siegfried Hecker (the former head of the Los Alamos National Laboratory in testimony to the Senate foreign relations committee): 'At Yongbyon they demonstrated that they most likely had the ability to make plutonium metal. However, I saw nothing and spoke to no one who could convince me that they could weaponize such a device into a delivery vehicle' (*FT*, 22 January 2004, p. 6).

The US intelligence community believes that if the plutonium from the rods were reprocessed North Korea would have enough fissile material to create as many as six nuclear weapons, an assessment that was backed up yesterday [21 January] by the International Institute of Security Studies ... Gary Samore, author of the IISS assessment, said the study found that even if Pyongyang has been able to reprocess the plutonium and build a weapon, it was likely to be only a simple, large bomb that would be almost impossible to deliver. Mr Hecker confirmed that the fuel rods had been removed from Yongbyon, but the delegation ... were unable to substantiate that the fuel had been reprocessed ... Mr Hecker said the delegation spoke to Kim Gye Gwan, vice-minister of foreign affairs, who denied that North Korea had started a separate programme to develop highly enriched uranium. (*FT*, 22 January 2004, p. 6)

(Siegfried Hecker ... saw evidence that North Korean scientists knew how to reprocess plutonium, but he did not see evidence that they knew how to implode a plutonium-based nuclear weapon': Selig Harrison, *FT*, 4 May 2004, p. 9).

22 January 2004. Jack Pritchard (who resigned as special envoy for negotiations with North Korea in August 2003):

'Time is not on the American side', Kim Gye Gwan, deputy foreign minister off North Korea, told me a few weeks ago. 'As time passes our nuclear deterrent continues to grow in quantity and quality.' Those words are an indictment of US intelligence as well as a potential epitaph on the Bush administration's failed policy in North Korea. On 8 January North Korean officials gave an unofficial American delegation, of which I was a member, access to the building in Yongbyon where 8,000 spent fuel rods had once been safeguarded. We discovered that all 8,000 rods had been removed. Whether they have been reprocessed for weapons-grade plutonium, as Pyongyang claims, is almost irrelevant. American intelligence believed that most if not all the rods remained in storage, giving policy-makers a false sense that time was on their side as they rebuffed North Korean requests for serious dialogue and worked laboriously to devise a multilateral approach to solving the rapidly escalating crisis ... In December 2002 North Korea was suspected of having one or two nuclear weapons, acquired before agreeing in 1994 to freeze its known nuclear programme and to allow it to be monitored. More than a year later North Korea may have quadrupled its arsenal of nuclear weapons. During the intervening period the Bush administration has relied on intelligence that dismissed North Korean claims that it restarted its nuclear programme at Yongbyon with the express purpose of reprocessing previously sealed and monitored spent fuel to extract plutonium to make a 'nuclear deterrent'. Now there are about 8,000 spent fuel rods missing – evidence that work on such a deterrent may have begun ... American policy in North Korea is hardly better than American intelligence. At best it can be described only as amateurish. At worst it is a failed attempt to lure American allies down a path that is not designed to resolve the crisis diplomatically but to lead to the failure and ultimate isolation of North Korea in the hope that its government will collapse. (*IHT*, 23 January 2004, p. 6)

29 January 2004.

Japan's lower house passed a bill on Thursday [29 January] to make it easier to impose economic sanctions on North Korea ... The bill does not mention North Korea, but lawmakers say it is aimed at it ... The bill will go to the upper house for consideration ... The legislation would enable Japan to take measures including banning imports of North Korean goods and freezing remittances from North Koreans living in Japan ... Under current law Japan is able to impose sanctions on other countries only in response to a UN resolution or other international agreement. (www.iht.com, 29 January 2004)

30 January 2004.

Work at the site ... where two light-water nuclear reactors were to be built ... was halted on 1 December ... On Friday [30 January] the State Department said the civilian nuclear power programme had 'no future'.

In retaliation North Korea is holding hostage the construction equipment at the site belonging to contractors from South Korea, which has invested almost \$1 billion into the project. (www.iht.com, 3 February 2004)

1 February 2004.

The founder of Pakistan's nuclear weapons programme, Abdul Qadeer Khan, has signed a detailed confession admitting that over the past fifteen years he provided Iran, North Korea and Libya the designs and technology to produce the fuel for nuclear weapons ... He transferred nuclear technology to North Korea and Libya from 1991 to 1997 ... Khan also transferred additional technology to North Korea until 2000 ... North Korea has denied, as recently as last month [January] that it has a secret uranium enrichment project under way ... He chartered flights to North Korea that may have included the shipments on government planes. American intelligence officials believe that Khan visited North Korea more than a dozen times. (www.iht.com, 2 February 2004)

(See, in addition, *IHT*, 3 February 2004, p. 5.)

Pakistan's denials of links with North Korea were undermined in July 2002. US analysts said US intelligence found that a cargo aircraft provided by Washington to help Pakistani operations against al-Qaeda had flown to North Korea to pick up missile parts. Intelligence officials suspected the two countries were trading nuclear technology and missiles.' (*FT*, 3 February 2004, p. 9)

3 February 2004.

North Korea announced Tuesday [3 February] that it had agreed to resume talks over its nuclear weapons programme ... The talks are scheduled to start in Beijing on 25 February ... Even as North Korea offered to suspend its programme, Nigeria said it had reached an agreement to buy missile technology from Pyongyang. At the same time ... North Korea said it was ready to release the children of five Japanese kidnapped years ago if the parents came to get them in North Korea ... Last week Japan's lower house of parliament passed legislation that would allow Tokyo to impose economic sanctions on North Korea by restricting the flow of money and goods that are vital to the North. The legislation is expected to become law this week after it passes through the upper house. North Korea denounced the move. (www.iht.com, 3 February 2004)

4 February 2004.

Abdul Qadeer Khan ... appeared on national television [and] admitted that he had shared Pakistan's nuclear technology with other countries ... He said he had acted entirely on his own ... His supporters said ... the statement ... was coerced ... On Sunday [1 February] a senior Pakistani official said a government investigation had found that the scientist had

shared Pakistan's nuclear technology with Iran, Libya and North Korea for more than a decade ... Analysts have said that it would have been impossible for Khan to have passed on such information without the tacit approval of the country's powerful military. (*IHT*, 5 February 2004, p. 1)

The father of Pakistan's nuclear bomb, Abdul Qadeer Kahn, has signed an eleven-page confession saying that during the past fifteen years he had provided Iran, North Korea and Libya with designs and technology to develop nuclear weapons, a Pakistan army general reported ... The government has long denied that it or its scientists were responsible for nuclear proliferation outside Pakistan ... [The] decision to disclose Khan's confession has been seen by observers as an attempt to deflect accusations that the army itself is a serial nuclear proliferator ... [Pakistan has an] arsenal of thirty to forty nuclear bombs ... In the confession Kahn absolved the army of any wrongdoing. That is unlikely to convince international inspectors or the Pakistan public, who have long believed that the army has always controlled Pakistan's nuclear programme. After the confession *The Washington Post* reported that, according to a senior Pakistani investigator and friend of the scientist, Kahn told investigators that he helped North Korea design and equip its nuclear programme with the full knowledge of senior military commanders, including ... Pakistan's president Pervez Musharraf ... who is also army chief of staff ... Officials said Khan first began to transfer designs, drawings and components for gas centrifuges to Iran from 1989 to 1991. He then transferred similar technology to North Korea and Libya between 1991 and 1997. Officials say these transfers ended when the Nuclear National Command Authority was established in 2000 under Musharraf to take control of Pakistan's nuclear programme and assure the United States that no proliferation was taking place. However, the United States has said nuclear technology transfers from Pakistan took place as late as August last year [2003], when a ship carrying centrifuge parts of Pakistani design was seized by the US navy in the Mediterranean, headed for Libya. In addition, in 2002 US satellites photographed Pakistani army transport aircraft taking off from North Korea. US officials said last year that Pakistan had constructed an elaborate barter deal in which Pakistan delivered centrifuges to North Korea in exchange for missiles. The US officials have said that Kahn has travelled to North Korea a dozen times ... Kahn could reveal details of Pakistan's military links with China, which has been a major supplier of weapons and nuclear technology to Pakistan for nearly forty years. (*FEER*, 12 February 2004, pp. 14–16)

(Abdul Qadeer Kahn received a presidential pardon. North Korea denies receiving help from Pakistan.)

(‘North Korea had developed a nuclear bomb by the end of the 1980s and probably has many such weapons ... according to defectors from the country’: *Independent*, 11 February 2004, p. 34.)

(‘The revelations about the international nuclear trading of the Pakistani

scientist Abdul Qadeer Khan have rekindled a debate inside the American intelligence community over an unresolved but key strategic question from the past decade: did Pakistan conduct a secret nuclear weapons test in partnership with North Korea ... on 30 May 1998 ... Among the possible explanations hotly debated after the tests was that North Korea – perhaps in return for the help from Khan – may have given Pakistan some of its precious supply of plutonium to conduct a joint test of an atomic weapons ... North Korea has never tested a weapon on its own territory ... A retired senior Pakistani military officer said in the past week that North Korean technicians worked at Khan's laboratory in 1998. But he said the collaboration was on missiles, and that he had never suspected Khan of nuclear proliferation': *IHT*, 28 February 2004, p. 3.)

13 February 2004.

South Korea's plan to send 3,000 soldiers to Iraq was approved by parliament on Friday [13 February] ... Public opinion in South Korea has been divided on the deployment, prompting the government to limit the number of troops it would send. Seoul has already sent more than 400 medical and engineering specialists to support US military operations in Iraq ... It would be the largest overseas deployment of South Korean troops since the Vietnam war. South Korean soldiers will form the third largest military presence among the coalition forces in Iraq, following the United States and Britain ... The [3,000] troops, composed of combat-ready special forces and marines, will be sent to the northern town of Kirkuk to handle security. (www.iht.com, 15 February 2004)

23 February 2004.

South Korea inaugurated its controversial dispatch of troops to Iraq on Monday [23 February], handing orders to a new unit that will make the country the biggest partner behind the United States and Britain ... On a frozen drilling ground outside Seoul 840 soldiers paraded in formation ... About 3,600 troops, including special forces, marines, military engineers and medics will eventually be sent to Kirkuk by May, with the first 200 leaving as early as this month. South Korean forces will be responsible for security and reconstruction around Kirkuk. The mission is unpopular with the South Korean public, but backed by all major political parties ... Seoul already has 465 military medics and engineers in the southern Iraqi city of Nasiriya. They will come home. North Korea blasted the troop dispatch, saying the 'occupation of Iraq' discredited Seoul's claim that it seeks a peaceful end to the nuclear standoff. Six-nation talks on easing nuclear tensions are to open Wednesday [25 February]. (www.iht.com, 23 February 2004)

25 February 2004. The second round of six-nation talks begins in Beijing.

An Asian diplomat disclosed, for example, that China agreed earlier this month to build a bottle manufacturing plant in North Korea in honour of

President Kim Jong Il's birthday as a way to get the nation to come to a new round of talks. (www.iht.com, 25 February 2004)

'North Korea and the United States met separately Wednesday [25 February] on the sidelines of six-party talks over Pyongyang's nuclear weapons' (www.iht.com, 25 February 2004).

'The meetings closed on their first day with an agreement that North and South Korea, China, the United States, Japan and Russia would continue after the current round is done' (*IHT*, 26 February 2004, p. 2).

'The North has reopened talks with the International Atomic Agency' (*Telegraph*, 26 February 2004, p. 16).

'Talks to end North Korea's nuclear weapons programme were extended for an extra day Friday [27 February] ... Most parties said they held out hope that the talks could continue at a future date' (www.iht.com, 27 February 2004).

28 February 2004. The talks come to an end.

[There was an agreement] to hold a third round of talks before July and establish a permanent working group to seek a peaceful settlement to the crisis ... A joint statement failed to materialize because of North Korean opposition to the wording. (*FT*, 1 March 2004, p. 7)

The United States and North Korea ended four days of inconclusive discussions, saying they were committed to deepening negotiations over the North's nuclear weapons programme. South Korea announced Sunday [29 February] that it aimed to open follow-up talks within a month ... [The United States and North Korea pledged on 28 February] to meet in smaller groups soon and to hold another formal session before the end of June. (*IHT*, 1 March 2004, p. 4)

'The talks ... ended with barely more than an agreement to hold further talks' (*FEER*, 11 March 2004, p. 18). '[North Korea was unwilling] to go along with the closing statement by the host nation ... China ... [There was] agreement to convene a working group' (p. 6).

The six countries ... struggled to agree a joint statement after America and Japan rejected a draft proposed by China, because it failed to talk of a 'complete and irreversible' end to North Korea's nuclear programmes ... The participants said they would hold another round of talks before the end of June, and that they would set up working groups which could meet outside of official talks and might allow for more detailed private discussion. (www.economist.com, 4 March 2004)

2 March 2004.

The United States said for the first time yesterday [2 March] that it believed it was 'highly likely' North Korea trafficked in illegal drugs as a matter of state policy ... The [US] State Department cited as evidence ... Australia's seizure last April [2003] of a ship owned by a North

Korean company that allegedly carried up to 125 kg of heroin to Australia. It also cited a defector as saying poppy cultivation and drugs production were carried out in North Korea by order of the authorities. North Korea has denied involvement in the drug trade. (*FT*, 3 March 2004, p. 11)

3 March 2004.

[The US] chief negotiator with North Korea ... James Kelly, the assistant secretary of state for Asia, has told a Senate panel that it is 'quite possible' that the country has turned all 8,000 of its spent nuclear fuel rods into plutonium to fuel nuclear weapons ... [leaving] open the possibility that ... the [North Korean] government has made good on its threats to produce several new atomic bombs ... But after the testimony Kelly ... said that formal intelligence assessments of North Korea's arsenal had not changed, and 'the operative phrase I used is "we don't know for sure"' ... Until Tuesday [2 March] the administration's public position has been that it believes North Korea, at worst, has turned only a portion of the spent fuel rods into nuclear fuel ... The country is believed to have produced one or two weapons in the early 1990s ... If it has now produced five or six more, as some intelligence officials estimate, that could create a far more difficult disarmament challenge ... Asian officials say they suspect the North Koreans may be delaying in hopes that Bush is not reelected [in the November presidential election], or to complete more nuclear work during the election, a period in which they believe Bush will not risk any kind of military confrontation. In his testimony Kelly said that the North Koreans continued to deny the existence of a second nuclear weapons programme, one involving enriched uranium and based on technology obtained from Abdul Qadeer Khan, the Pakistani scientist. But he said that those denials were less vociferous than in the past, perhaps because the North Koreans knew that Khan had delivered a detailed confession of his activities. (www.iht.com, 3 March 2004; *IHT*, 4 March 2004, p. 2)

5 March 2004.

A group of Russian engineers aided Saddam Hussein's long-range ballistic missile programme, providing technical assistance for prohibited Iraqi weapons projects even in the years just before the war that ousted Saddam from power, American government officials say. Iraqis who were involved in the missile work told American investigators that the technicians had not been working for the Russian government but for a private company. But any such work on Iraq's banned missiles would have violated UN sanctions, even as the UN Security Council sought to enforce them ... Because some of the Russian experts were said to have formerly worked for one of Russia's aerospace design centers, which remains closely associated with the state, their work for Iraq has raised

questions in Washington about whether Russian government officials knew of the experts' involvement in forbidden missile programmes ... The Iraq Survey Group, the US team that has hunted for evidence of weapons of mass destruction, also found indications that Baghdad had received assistance from sources in Belarus, Serbia and Ukraine, according to American officials ... After the war the Iraq Survey group found evidence that, in violation of the sanctions, Iraq had agreed to pay North Korea \$10 million for technical support to upgrade its ballistic missile programme. But American officials believe that North Korea never delivered anything to the Iraqis, though it apparently kept Iraq's \$10 million. (www.iht.com, 5 April 2004)

In an interim report on the progress of the Iraq Survey Group released in October [2003] ... [it was reported] that the group had found 'a large volume of material and testimony by co-operating Iraq officials on Iraq's efforts to illicitly procure parts and foreign assistance for its missile programme'. It listed several examples of assistance from foreign countries, but apart from North Korea no other countries were identified. (*IHT*, 6 March 2004, p. 4)

8 March 2004.

North Korea had demanded the withdrawal of US troops from South Korea as a condition of dismantling its nuclear weapons programme ... Demanding the withdrawal of US troops from South Korea is nothing new for Pyongyang, but yesterday [8 March] was the first time it had linked the issue directly to a resolution of the nuclear issue ... [North Korea] also explained why it must be allowed to keep some nuclear facilities for peaceful purposes, even if its nuclear arms programme were scrapped. (*FT*, 9 March 2004, p. 12)

12 March 2004.

The South Korean parliament ... dominated by the opposition ... voted overwhelmingly Friday [12 March] to impeach President Roh Moo Hyun, accusing him of illegal campaigning and suspending his powers ... It was the first time in South Korea's history that a leader had been impeached ... Prime minister Goh Kun assumed leadership of the country and will keep the post until the constitutional court decides whether to uphold the vote ... In a televised news conference last month [Roh said] that he wanted to do everything within legal limits to encourage voters to back the Uri Party. The National Election Commission, which monitors campaign activities, decided not to punish Roh, saying his comments were in response to a reporter's question and could not be interpreted as campaigning, which is allowed only in the seventeen days before the 15 April elections. But the commission warned that Roh could unfairly sway voter sentiment ahead of the elections. Roh expanded the ranks of his political opponents last year [2003] when he left the Millen-

nium Democratic Party, which had backed his bid for the presidency. (www.iht.com, 12 March 2004; *IHT*, 13 March 2004, p. 2)

The thirteen-page impeachment motion backed by the Grand National Party and the Millennium Democratic Party cites Roh for three offences: illegal campaigning by stating his support for the minority Uri Party at a 24 February press conference; accepting illegal funding in the 2002 presidential election campaign; and breaching Article 69 of the constitution, which obliges the president to discharge his duties in a sincere manner. This last clause is about administrative competency; Roh is accused of failing to revive the economy ... The main trigger for Roh's impeachment was his answer to a question from a reporter at a 24 February press conference in which he said he would 'do everything within the law to help the Uri Party win the elections'. According to election laws, government officials are supposed to remain neutral in election campaigns. The National Election Commission agreed it was at most a misdemeanour, declaring in a statement two weeks later that 'it is hard to make a conclusion that his answer to the local reporter's question during the press conference violated the election campaign law'. (*FEER*, 25 March 2004, p. 13)

13–14 March 2004.

[In Seoul] about 50,000 people turned out Saturday night [13 March] to protest the impeachment ... [by means of a] candlelight protest ... Demonstrations by thousands continued on Sunday [14 March] ... In three polls conducted Friday [12 March] about three-quarters of respondents opposed the impeachment. (*IHT*, 15 March 2004, p. 9)

19 March 2004.

South Korea announced on Friday [19 March] that it would delay the deployment of more than 3,000 troops to Iraq, saying it would look for a safer location than the northern town of Kirkuk ... South Korea had originally planned to begin sending troops to Iraq next month [April]. (www.iht.com, 19 March 2004)

Last month [March], a few days after the US navy announced that it would deploy a destroyer in September in the Sea of Japan as a first step in forming a system capable of intercepting missiles, Japan's parliament approved spending \$1 billion this year [2004] to start work on a shield that would be in place by 2007 ... North Korea said that the navy's deployment of the destroyer was preparation for war and part of its 'attempts to dominate the Asia-Pacific region'. (www.iht.com, 5 April 2004)

6 April 2004.

Japan's ruling parties submitted a bill to parliament on Tuesday [6 April] that would allow Tokyo to ban North Korean ships from Japanese ports, a move intended to put pressure on Pyongyang to resolve a feud over

abducted Japanese. The bill's target is a controversial North Korean ferry [the *Mangyongbong-92*], the only passenger link between the two countries and a vital source of hard currency for North Korea . . . Several thousand North Korean residents of Japan travel on the ferry each year to visit their families in the communist state, and many are believed to take cash with them. The ship last visited Japan in January. In the past it has been suspected of being used to smuggle drugs and missile parts . . . The bill would allow the government to ban 'designated ships' from entering Japanese ports if it were necessary to maintain the 'peace and security' of Japan . . . The submission of the bill follows the passage of a law in February enabling Japan to slap economic sanctions on North Korea . . . About 4 billion yen, or \$38 million, was remitted to North Korea from Japan legally through banks in 2002, but Japanese government sources say the real amount is probably closer to 20 billion yen. (www.iht.com, 6 April 2004)

13 April 2004.

Abdul Qadeer Khan, the Pakistani scientist who sold nuclear technology around the world, has told his interrogators that during a trip to North Korea five years ago he was taken to a secret underground nuclear plant and shown what he described as three nuclear devices . . . If Khan's report is true, this would mark the first time that any foreigner has reported seeing North Korean nuclear devices. Past CIA assessments of North Korea's nuclear capacity have been based on knowledge of its plutonium production and assessments that North Korea had the technical ability to turn plutonium into weapons. Khan said he was allowed to inspect the weapons briefly, according to the account that Pakistan has begun to provide in classified briefings to nations within reach of North Korea's missiles. US intelligence official caution that they cannot say whether Khan had the time, expertise or equipment to verify the claims. But they note that the number of plutonium weapons roughly accords with previous CIA estimates that North Korea had one or two weapons and the ability to produce more . . . Khan also told Pakistani officials that he began dealing with North Korea on the sale of equipment for a second way of producing nuclear weapons – through the enrichment of uranium, as opposed to plutonium – as early as the late 1980s. But he said he did not begin major shipments to the North until the late 1990s, after the country's plutonium programme was 'frozen' under an agreement with the United States. North Korea has since renounced that agreement. According to officials who have reviewed the intelligence reports from Pakistan, Khan admitted that he shipped to North Korea both the designs for the centrifuges used to enrich uranium and a small number of complete centrifuges. He also provided a 'shopping list' of equipment that North Korea needed to produce thousands of the machines . . . Pakistani officials are not permitting US intelligence agencies to interrogate Khan directly . . . Khan described being taken to a

secret facility that appears to have been different from the main North Korean nuclear facility at Yongbyon ... Khan was ... shown what was described to him as three plutonium 'devices'. He told his interrogators that these appeared to be full weapons, not just a jar full of warm material that the North Koreans handed to a visiting US weapons expert earlier this year, telling him it proved their 'nuclear deterrent force'. Because Khan is a metallurgist, not a nuclear scientist, it is unclear whether he would have the expertise to know the difference between an actual weapon or a mock-up. But he may have been familiar with the basic design of such a weapon: he was present at the test site in 1998 when Pakistan tested four weapons, including one that US intelligence believe was a plutonium bomb ... North Korea has said it has moved 8,000 nuclear spent-fuel rods out of a storage pond at the Yongbyon nuclear site, and claimed that it has reprocessed all of them into bomb-grade plutonium. Many American, Japanese and South Korean experts express doubt that they could have reprocessed all these rods into weapons. That many rods would produce six or more weapons. Moreover, since it evicted international weapons inspectors sixteen months ago, the North has restarted a small nuclear reactor at Yongbyon, the North says and US officials confirm. It is about to have its fuel reloaded, and the spent fuel rods removed from that reactor would provide about another bomb's worth of material. (www.iht.com, 13 April 2004; *IHT*, 14 April 2004, pp. 1, 4)

14 April 2004.

[In Beijing US] Vice-President Dick Cheney presented Chinese leaders with new evidence about the scope of North Korea's nuclear programme ... Chinese officials have raised doubts that the North ... has working nuclear weapons ... Cheney told his Chinese counterparts that Khan's confession also showed that North Korea had been pursuing two ways of making nuclear bombs – through plutonium and enriched uranium. That is another subject of dispute between China and the United States. (www.iht.com, 14 April 2004; *IHT*, 15 April 2004, p. 2)

15 April 2004.

In a political backlash against the impeachment of President Roh Moo Hyun last month [March], South Koreans voted heavily Thursday [15 April] for parliamentary candidates of Roh's party, according to exit polls and preliminary results. According to these indicators, the parliamentary delegation of Roh's Uri Party will triple in size, probably winning a slim majority in South Korea's one-chamber, 299-seat National Assembly. The polls show the liberal Uri Party winning about 150 seats. The conservative Grand National Party lost its majority, falling to around 120 seats, from 152. As part of a shift to the left, polls indicated that the Democratic Labour Party, an anti-business party, would win up to twelve seats, from none before. The Millennium Democratic Party,

which helped orchestrate the impeachment vote on 12 March, dropped sharply below its previous level of sixty-two seats . . . If forecasts hold up, the president and the parliament will be of the same party for the first time since democracy was restored in 1987. (*IHT*, 16 April 2004, p. 3)

Voters tripled the size of pro-Roh Uri Party delegation in the National Assembly to 152 [from forty-nine] and punished conservatives by cutting the Grand National Party's delegation by 20 per cent to 121 [from 137] and reducing the Millennium Democratic Party to a rump group of nine [from sixty-one] . . . North Korea . . . urged voters to reject conservative candidates. (www.iht.com, 16 April 2004)

The conservative parties that backed the impeachment collectively lost one-third of their seats . . . Anger over the impeachment is believed to have arrested a twenty-year decline in voter turnout, causing a small uptick on Thursday [15 April], to 60 per cent. (www.iht.com, 17 April 2004)

North Korea has threatened to quit the UN Human Rights Commission after being urged to allow UN experts for the first time to investigate claims of torture, forced abortions and other human rights abuses . . . It was the second such request adopted by the fifty-three-state commission, but was worded in stronger terms than the first, passed last year [2003] . . . The document had been co-sponsored by the EU. (*The Times*, 16 April 2004, p. 20)

18 April 2004.

Kim Jong Il left for Beijing on Sunday [18 April] to meet with President Hu Jintao of China . . . A special train . . . crossed the border into China on Sunday evening and was expected to arrive in the capital on Monday . . . The trip . . . was meant to be secret . . . Kim is on his first visit to China since January 2001. When he visited China in 2000 and 2001 neither side announced the visits in advance. (*IHT*, 19 April 2004, p. 7).

Hu Jintao became president last year [2003] . . . Kim was also scheduled to meet former President Jiang Zemin, who heads China's powerful military commission, and premier Wen Jiabao during his four-day visit . . . He will also see Wu Bangguo, head of the legislature, and Vice President Zeng Qinghong . . . In his trip in 2001 Kim visited Shanghai's stock exchange and foreign joint venture companies. During this visit he plans to tour Zhongguancun technology park [in Beijing]. (www.iht.com, 19 April 2004)

21 April 2004.

The Chinese government on Wednesday [21 April] finally acknowledged the secretive visit of Kim Jong Il and announced that the North Korean leader would continue with the six-nation talks . . . Reports in the South Korean media said that Chinese officials had urged Kim to be more flexi-

ble in negotiating with the United States ... Kim made a side trip to the city of Tianjin ... He also quickly visited a model farm on the outskirts of Beijing ... Earlier media reports had suggested he would stop in the Chinese city of Shenyang ... On Kim's last visit to China, in 2001, a similar news blackout prevailed until he had returned to North Korea ... Plans called for working groups from the nations to convene in the months before the next scheduled meeting, though as yet such meetings have not started. (www.iht.com, 21 April 2004)

22 April 2004.

As many as 3,000 people were killed or injured Thursday [22 April] when two trains carrying oil and liquefied petroleum gas collided and exploded in a North Korean train station near the Chinese border, South Korean media reported ... Kim Jong Il reportedly had passed through the station as he returned from China [nine] hours earlier. (www.iht.com, 22 April 2004)

The explosion took place on North Korea's busiest rail line on the route from Pyongyang to China ... A large number of Chinese were among the victims ... Ryongchon was usually a busy hub of transport, frequented by many Chinese visitors ... Ryongchon is on flat coastal land about 50 kilometres, or 31 miles, south of the Chinese border The route brings in food and fuel from China ... Kim, who leaves the country only in a specially armoured rail car, a gift to his father by Stalin ... He does not travel by plane ... North Korea declared a state of alert in the area of the explosion and cut some international telephone lines. (*IHT*, 23 April 2004, pp. 1, 7)

'It is possible that his [Kim Jong Il's] train had disrupted the timetable' (*The Times*, 23 April 2004, p. 22).

'Some of the victims were Chinese traders ... The government declared a state of emergency in the north-western region ... [Kim Jong Il] is said to fear assassination by domestic enemies or agents of the United States' (*Guardian*, 23 April 2004, p. 2).

(Conspiracy theories soon developed, claiming that Kim Jong Il had been the subject of an assassination attempt.)

23 April 2004.

The toll from a huge train blast at a North Korean railroad station was estimated today [23 April] at between fifty-four and 150 dead and 1,249 injured. A total of 1,850 homes were levelled and 6,350 were damaged, according to the International Federation of the Red Cross in Beijing ... According to a United Nations official ... Masood Hyder, the United Nations humanitarian co-ordinator in North Korea ... 'There was no collision' ... The explosion was caused when two wagons filled with explosives on their way to a construction site hit live electrical wires ... The train exploded Thursday afternoon [22 April].' (www.iht.com, 23 April 2004)

North Korea broke with its intense isolation on Friday [23 April] to appeal for international help ... and said it would take foreign aid workers to the

disaster scene. After two days of conflicting reports on the cause and the casualty toll, North Korean officials said several hundred people were believed to have been killed and several thousand injured, the British ambassador to North Korea said on Friday [23 April] ... Earlier a United Nations agency in Geneva said North Korea had acknowledged that at least fifty people were killed and over 1,000 injured ... More than 1,800 dwellings were reported destroyed. The statement – North Korea's first on the disaster – came as the government made a formal request to the United Nations for international help ... Death tolls from aid workers and witnesses in North Korea have ranged from 150 to 1,500 ... The accident happened ... when two trains carrying explosives collided as they were being shifted to different tracks at the station, the UN agency said, quoting the initial government reports ... The explosives were being sent to a construction site for a large-scale irrigation project ... The regional director of the Irish aid agency Concern said the explosion was set off when train cars carrying dynamite touched power lines.' (*IHT*, 24 April 2004, p. 3)

According to a briefing [given to foreign diplomats] the disaster happened when a train loaded with dynamite came into contact with a live wire [power lines] in a freight yard. This contradicted initial reports that it was caused by a collision between two fuel trains. North Korea's state media continued to ignore the explosion. (*FT*, 24 April 2004, p. 8)

Contradicting the first reports that two fuel trains had collided, the North Korean government told international agencies that the blast occurred in railway sidings when an overhead electricity cable snagged on a wagon filled with explosives. South Korean security officials said they believed it was an accident rather than a failed attempt to kill Kim Jong Il ... The government ... has yet to reveal the calamity to its own people. (*Guardian*, 24 April 2004, p. 2)

Pyongyang reported 150 dead, 12,249 injured, 1,850 households destroyed and another 6,350 homes partly destroyed ... Until now the world's worst rail disaster was in June 1981 when at least 800 people were killed ... in India ... It is conceivable that the blast was an attempt on his [Kim Jong Il's] life ... He has survived several assassination attempts and thwarted plots by the military to overthrow him since the death of his father ... ten years ago ... [An] attempt was made on the life of his father in May 1987 when he was returning from a state visit to China. His train stopped at the Sinuiju border station and several army officers opened fire ... But serious train accidents are normal in North Korea ... Refugees reported that in one incident an overcrowded train suddenly lost power going up a hill and slipped back, crashing into another train, killing or injuring more than 3,000 people.' (*Independent*, 24 April 2004, p. 30)

24–25 April 2004.

Emergency aid began arriving Sunday [25 April] at the site of North

Korea's devastating train explosion as the death toll rose to more than 160 – nearly half of them children in a school torn apart by the blast. At least 1,300 people were injured ... North Korea blamed the disaster on human error, saying a train cargo of oil and chemicals ignited when workers knocked against power lines. The statement was unusual for the normally secretive country, as was its plea last week for international help. Foreign aid workers were allowed to visit the scene Saturday [24 April], but only after all of the dead and injured had been evacuated. (*IHT*, 26 April 2004, p. 6)

Officials said that ... [the] huge explosion killed 161 people and injured at least 1,300 ... The most serious injuries were suffered by children in a nearby school ... Many children had already left the building ... [so] it could have been much worse ... Nearly half of the dead were children in the school, which was torn apart by the blast. Thousands of Ryonghon residents were left homeless ... They have been taken in by other families ... [The] train's cargo [comprised] oil and chemicals, including ammonium nitrate ... which is used in fertilisers and is extremely volatile. (*Independent*, 26 April 2004, p. 25)

According to the state media, cargo wagons filled with oil and chemicals exploded when workers snagged the cars on power lines in a shunting yard ... Even at the best of times North Korea's dilapidated health system is unable to cope with normally treatable illnesses ... Japan ... is said to have offered \$100,000 of emergency aid ... No foreign journalists were allowed to visit the area. (*Guardian*, 25 April 2004, p. 14)

'About 2,000 homes were destroyed or damaged ... Russia has offered humanitarian aid, while China and South Korea each offered more than \$1 million of emergency aid. The United States, Australia and the EU have also offered to help' (*The Times*, 26 April 2004, p. 14).

North Korea made its first public acknowledgement of the disaster on Saturday [24 April] in unusually candid terms. A statement blamed the explosion on 'carelessness' that allowed live electric wires to come into contact with a train carrying explosive materials. 'The damage is very serious,' it said. A similar statement was broadcast on state television, providing the first news of the tragedy to North's Korea's 22 million information-starved people ... In a further departure from usual behaviour, North Korea ... thanked the international community for its offers of humanitarian assistance ... [The country] has in the past been reluctant to acknowledge the food aid it receives from abroad.' (*FT*, 26 April 2004, p. 9)

Among the dead are seventy-six schoolchildren who were either in school or on their way home ... The official version of events presented yesterday [25 April] ... attributed the accident to negligence. Cars loaded with a highly explosive mineral fertiliser – ammonium nitrate –

jumped the track, knocked over a high-voltage power line and exploded ... Sources in the South Korean security services have suggested that the explosion was an attempt to assassinate Kim Jong Il. However, the North Korean leader's special train ... passed through Ryongchon nine hours before the disaster. Moreover, North Korean society is completely riddled with informers from the intelligence services, a circumstance that virtually rules out the emergence of an organized opposition capable of mounting such a large-scale terrorist attack. But Kim Jong Il's trip through the area could have been an indirect cause of the tragedy. The fact that he was travelling in the region by train most likely led to tie-ups in the train traffic schedule for the overburdened line that links the DPRK to China, its main donor ... Most of the cargo that passes through Ryongchon consists of fuel and fertiliser (the ammonium nitrate mentioned earlier), which comes from China ... For more than two days the North Korean authorities kept silent about the tragedy in Ryongchon. Only on Saturday [24 April] did the people of North Korea learn of a 'very serious' railroad accident from an official dispatch.' (*Vremya Novostei*, 26 April 2004, p. 5: *CDSP*, 2004, vol. 56, no. 17, p. 18)

26 April 2004.

The North Korean government and international aid groups discussed on Monday [26 April] water supply and other immediate needs of victims of a train blast, but Pyongyang rejected an offer for South Korean relief. South Korea's Red Cross met its counterpart from the North in the demilitarized zone to offer supplies by truck. But despite what aid workers say is a dire need for help following Thursday's explosion that killed at least 161, North Korea rejected the offer ... The North asked instead for more talks on Tuesday [27 April]. The North would prefer aid to arrive by ship, a demand analysts said would allow it to maintain the isolation of its people. North Korea does not want to let people see South Korea's trucks [said one] ... The explosion, North Korea said, was caused by a collision of rail wagons carrying ammonium nitrate fertiliser and fuel oil. (www.iht.com, 26 April 2004)

'The North Korean news agency said the "explosion was caused by the contact of electric lines during the shunt of wagons loaded with nitric ammonium fertilizer and tank wagons"' (www.iht.com, 29 April 2004).

'North Korea has refused to allow international aid for the victims of the railway explosion to cross by land from South Korea. Medical supplies will be taken by ship instead' (*The Times*, 27 April 2004, p. 14).

'Secretary of State Colin Powell said Monday [26 April] the United States would give financial assistance to North Korea after a devastating train explosion there' (*IHT*, 27 April 2004, p. 8).

'The Red Cross launched an emergency appeal yesterday [26 April] for \$1.25 million' (*Guardian*, 27 April 2004, p. 17).

27 April 2004.

The Bush administration has offered \$100,000 in financial aid to North Korea as it copes with the aftermath of a train explosion that left as many as 8,000 people homeless . . . China and South Korea have each pledged \$1 million in emergency aid . . . The blast killed 161 people, injured 1,300 and destroyed 1,850 homes, according to the United Nations . . . The train explosion was apparently set off when electric connectors rained sparks on a car loaded with dynamite. (www.iht.com, 27 April 2004)

The UN on Tuesday [27 April] made an urgent appeal for 1,000 tonnes of food for the survivors [of the explosion] . . . The World Food Programme said that it had to dip into stocks used to feed million of North Koreans . . . North Korea estimated the damage at about \$355 million, about 2 per cent of its GDP. (*IHT*, 28 April 2004, p. 6)

South Korea has pledged \$1 million of aid, and the United States says it will give the Red Cross \$100,000 to help the homeless . . . Germany said yesterday [27 April] it would send food deliveries and building material. North Korea said more than thirty public buildings and houses for at least 8,100 families were destroyed. (*FT*, 28 April 2004, p. 11)

28 April 2004.

North Korea made new pleas for help. Property damage from the explosion . . . was estimated [by North Korea] at \$356 million . . . Germany said it would donate the equivalent of \$119,000 to buy food and building materials . . . [But North Korea] has been hesitant to accept help from South Korea. The North rejected offers from the South to send physicians but did ask Seoul to provide building materials, bulldozers and diesel fuel . . . A freighter set out Wednesday [28 April] bringing South Korea's first shipment of aid: \$1 million worth of medicines, blankets, instant noodles, bottled water and clothing. The aid was expected to reach victims late Thursday [29 April] at the earliest because the shipment was expected to unload at Nampo, a port near Pyongyang. North Korea refused to let South Korean trucks cross the Demilitarized Zone. (www.iht.com, 28 April 2004)

The North Korean Central News Agency:

Many people of the country evacuated portraits before searching after their family members or saving their household goods. They were buried under the collapsing building to die a heroic death when they were trying to come to come out with portraits of President Kim Il Sung and leader Kim Jong Il. (*IHT*, 30 April 2004, p. 4)

To prevent interviews with survivors, North Korea ignored Chinese offers of treatment for victims at hospitals in Dandong . . . about 25 kilometres, or 15 miles, north of Ryongchon . . . Although Ryongchon is only a six-hour drive from Seoul, North Korea refused to allow relief goods to

arrive by truck from South Korea. South Korea sent its aid by a ship, which arrived at Nampo, on the western coast and about a five-hour drive to Ryongchong, on Wednesday night [28 April].’ (James Brooks, *IHT*, 30 April 2004, p. 4)

The six countries . . . will hold low-level meetings on 12 May in Beijing to lay the groundwork for the next round of talks . . . The United States is reportedly preparing to upgrade its estimate of North Korea’s nuclear arsenal to at least eight atomic weapons from its longstanding estimate of ‘possibly two’ . . . The report, disputed by Seoul, is being prepared by US intelligence officials . . . The officials have also concluded that a separate uranium-based programme will be operational by 2007, producing enough material for as many as six more weapons a year, the report said.’ (*IHT*, 30 April 2004, p. 4)

(‘Charles Pritchard [is] a retired [US] army colonel and the former point man on North Korea for Secretary of State Colin Powell . . . Charles Pritchard: “This [Bush] administration has adamantly refused to deal directly with North Korea, and they are not going to make any progress until that happens . . . Now they [the North Koreans] may have developed as many as six nuclear weapons to add to the two that they confirmed that they have”’: *IHT*, 7 May 2004, p. 2.)

3 May 2004. ‘Kim Jong Il has reappeared in Pyongyang’s news media with a visit to army troops’ (*IHT*, 4 May 2004, p. 6).

7 May 2004.

North Korea accepted truckloads of South Korean aid through the border yesterday [7 May] and agreed to hold rare high-level military talks with the South aimed at easing tension . . . Earlier yesterday the two Koreas ended three days of cabinet-level meetings in Pyongyang. After the meeting the People’s Army of the North agreed to hold talks ‘soon’ with the South Korean military. (*FT*, 8 May 2004, p. 8)

12 May 2004.

Kim Jon Il unexpectedly intervened at the last minute to drop Pyongyang’s objection last week to holding [military] general-level talks with South Korea . . . He proposed that the first talks between generals of the two sides be held on 26 May . . . at the Mount Kumgang resort in North Korea . . . [Pyongyang called] for lower-level military officers of the two sides to meet on Friday [14 May] to work out details . . . The South Korean unification minister . . . said his meetings with North Korean officials in Pyongyang last week had almost broken down . . . Envoys to six-party negotiations aimed at defusing the standoff over North Korea’s nuclear programme opened working-level talks on Wednesday [12 May]. (www.iht.com, Wednesday 12 May 2004)

‘North Korea on Wednesday [12 May] proposed holding high-level military talks on 26 May . . . The North suggested that officials meet on the border

Friday [14 May] to work out proposed high-level talks' (*IHT*, 13 May 2004, p. 4).

14 May 2004.

Talks on North Korea's nuclear programme ended Friday [14 May] in Beijing, and US and North Korean envoys held a rare one-on-one meeting ... The three-day 'working level' meeting ended without setting a date for higher-level talks involving the six countries ... The date will be set later. (www.iht.com, 14 May 2004)

Prime minister Junichiro Koizumi [of Japan] will travel to North Korea next week to try to win release of family members of Japanese citizens abducted by the North, the government announced on Friday [14 May]. It will be the second visit to Pyongyang by Koizumi, whose first trip in September 2002 led to the repatriation of five Japanese abductees who are now living in Japan without their families. The Japanese government said Koizumi would meet Kim Jong Il on 22 May ... The two countries do not have diplomatic ties. (www.iht.com, 14 May 2004)

'Five of those abducted returned to Japan following this [first Koizumi] visit, but seven of their relatives and a former US soldier married to one of them remained in North Korea' (*FT*, 15 May 2004, p. 6). ('In all there are eight relatives ... Seven are children. The eighth, Charles Jenkins ... sixty-four ... is the American husband of one of the victims ... He is said by the United States to have defected to North Korea while stationed in South Korea with the US army in 1965. If he travelled to Japan he would be subject to extradition to the United States to face possible charges of desertion': *FEER*, 27 May 2004, p. 23). ('In January 1965 ... Sergeant Charles Jenkins ... [then a] twenty-four-year-old soldier ... led an American patrol along the border with North Korea. He told his comrades that he had heard a noise and went off on his own to investigate. He never returned. An army investigation concluded that he had deserted, one of a tiny handful of American soldiers to have thrown in their lot with [North Korea] ... Over the next thirty-seven years he was glimpsed in a North Korean television series playing the part of a villainous American officer. His voice was heard in propaganda messages across the border. His family in the United States insisted that he was captured and has maintained a campaign to clear his name ... His story has even prompted Mr Koizumi ... to make a personal appeal to President Bush to drop desertion charges against the soldier': *The Times*, 22 May 2004, p. 21.)

'[There are] seven North Korean-born children' (*IHT*, 19 May 2004, p. 5).

'South Korea's nine-member constitutional court ruled Friday [14 May] to dismiss the impeachment case against President Roh Moo Hyun' (www.iht.com, 14 May 2004). 'The court rejected charges of corruption and economic mismanagement against the president, while one charge of illegal electioneering was upheld but deemed not serious enough to merit impeachment' (*FT*, 15 May 2004, p. 6). 'He was accused of breaching election law,

economic mismanagement and being incompetent for failing to prevent corruption among former aides. A majority of the court's nine judges ruled these were not grounds enough to oust the leader' (*Guardian*, 15 May 2004, p. 18).

17 May 2004.

The United States plans to shift an army brigade of about 4,000 soldiers from South Korea to Iraq, according to American and South Korean officials ... In what would be the first move of American troops from South Korea to Iraq, the shift would involve about 4,000 troops ... [out of] 37,000 stationed in South Korea ... South Korea has acquiesced to a three-year plan to move American troops out of Seoul, and to relocate all American troops away from the North Korean border ... Earlier this year [2004], to allay fears over the American redeployment away from its 'tripwire' position on the Demilitarized Zone along the border between North and South Korea, the United States promised to spend \$11 billion to upgrade American forces in the south. In past conflicts the United States has drawn down troops in South Korea to serve elsewhere. (www.iht.com, 17 May 2004)

The United States announced that a brigade of 3,600 soldiers ... would be sent to [Iraq] ... [The announcement] came as South Korea agonizes over sending 3,000 more troops of its own ... Its troops were due to go in April. Delays, however, have put their departure back to at least August or September and left US officials wondering whether the extra Korean troops will be sent at all ... Elections for the national assembly on 15 April brought to power younger, more liberal politicians less inclined to toe Washington's line ... Opinion polls show that the Iraq deployment is deeply unpopular. One recent newspaper poll showed that 64 per cent of South Koreans thought the troop dispatch should be called off ... So far President Roh Moo Hyun's administration remains committed to the Iraq deployment. (*FEER*, 3 June 2004, p. 26)

22 May 2004.

Junichiro Koizumi, Japan's prime minister, returned from Pyongyang with five [aged between sixteen and twenty-two] of the eight relatives of Japanese abducted more than twenty years ago by North Korea, but he was greeted with disappointment that he had not ended the kidnap saga. Mr Koizumi's meeting with Kim Jong Il did not yield significant progress on unsolved abductions or reining in North Korea's nuclear ambitions. The Japanese prime minister won the right to let eight relatives of abductees rejoin their families in Japan, but one victim's husband, a former US army sergeant, refused to go to Tokyo with his two daughters ... Charles Robert Jenkins resisted entreaties to go to Japan ... He is thought to fear extradition to the United States if he goes to Japan ... Mr Koizumi also failed to glean new information about ten other suspected captives ... North Korea said it would co-operate with Japan in a new investigation into the fates of the ten suspected abductees ... Four of the

five – two couples – welcomed their North Korean-born children to Japan on Saturday [22 May] . . . While in Pyongyang Mr Koizumi pledged to give North Korea 250,000 tonnes of food [rice] and \$10 million of medical supplies. (*FT*, 24 May 2004, p. 7)

‘The [Jenkins] family accepted Mr Koizumi’s plan that they try to meet in a third country, such as China’ (*Independent*, 24 May 2004, p. 22).

‘Kim Jong Il . . . did say [to Koizumi] that he wanted to see a nuclear-free Korean Peninsula and was willing to continue trying to resolve the impasse through six-nation talks’ (*FEER*, 3 June 2004, p. 12).

International inspectors have discovered evidence that North Korea secretly provided Libya with nearly two tonnes of uranium in early 2001, which if confirmed would be the first case in which the North Korea government has sold a key ingredient for manufacturing atomic weapons to another country, according to US officials and European diplomats familiar with the intelligence. A giant cask of uranium hexafluoride was turned over to the United States by the Libyans earlier this year [2004] as part of [Libya’s December 2003] agreement to give up its programme, and the Americans identified Pakistan as the likely source. But in recent weeks the International Atomic Energy Authority has found strong evidence that the uranium came from North Korea, basing its conclusions on interviews with members of the secret nuclear supplier network set up by Abdul Qadeer Khan, the former head of Pakistan’s main nuclear laboratory. Two year ago the United States charged that North Korea was working to build its own uranium-based nuclear weapons, which would require the same raw materials. The uranium shipped to Libya could not be used as nuclear weapons material without being enriched in centrifuges, which the Libyans were constructing . . . If enriched the fuel Libya obtained could produce a single nuclear weapon. But the Libyan discovery suggests that North Korea may be capable of producing far larger quantities, especially because the country maintains huge mines . . . of exploitable high quality uranium . . . North Korea’s plutonium programme was restarted after international atomic inspectors were thrown out of the country seventeen months ago. Since then, North Korea says, it has turned into bomb fuel all of the [8,000] nuclear fuel rods that the international agency had under its supervision. If that boast turns out to be correct, nuclear experts estimate that plutonium fuel could be use to produce six to eight nuclear weapons. (*IHT*, 24 May 2004, p. 2)

‘International inspectors recently reported that North Korea may have shipped uranium, already processed into a gas that could be fed into centrifuges for enrichment into bomb fuel’ (www.iht.com, 24 May 2004).

Western diplomats in Vienna close to the International Atomic Energy Agency confirmed yesterday [23 May] that the IAEA investigation into the Pakistan-led black market in nuclear materials and technology had found that 1.7 tonnes of slightly enriched uranium hexafluoride

uncovered in Libya when ... [the country] voluntarily scrapped its nuclear project last December [2003] was sent from North Korea. (*Guardian*, 24 May 2004, p. 12)

'US officials say that when they confronted North Korea, officials first admitted the enrichment programme existed but later equivocated' (*FT*, 26 May 2004, p. 12).

'It is probable that in the past year North Korea has expanded its nuclear arsenal fourfold and could now possess eight or nine nuclear weapons' (Jon Wolfsthal, *IHT*, 31 May 2004, p. 8).

26 May 2004. 'A meeting between a North Korean general and a South Korean general [is] the first such meeting since the end of the Korean War ... [South Korean] government policy toward the North is officially called Peace and Prosperity' (*IHT*, 25 May 2004, p. 5).

Generals from the two Koreas, meeting [in North Korea] in the highest level talks between military officers since the 1950s, agreed to meet again next week [3 June in South Korea] to continue discussions but fell short of agreeing on specific measures to reduce military tension on the last Cold War frontier ... The officers were discussing ways to avoid naval skirmishes along their west coast during the May-June crab-catching season, when fishing boats from the two Koreas jostle for position along the maritime border. The Koreas fought deadly naval battles there in June 1999 and again in June 2002. In the last clash a South Korean warship sank, killing six of its sailors. The North said it also suffered casualties, but did not say how many ... The South recognizes a border demarcated by the United Nations after the end of the Korean War, but the North claims a boundary rather south. (www.iht.com, 26 May 2004)

'North Korea has long refused to treat South Korea as a negotiating partner on security issues, insisting that the South was a colonial puppet of the United States' (www.iht.com, 27 May 2004).

'The North's agreement to talk is seen as a significant concession. In the past it insisted on dealing directly with the United States military' (*FEER*, 3 June 2004, p. 13).

'South Korea's six-year-old policy of engagement with the North had until now largely avoided military issues' (*FT*, 5 June 2004, p. 8).

28 May 2004.

The United States and South Korea plan to start talks as early as next month [June] on the withdrawal of a third of the 37,000 American troops in South Korea ... The United States proposed the idea of a sharp cut in troop levels last June [2003] ... Separately, Washington said last week it was planning to redeploy 3,600 troops based in South Korea to Iraq in the coming months. No decision has been made on whether those troops will eventually return to South Korea ... President Roh Moo Hyun has said his country should play a bigger role in defending itself. Last year [2003] Washington and Seoul agreed to move US troops stationed near

the border to a location south of Seoul, which puts them out of North Korean artillery range. Many South Koreans see the US troops as a 'trip wire' in case of a North Korean invasion, taking immediate casualties and thus ensuring a US commitment to fight. Pentagon strategists call the trip-wire concept outdated . . . [A] South Korean government official . . . [said] the overall reduction in US troop levels would be part of the Pentagon's Global Posture Review. This switches the emphasis of US policy from troop numbers to advanced military technology. (www.iht.com, 28 May 2004; *IHT*, 29 May 2004, p. 4)

3 June 2004. 'North and South Korea resumed high-level military talks Thursday [3 June] . . . The talks [were held in South Korea]' (www.iht.com, 4 June 2004).

[It was announced that] North Korea has banned its citizens from using mobile phones . . . The ban was introduced on 25 May . . . South Korea's *Ilbo* newspaper claims it might be a reaction by the North's security service to the train blast in Ryongchon in April, allegedly triggered by a mobile in a botched attempt to kill . . . Kim Jong Il. Mobiles were introduced in North Korea in November 2002, and the number of users increased to more than 20,000 by last year [2003]. (*Telegraph*, 4 June 2004, p. 18)

Kim Jong Il has . . . outlawed mobile phones altogether . . . North Korea first permitted mobile telephony less than two years ago and the assumption is that the notoriously paranoid Pyongyang regime got cold feet at the prospect of 20,000 of its wealthiest citizens chatting away at will. The ban is yet another sign that the world's most repressive state is unwilling to allow its citizens to communicate freely with each other. (*FT*, editorial, 5 June 2004, p. 12)

4 June 2004.

North and South Korean generals agreed Friday [4 June] to stop propaganda broadcasts and take steps to avoid high-seas clashes . . . The generals agreed to adopt a standard radio frequency and signalling system for their navies to avoid confusion that could lead to clashes at sea, and to exchange data on illegal fishing. They also decided to set up a telephone hot line. The two sides will end propaganda efforts along their border by mid-August . . . Loudspeaker broadcasts will stop and large billboards will be dismantled . . . North Korea used to discuss military matters on the peninsula only with the US-led United Nations and viewed the South Korean military as a Pentagon puppet. (www.iht.com, 4 June 2004)

To avoid naval clashes over rich crab-fishing grounds, both countries agreed to set up a telephone hot line, to share an emergency radio frequency and to institute a mutually understood naval flag signalling system . . . The new inter-Korean communication system is to be set up by 15 June. (*IHT*, 7 June 2004, p. 4)

5 June 2004.

North and South Korea have agreed to open their first road and rail link by October . . . Seoul said it would extend a 400,000 tonne 'loan' of rice to the North . . . Authorities would open by October two north–south roads – one up the east coast, the other up the west coast. Also by October freight trains would make test runs on two north–south railroads that parallel the roads. The rail links are expected to open in 2005, five years after they were promised in [the June 2000 summit] . . . Also by the end of this month the authorities are to establish a joint agency to administer an industrial park financed by South Korea and situated in Kaesong, just north of the Demilitarized Zone. The director is to be a South Korean and the first fifteen South Korean companies are to open factories in the park in coming months . . . With the electricity, financing and most materials to come from South Korea, the main attraction is cheap labour . . . Fifteen South Korean dump trucks, loaded with North Korean river sand, crossed into the South on Friday [4 June], the first cross-border import of construction materials, which normally move by sea. (*IHT*, 7 June 2004, p. 4)

6 June 2004.

The United States wants to withdraw a third of its 37,000 troops stationed in South Korea by . . . December 2005 . . . The figure [of about 12,500] would include about 3,600 already slated to be redeployed this summer . . . The withdrawal would be the first major troop reduction on the Korean Peninsula since 1992 . . . The announcement comes amid lingering uncertainty over the unresolved twenty-month standoff over North Korea's quest for nuclear arms and growing concern about the health of the US–South Korean military alliance . . . Any troop withdrawals are certain to have a deep impact in South Korea, amid fears of conservatives that North Korea could exploit any security vacuum left by departing US troops . . . Many still have painful memories of the North Korean invasion that triggered the 1950–3 Korean War . . . The proposed changes, along with anti-American sentiment among many young Koreans, have triggered concern that President Roh Moo Hyun may be endangering the US–South Korean alliance by advocating a greater role for his country in its defence. (*IHT*, 8 June 2004, p. 5)

The United States is planning to reduce its troops in South Korea by a third over the next eighteen months as part of the Pentagon's restructuring of its worldwide forces . . . The United States has insisted that it remains committed to its military presence in South Korea and pledged \$11 billion of investment to strengthen the US forces that will stay in the country. But many in Seoul believe the partial withdrawal reflects a weakening in the fifty-year-old alliance with Washington, following a wave of anti-American sentiment among young South Koreans and the election of a left-leaning ruling party. (*FT*, 8 June 2004, p. 11)

After months of hinting about a drawdown in the United States forces' strength in South Korea, Washington finally revealed its hand on 6 June ... But the announcement still seemed to catch Korean politicians and military officers off-guard. Amid worries that the reduction in the 37,000-strong US deployment could weaken deterrence against a belligerent North Korea, officials in Seoul were quick to say that the size of the US deployment was still up for negotiation ... Seoul's distress over the pull-out plans must seem ironic to the Americans, given the rise in anti-US sentiment and President Roh Moo Hyun's early support for a more 'independent' foreign policy. (*FEER*, 17 June 2004, p. 15)

Improving the defence capability of US Forces Korea can be accomplished by bringing to bear such systems as Patriot PAC-3 surface-to-air missiles for air defence, the army's new Stryker brigade, the navy's High-Speed Vessel, and the forward-deployment of additional air and naval assets to Hawaii and Guam. Washington is also planning an \$11 billion investment in some additional 150 military capabilities over the next four years that will enhance defence against any North Korean attack ... The bottom line is that despite these changes America's commitment to South Korea's defence is as strong as ever. The United State's obligation to the security of the South against the North is a moral one in the defence of a fellow democracy, not to mention codified in the 1953 United States-South Korea Mutual Defence Treaty. (Peter Brooks, former US deputy assistant secretary of defence for Asian and Pacific affairs, *FEER*, 24 June 2004, p. 24)

8 June 2004.

Talks between South Korea and the United States have ended in discord over plans to reposition US troops ... In two days of talks ending Tuesday [8 June] neither side could agree on how much land South Korea should provide for US forces repositioned within the country ... South Korea said the US military had not finalized plans to cut 12,500 of its 37,000 troops ... [but] pledged to beef up Seoul's own forces ... The US troops along the border have long been considered a 'tripwire' to ensure US intervention if the North attacked. Many in the South also see them as a healthy restraint on the United States, believing that Washington would not take military action to provoke the North when US troops were in harm's way on the border. The US proposal to pull out 12,500 of its soldiers nationwide by the end of next year [2005] would force South Korea to shoulder more responsibility for defending itself from any North Korean military aggression. But the plan, announced Monday [7 June], has raised concern that the North could view a US withdrawal as a sign of weakness ... The troop reduction would be the first major cut in South Korea since the early 1990s, when the allies co-ordinated the removal of 7,000 soldiers. The United States has stationed troops in South Korea since the end of the Korean War – partly as a deterrent

against North Korea and partly as a counterbalance to other regional powers. (www.iht.com, 8 June 2004)

The United States and South Korea could not agree on a set of principles to relocate American troops remaining in South Korea away from the Demilitarized Zone and to withdraw all but a handful of American troops from a base that sits atop some of the most valuable real estate in downtown Seoul. (www.iht.com, 9 June 2004)

9 June 2004.

Senior Bush administration officials insist that plans to withdraw one-third of the 27,000 US troops in South Korea will not be viewed by Kim Jong Il as a weakening of US commitments to South Korea's security or a lessening of resolve to force North Korea to dismantle its nuclear arsenal . . . [It is argued that] the North Koreans do not see the initiative to reduce forces as a sign of America's diminishing resolve. 'They were the first to complain about the plan to relocate our forces and realign our forces south of the Han river,' said Richard Lawless, the [US] deputy under-secretary of defence for Asian and Pacific affairs. 'They suggested that we would be adding to our combat power by doing that. North Korea's response to previous indications of the American plan has been to say that the United States was positioning itself for a first strike' . . . The presence of US troops within range of 10,000 artillery pieces and rockets that North Korea hides in caves along the border . . . makes those troops a target for a first strike . . . US officials said technology would do better at deterring North Korea than US prowess measured solely in numbers of troops. (www.iht.com, 9 June 2004; *IHT*, 10 June 2004, p. 5)

Zhou Wenzhong, China's deputy foreign minister . . . said that he has doubts about the Bush administration's claim that North Korea has been trying to build nuclear bombs using uranium . . . [He] said that the United States had yet to convince China . . . that North Korea had both uranium and plutonium programmes to develop fuel for nuclear bombs. North Korea has acknowledged having a plutonium programme but denies that it is enriching uranium to make nuclear fuel . . . Zhou said that if North Korea did turn out to have a uranium programme, then China agreed that such a programme must be included in the scope of the nuclear talks . . . Zhou also . . . suggested that it made little sense [for the United States] to insist that North Korea completely and unilaterally dismantle its nuclear programme. The North Koreans 'argue that they cannot do all this for nothing and feel they must be compensated,' Zhou said. 'The United States still insists on CVID [complete, verifiable, irreversible dismantlement] and there are some problems in this area' . . . The Bush administration has said [CVID] is its bottom line in the talks. Zhou also suggested that China sympathized with North Korea's desire to maintain a peaceful nuclear programme and disagreed with the Bush administration's contention that all nuclear efforts, whether intended as peaceful or

military, must be ended. The administration contends that North Korea, which admitted to cheating on a 1994 nuclear agreement with the United States, cannot be trusted to restrict itself solely to peaceful nuclear development. (www.iht.com, 9 June 2004; *IHT*, 10 June 2004, p. 4)

‘[The United States] ruled out rewards until after the [nuclear] facilities were “completely, verifiably and irreversibly” dismantled’ (*FT*, 10 June 2004, p. 10).

10 June 2004. ‘Richard Boucher, the [US] state Department spokesman said the evidence presented to Beijing is clear ... Boucher noted North Korea has acknowledged that it was pursuing uranium enrichment and has withdrawn from the Non-proliferation Treaty’ (www.iht.com, 10 June 2004).

‘[Pyongyang has carried out a] successful test of the main engine of its long-range ballistic missile’ (*FT*, 11 June 2004, p. 19).

North Korea has tested an intercontinental ballistic missile engine, according to a South Korean report ... The engine test for Taepodong 2 was carried out last month [May] ... The missile ... [is] capable of hitting the United States ... [It] could reach up to 3,700 miles, enough to hit Alaska. (*Telegraph*, 11 June 2004, p. 16)

11 June 2004.

South Korea’s appeals court on Friday [11 June] upheld a twelve-year prison term for a top aide to former president Kim Dae Jung who was convicted of bribery and making illegal payments to North Korea. The Seoul High Court acknowledged, however, that Park Jie Won, who brokered a historic inter-Korean summit in 2000 ... had worked hard to foster good inter-Korean relations ... Nevertheless, it upheld the sentence ... in December [2003] for bribery and illicit financial dealings with Pyongyang. The bribery conviction involved Park’s acceptance before the summit meeting of 15 billion won, or \$12.6 million, from Hyundai Group, which had been seeking to expand business with North Korea ... [Park] was ordered to pay 4.8 billion won in restitution on the bribery charge. [Six] other senior aides to Kim who were convicted in the case were pardoned last month [May] by President Roh Moo Hyun. (www.iht.com, 11 June 2004)

14 June 2004. ‘Warships from North and South Korea exchanged radio messages Monday [14 June] for the first time since the end of the Korean War in 1953’ (*IHT*, 15 June 2004, p. 6). ‘Warships of the North and South communicated for the first time using a common frequency, flags and light signals along a disputed sea boundary in the Yellow Sea under an accord aimed at preventing accidental clashes’ (www.iht.com, 15 June 2004).

15 June 2004.

The two countries ended their loudspeaker propaganda broadcasts on Tuesday [15 June] along the world’s last Cold War frontier ... South Korea also turned off electronic signs at the border, facing the North,

after displaying a last message which read 'Peace, reconciliation and co-operation' ... The two sides will begin removing all propaganda materials from the border area on Wednesday [16 June]. (www.iht.com, 15 June 2004)

'South Korea will provide huge infusions of economic assistance to North Korea if the dispute over its nuclear weapons development is resolved peacefully, President Roh Moo Hyun said Tuesday [15 June]' (www.iht.com, 15 June 2004).

China is sending nuclear technology to Iran in exchange for oil and allowing North Korea to use Chinese air, rail and seaports to ship missiles and other weapons, congressional investigators reported Tuesday [15 June] ... The US China Economic and Security Review Commission [was] established by Congress in 2000 ... 'Continuing intelligence reports indicate that Chinese co-operation with Pakistan and Iran remains an integral element of China's foreign policy,' the commission reported ... Chinese leaders have told the Americans that any nuclear-related trafficking is done without the government's knowledge ... Beijing 'continues to permit North Korea to use its air, rail and seaports to transship ballistic missiles and WMD [weapons of mass destruction]-related materials,' the commission said. (www.iht.com, 15 June 2004)

('Iran is thought to be supplying Mr Kim with test data from its own knock-offs of North Korean missiles, and the two may be helping each other's nuclear ambitions, too': *The Economist*, 19 June 2004, p. 66.)

17 June 2004.

One of North Korea's most powerful officials has been ousted in a power struggle over who is to succeed Kim Jong Il ... Speculation on the fate of Jang Song Taek, who is married to Kim's sister, has been rife since July 2003, when he was last seen in public, accompanying Kim on an inspection tour of provincial industrial facilities. Jang, a first director of the ruling party's Central Committee, was Kim's closest confidant for decades and one of the Stalinist state's most influential figures. But he lost out in a battle that is heating up in Pyongyang over who will replace Kim, sixty-two, when he dies ... A south Korean intelligence source ... [said that] 'Jang has been suspended from office and put under guard outside Pyongyang' ... Jang, fifty-eight, fell victim to the political wiles of Kim's second wife, Koh Young Hee, a former prima donna of Pyongyang's leading song and dance troupe. She has campaigned to have one of her two sons groomed as their father's heir ... Ko, fifty-one, is terminally ill with breast cancer and so has intensified her drive recently ... Ko's two sons are not the only contenders for the North Korean succession. The leader's son from a previous marriage, Kim Jong Nam, thirty-three, was considered the heir until recently. He fell from grace when he was deported from Japan for illegal entry in 2001. North Korean media recently started idolizing Ko, sparking speculation that one of her sons –

Kim Jong Chol, reported aged twenty-three, and his younger brother, Kim Jong Woon – had become the front-runner. Analysts say there are no visible signs that choice has been made, although there have been rumours that Kim Jong Chol has a head start over his younger brother. In 2003 a Japanese sushi chef, who had served Kim Jong Il for thirteen years, wrote that the father had often labelled the second son ‘no good because he is like a little girl’. (www.iht.com, 17 June 2004)

18 June 2004.

President Roh Moo Hyun stepped into a widening political controversy Friday [18 June] by rejecting calls for a referendum on his plan to move the capital from Seoul to a province in the south . . . Roh said his referendum pledge had been rendered obsolete because parliament had subsequently approved the move . . . Roh said it was up to parliament . . . to decide whether to revisit its decision to approve the idea of moving the capital, starting in 2012 . . . The plan [is] to build a new administrative capital at one of four short-listed locations . . . further away from the tense border with North Korea than Seoul, which is within artillery range. But because most of Seoul’s population would stay put even after the capital moves, the transfer is more about politics and power than security. Indeed, critics have said that besides being costly the project could be overtaken by events if the Koreans unite . . . The capital region would remain as a financial, industrial and cultural centre while a new sustainable development would spring from the new capital . . . More than 20 million people live in Seoul and the surrounding metropolitan region, with 12 per cent of the country’s land area. The concentration and the boom contrasts with a steady contraction of the rest of the country . . . Opinion polls show people are sharply divided on the plan . . . A survey released Wednesday [16 June] . . . showed a nearly even split across the country . . . But a clear majority of the respondents said the proposal should be put to a referendum. (www.iht.com, 18 June 2004)

Kim Dae Jung . . . authorized and has no regrets about a secret \$100 payment to North Korea before the [2000 summit] . . . Mr Kim told the *Financial Times* that the payment was ‘a great investment in the future’ . . . Mr Kim said the payment had helped improve relations between the two Koreas, reducing the risk of a second devastating war . . . ‘We wanted to provide \$100 million of support. But there was no legal way to do it,’ he [Kim Dae Jung] said . . . An official investigation last year [2003] found that the cash was partly intended to secure the participation of Kim Jong Il . . . The government persuaded Hyundai . . . to pay the \$100 million as part of a business deal. The cash was provided in loans by state-run Korea Development Bank. (*FT*, 19 June 2004, p. 12)

Hyundai was at the time negotiating a \$350 million contract to exclusively develop businesses in the North. Kim’s government persuaded the group to increase its payment by \$100 million, funded by secret loans

from the state-run Korea Development Bank. An investigation concluded that the sum helped to facilitate the summit. ‘This was a great investment in the future,’ says Kim. ‘As president I authorized it and I have no regrets’ ... One of his aides is Lim Dong Won, former head of South Korean intelligence and a key architect of the ‘sunshine policy’. Lim was one of five handed suspended prison sentences last year [2003] for organizing the illegal payment ... [During] a fifty-year political career ... Kim survived a kidnapping, death sentence and exile to lead South Korea towards democracy ... It was his arrest by communist forces during the Korean War that cemented his commitment to democracy, he says: ‘I was starved and not allowed to wash. Some prisoners were sent to the mountains and executed’ ... Following the Korean War Kim emerged as the leading rebel against the right-wing dictatorships of Park Chung Hee and later Chun Doo Hwan, who controlled South Korea until free elections were introduced in 1987. Kim’s life was at risk throughout his years as a dissident. In 1973 he was kidnapped in Tokyo by South Korean agents and taken to sea in a fishing boat. The heavy materials wrapped around his body indicated that he was to be thrown overboard. History books tell us Kim’s life was saved by the CIA, which sent a Japanese plane to warn the Koreans not to kill him ... [The] Japanese military plane fired warning shots ... But Kim, a practising Roman Catholic, believes God played a part in his rescue ... Kim Dae Jung: ‘[Kim Jong Il is] a clever, candid person ... well informed about South Korea and world issues ... North Korea under Kim Jong Il is showing some similarities to the early stages of Deng Xiaoping in China. Deng had concerns that while carrying out reforms the regime can shake and it can be opposed by conservative people in government’. (*FT*, Magazine, 19 June 2004, pp. 14–15)

21 June 2004.

As South Korean television broadcast desperate pleas from a Korean translator taken hostage in Iraq, government officials said Monday [21 June] that they would go ahead with plans to send 3,000 more troops to the country. Iraqi insurgents seized [the hostage] ... hours after the governing Uri Party in South Korea voted on Thursday [17 June] to send the forces to Iraq ... The kidnappers gave South Korea twenty-four hours to meet their demand ... “to withdraw your forces from our lands and not to send more of your forces to this land” ... [Otherwise the hostage would be executed] ... The hostage arrived in Iraq about a year ago. He had been working as a translator for ... a South Korean company that is a supplier to the US military ... Before the kidnapping public opinion polls showed a decline in support for the deployment, which was widely seen as having been used as a bargaining chip in talks on maintaining the US–South Korean military alliance against North Korea ... This month [June] opposition to the deployment among South Koreans exceeded support for the first time, according to a survey ...

President Roh Moo Hyun [said that] . . . ‘South Korea is sending troops to Iraq not to engage in hostile acts against Iraq, but to focus on assisting reconstruction there’ . . . There are now about 670 South Korean military medics and engineers in Iraq.’ (www.iht.com, 21 June 2004; *IHT*, 22 June 2004, p. 4)

(The hostage was beheaded on 22 June.)

(‘[Roh Moo Hyun’s] government has emphasized that its expeditionary force will be involved only in rebuilding, not in combat . . . The extra troops will join more than 600 military medics and engineers and will be based near the Kurdish-controlled town of Arbil’: *The Economist*, 26 June 2004, p. 68.)

23–26 June 2004. The third round of six-nation talks is held in Beijing.

President George W. Bush has authorized a team of US negotiators to offer North Korea . . . a new set of incentives to give up its nuclear weapons the way Libya did late last year [2003] . . . The proposal would be the first significant, detailed overture to North Korea since Bush took office three years ago . . . Under the plan outlined by US officials in response to pressure from China and American allies in Asia, the US aid would begin flowing immediately after a commitment by Kim Jong Il to dismantle his plutonium and uranium weapons programmes . . . [‘Under the US proposal . . . the North must first commit to dismantle its nuclear programmes, including a highly enriched uranium programme that Pyongyang denies it has’: www.iht.com, 19 July 2004] . . . In return China, Russia, Japan and South Korea would immediately begin sending tens of thousands of tonnes of fuel oil every month, and Washington would offer a ‘provisional’ guarantee not to invade the country or seek to topple Kim’s government. It would also begin direct talks about lifting a broad array of American economic sanctions that have been in place against North Korea for more than half a century, providing longer-term energy aid and retraining of scientists who have worked on the nuclear programme . . . Kim would have three months, what the officials call a ‘preparatory period of dismantlement’, to seal and shut down the North Korean nuclear facilities, similar to what Libya committed to . . . After that, Bush’s aides say, the continuation of the oil and the talks would depend on North Korea’s permitting international inspectors to inspect suspected nuclear sites and meeting a series of deadlines for disclosing the full nature of its facilities, disabling and dismantling them, and then shipping them out of the country . . . The Japanese, the South Koreans, the Russians and the Chinese . . . but not the United States . . . would provide North Korea with fuel oil roughly the equivalent to the 45,000 tonnes the United States was sending the country under the 1994 agreement. The United States halted those shipments eighteen months ago. (www.iht.com, 23 June 2004)

The United States presented North Korea with a proposal for phasing out its nuclear programme in exchange for aid and security guarantees

Wednesday [23 June] as senior Bush administration officials acknowledged they had softened their hard-line stance ... American officials said North Korea rebuffed an invitation to hold a private meeting on the side of the six-party talks to discuss the proposal in more detail Wednesday ... Last summer [2003], when negotiations first began, Bush said that providing any benefits to North Korea before it completely abandoned its nuclear programme would be like submitting to blackmail ... A senior administration official said that the new plan did not require North Korea to accept the precise formula for resolving the standoff: the complete, verifiable, irreversible dismantling of its nuclear programme, which the Bush administration had insisted was its bottom line in any agreement. In previous rounds the same official had suggested that North Korea would have to agree to that wording before discussion of any benefits could commence. The official said the term, known by its initials, CVID, was still the goal of the United States ... [Previously the United States had demanded the complete, verifiable and irreversible dismantling of North Korea's nuclear programmes. North Korea wants compensation for giving up its nuclear programme, with the deal for a freeze as a first step: www.iht.com, 21 June 2004] ... James Kelly, the chief American negotiator, presented a seven-page proposal to his North Korean counterparts on the opening day of six-nation talks in Beijing, a senior administration official said ... Under the American plan, North Korea would have to fully disclose its nuclear programme, submit to inspections and pledge to begin eliminating it after a preparatory period of three months. In exchange ... [North Korea] would receive shipments of heavy fuel oil to meet its energy needs, be granted a provisional security guarantee by the United States and see the lifting of some sanctions. The proposal, which American officials said was first presented to them by South Korea earlier this month [June] and was modified in Washington, is a combination of ideas put forward in earlier rounds of talks. Administration officials described the proposal they made as more tangible and more specific than any offered in the past ... It was unclear whether the new American plan required North Korea to specifically acknowledge having a uranium enrichment programme in the first stage of any agreement ... A Bush administration official said that in the planning sessions held before the formal opening of Wednesday's talks the North Korean negotiators continued to deny that they had a programme to enrich uranium to make nuclear fuel ... US officials say they have since gathered more evidence to support the charge ... The North has acknowledged having a plutonium programme. (*IHT*, 24 June 2004, pp. 1, 8)

While the administration's offer of assistance carries a three-month expiration date, the proposal sets no enforcement deadlines for North Korea to disarm ... The US proposal would include a three-month preparation period, during which the North would freeze work on its nuclear programme, submit a list of all nuclear activities and remove key weapons

ingredients . . . A North Korean agreement to full disclosure and dismantlement and giving up all fissile material would prompt a 'provisional' security guarantee promising that the United States and its allies harbour 'no intention to invade or attack'. (www.iht.com, 24 June 2004; *IHT*, 25 June 2004, pp. 1, 4)

The Bush administration has dropped its insistence that North Korea complete full nuclear disarmament before it gets any rewards . . . The new American proposal envisions a two-stage process, which would start with the North acknowledging all its nuclear weapons programmes and agreeing to give them up within three months. South Korea and other countries could start delivering badly needed fuel oil, and North Korea's security would be guaranteed during the disarmament period. If North Korea met the deadline it would open the way to a broader and more permanent set of rewards, including its removal from Washington's list of states sponsoring terrorism, improved diplomatic relations with the United States and greatly increased economic assistance. (*IHT*, 26 June 2004, p. 4)

Under the US proposal Washington would provide a provisional security assurance to North Korea in return for a promise of dismantlement. At the same time South Korea, Japan, China and Russia would grant energy aid . . . North Korea would have three months to freeze its nuclear sites and then meet a strict schedule for inspections, dismantling and eventual evacuation of nuclear materials. (*FT*, 26 June 2004, p. 8)

'Washington had previously ruled out rewarding North Korea until after dismantling' (*FT*, 28 June 2004, p. 5).

America did drop the term 'complete, verifiable and irreversible dismantlement' . . . and it called for the North to give up its uranium 'technology' rather than its 'programme' . . . If the North were to freeze all its nuclear activities America says it would have no objection to the neighbours, particularly South Korea, providing needed oil and electricity; America itself would offer a provisional guarantee of no hostile intent. Then North Korea would have three months to account for its nuclear programmes and agree to their swift dismantlement before other benefits would flow. (*The Economist*, 3 July 2004, p. 65)

North Korea presented a massive demand for energy aid Thursday [24 June] . . . The North wants the equivalent of 2 million kilowatts of power per year in exchange for freezing work on its nuclear programme . . . The North's energy request is the equivalent of 2.7 million tonnes of fuel oil per year . . . North Korea is believed to consume about 8 million kilowatts per year . . . North Korea was offering to freeze work at its main nuclear facility at Yongbyon . . . Both Japan and South Korea say they would consider giving the North fuel oil if it freezes its nuclear programme as a step toward its eventual dismantling . . . North Korean and

US envoys held a rare one-on-one meeting at a Chinese government guest house Thursday. (www.iht.com, 24 June 2004; *IHT*, 25 June 2004, p. 4)

Two million kilowatts of power a year [is] roughly the output expected from two nuclear reactors that were to be built under a 1994 international accord . . . South Korea spent about \$800 million on initial construction of the power plants [before] the programme was frozen eighteen months ago . . . The governor of the Primorye region in Russia's far east said in an interview Monday [28 June] that: 'We are building energy transmission lines to the North Korean border. If President Putin gives us the task to transmit energy to North Korea next year [2005] we will be ready to do that. Today we are completing a project to unite the energy systems of Russia's far east and South and North Korea' . . . [The] project [is] to export excess electricity from Russian hydroelectricity dams to the Korean Peninsula . . . At a Russian-Korean conference last month [May] on energy co-operation North Korean officials agreed to provide by August basic data on the country's electric power system to Korea Electrotechnology Research Institute, a South Korean government organization. Separately, Russian and Korean energy planners are studying routes for a Korean Peninsula spur to a gas line that is being built to Khabarovsk, Russia, from massive deposits off the Pacific coast of Russia's Sakhalin Island. (www.iht.com, 29 June 2004)

North Korea has conditionally proposed to freeze its plutonium-based nuclear weapons programme 'in a verifiable way' at [the talks] . . . North Korea's chief negotiator, Kim Gye Gwan, stressed the proposed freeze would be a 'first step' towards scrapping the nuclear development programme and would come with 'verification through outside inspections'. But the North Korean negotiator said the freeze would not proceed unless the United States withdrew its demand for a complete, verifiable and irreversible dismantling of Pyongyang's nuclear programme and provided energy aid as well as security assurances. (*FT*, 25 June 2004, p. 8)

'Pyongyang . . . [said] it was prepared to freeze and eventually scrap its nuclear facilities if an acceptable deal could be agreed' (*FT*, 26 June 2004, p. 8).

Kim Gye Gwan . . . said that North Korea was developing nuclear weapons for protection from possible US attack: 'If the United States gives up its hostile policy toward us . . . we are prepared to give up in a transparent way all plans related to nuclear weapons.' (*The Times*, 26 June 2004, p. 24)

United States officials said . . . a North Korean threat to test a nuclear device . . . [was] made in a two-hour meeting between US assistant secretary of state James Kelly and North Korean negotiators on Thursday [24 June] . . . North Korea has made such threats at least once before, in a

previous round of talks. American and Asian officials say China has warned North Korea that a nuclear test could turn its neighbours against it . . . North Korea has issued no formal statement on the American proposal . . . On Friday [25 June] China cancelled the closing ceremony that was to take place Saturday [26 June] . . . Two earlier rounds of talks in the Chinese capital ended with closing ceremonies that were shown live on state television. (www.iht.com, 25 June 2004)

'US officials said North Korea had made its threat of a nuclear test during a bilateral meeting on Thursday [24 June]. It made the same threat during the first round of six-party talks last August [2003]' (*FT*, 26 June 2004, p. 8).

[The six countries] provisionally agreed to a fourth round of talks before the end of September. China said working-level talks would be held before to discuss 'first steps for denuclearization'. But the six countries failed to agree a hoped-for joint statement . . . The biggest obstacle remained the US demand that North Korea's suspected uranium enrichment programme be included in any deal. Pyongyang said it was prepared to freeze and dismantle its plutonium-based nuclear facilities at Yingbyon in return for energy aid and security assurances . . . [But North Korea] has denied having a separate uranium-based programme and refused to discuss it. (*FT*, 28 June 2004, p. 5)

28 June 2004.

In its first public response to the [US] proposal, North Korea yesterday [28 June] said the three-month timeframe for freezing its nuclear facilities was 'unscientific and unrealistic'. However, it praised the 'sincere atmosphere' of the talks and welcomed the US acknowledgement that the country must be compensated for halting its nuclear programme . . . [A North Korean statement said]: 'One positive progress made at this round of talks is that agreement has been reached on taking simultaneous actions and discussing the freeze-for-compensation issue . . . [But the United States must drop its] groundless claims [about uranium enrichment].' (*FT*, 29 June 2004, p. 11)

A senior US official . . . says North Korean diplomats . . . told their counterparts from China, Japan, South Korea, Russia and the United States that they 'welcomed' the [US] proposal and would 'take it back to Pyongyang and study it' . . . [The United States] called for a three-month freeze of Pyongyang's plutonium- and uranium-based weapons programmes in return for fuel-oil assistance from South Korea and Japan. This would be followed by a complete dismantling of North Korea's nuclear programme, with all nuclear materials removed from the country. The North Koreans would in exchange receive security assurances from the United States and its Asian allies and a dialogue with Washington on lifting American economic sanctions and removing North Korea from a list of terror-sponsoring countries . . . [Under the 1994

agreement] North Korea received energy aid for simply freezing its nuclear programmes following inspections ... North Korean diplomats responded to the US disarmament plan by offering a counter-proposal of their own ... [namely] a freeze at Yongbyon that would be verified by the United States or China but not by the IAEA [United Nations International Atomic Energy Agency] ... North Korean negotiators implied that their proposal dealt only with the Yongbyon plutonium reactor ... There was no mention of the country's nuclear weapons and its enriched-uranium programme, which North Korea now denies exists. On top of that North Korean officials said any disarmament moves should be preceded by large-scale economic aid and normalization of diplomatic relations ... North Korea is unlikely to reject the proposal out of hand, but it will probably delay its response as long as possible, says Charles Pritchard, a former US negotiator with North Korea. 'The benefit to them of stringing it out and not answering ... without discarding the package now is that it keeps the Bush administration ... from declaring the process dead immediately after the [November US presidential] elections and moving toward a more confrontational approach,' he says ... Few anticipate much progress in resolving the nuclear crisis prior to the presidential shutdown in November ... Democratic Party challenger John Kerry ... has said he would pursue bilateral negotiations along with the six-party talks. (*FEER*, 8 July 2004, pp. 18–19)

'Russia [has] just signed on to the PSI [Proliferation Security Initiative] core group ... [which involves cutting off] its [North Korea's] export routes for contraband weapons' (p. 8). ('Under the Proliferation Security Initiative the United States and a dozen nations started last year [2003] to monitor North Korean vessels for illicit cargoes such as drugs, missiles or nuclear fuel': *FT*, 3 July 2004, p. 2.)

30 June 2004.

President Roh Moo Hyun appointed a former leader of his party Wednesday [30 June] as his chief policymaker for North Korea in a reshuffle ... Roh named Chung Dong Young, fifty-one, former chairman of the Uri Party, as unification minister to replace Jeong Se Hyun ... Few analysts in Seoul expect any changes to South Korea's current reconciliation policy toward North Korea ... Two months ago North Korea named Kwon Ho Ung, forty-five, as its top negotiator. (www.iht.com, 30 June 2004)

1 July 2004.

[Japan announces that] Charles Robert Jenkins ... has agreed to travel to Indonesia [with his two daughters] ... to be reunited with his wife ... Indonesia has no extradition treaty with the United States ... Washington has rebuffed Tokyo's requests that it refrain from prosecuting Jenkins ... Kim Jong Il said in May that any decision to leave North Korea was 'up to Jenkins'. (*Independent*, 2 July 2004, p. 31)

Mystery surrounds what happened after Jenkins, who was leading a patrol near the DMZ on a cold [5] January 1965, left his men to investigate a noise. Washington says Jenkins deserted to the North, where he later became part of Pyongyang's propaganda machine ... [His family] believes he was abducted and brainwashed by the North Korean authorities. (www.iht.com, 8 July 2004)

'Jenkins's family in the United States say they believe he did not desert but was captured and brainwashed' (www.iht.com, 12 July 2004).

(Hitomi Soga [Jenkins's wife] said Tuesday [6 July] that her goal was to be reunited in Japan with her husband and two daughters ... The family is expected to meet Friday [9 June] in Jakarta': www.iht.com, 6 July 2004. '[Jenkins] a former US army sergeant ... arrived here [Jakarta] Friday [9 July] ... [Hitomi Soga] was abducted from her hometown in Japan by North Korean agents in 1978 ... Japan has pressed the Bush administration for a pardon for Jenkins ... The United States has repeatedly asked the North Korean government for permission to speak with Jenkins and three other American soldiers who are believed to be in North Korea. North Korea has consistently refused saying the four are now North Korean citizens': www.iht.com, 9 July 2004.)

2 July 2004.

[US] Secretary of State Colin Powell met with North Korea's foreign minister here [in Jakarta] on Friday [2 July] in the highest level meeting between the two nations in two years ... Powell and ... Paek Nam Sun, along with their delegations, met for about twenty minutes ... Powell was in Indonesia for a security conference of the Association of South-east Asian Nations (Asean) ... A North Korean statement: 'If the United States is of the position to improve the bilateral relations, the DPRK will also not regard the United States as a permanent enemy, and the prospect of DPRK-United States relations depends entirely on a change in the hostile policy on the DPRK ... [The DPRK will] maintain its goal of denuclearizing the Korean Peninsula and reaffirms that there is no change in the DPRK's position to resolve the nuclear issue through dialogue.' (www.iht.com, 2 July 2004)

'Paek Nam Sun ... repeated Pyongyang's desire for "simultaneous actions" to resolve the crisis' (*FT*, 3 July 2004, p. 8).

7 July 2004.

Kim Jong Il has introduced hamburgers ... in a campaign to provide "quality" food to university students, a media report said Wednesday [7 July]. The hamburgers were introduced in 2000 ... Although reports from the isolated country have in recent years mentioned the introduction of hamburgers, the latest announcement seems to credit the country's leader for their advent ... Kim [is cited] as saying at the time of the hamburger's introduction: 'I have made up my mind to feed quality bread and French fries to university students, professors and

researchers', even if the nation is undergoing economic hardship. The government built a hamburger plant and Kim ordered officials to pay close attention to modernizing mass production . . . Hamburgers from the factory were first provided only to students at the elite Kim Il Sung University in Pyongyang, but were later provided to other schools. (www.iht.com, 7 July 2004)

'In the past Pyongyang propaganda denounced South Koreans for eating bread, the food of the American imperialists, instead of rice' (*Telegraph*, 8 July 2004, p. 15).

8 July 2004. The tenth anniversary of the death of Kim Il Sung.

Kim Jong Il . . . skilfully tightened his grip on power over the last decade despite critics who once pegged him for a sickly playboy who would not last long . . . When Kim Jong Il took power many outsiders doubted whether he had the charisma or cunning to hold the regime together. But the secretive leader, in his signature jumpsuit, surprised critics with his resilience, rallying the military around him. (www.iht.com, 8 July 2004)

16 July 2004.

In recent six-party talks . . . North Korea acknowledged that most of its nuclear programmes are weapons-related, US Assistant Secretary of State James Kelly said Thursday [16 July]: 'While they said they wanted to maintain a civil nuclear programme, they also acknowledged that most of their nuclear programmes are weapons-related' . . . North Korea has refrained from stating publicly that it has nuclear weapons, although it speaks of an existing 'nuclear deterrent' . . . Kelly said the North Korean delegation at the talks 'clearly identified' a five-megawatt reactor at Yongbyon as a nuclear facility . . . Kelly said North Korea proposed at the Beijing meeting it would freeze its nuclear weapons programmes for rewards, including energy, lifting of sanctions and removal from the list of nations sponsoring terrorism. (www.iht.com, 16 July 2004)

18 July 2004.

Charles Jenkins . . . arrived with his family in Japan for urgent medical treatment. Senior politicians from the ruling Liberal Democratic Party said that they would do all that they could do to help Mr Jenkins to stay in Japan . . . He was taken immediately to a hospital in Tokyo . . . Mr Jenkins is thought to be suffering from a severe stomach illness, with the problem rendered much worse by a failed operation that he underwent in North Korea . . . On Saturday [17 July] Howard Baker, the US ambassador to Japan, signalled that the coast was clear for the family to come to Japan when he admitted that 'there are no plans for US officials to see Jenkins in the immediate future'. He added that Washington was 'sympathetic' to his health condition . . . Mr Jenkins, who was thought to have been drinking, scuffled with Japanese officials in the Jakata hotel suite

where the family was staying just before the flight to Tokyo, saying that he wanted to go back to Pyongyang. (*The Times*, 19 July 2004, p. 14)

In Jakarta he [Jenkins] had said he was prepared to 'sacrifice' himself for his family: 'I know the risk I will face if I go to Japan, but I am willing to take the risk, because the most important thing for me is that my daughters can be reunited with their mother' ... A spokesman for the Japanese foreign ministry said last night [18 July]: 'America still retains the right to ask Japan to put Sergeant Jenkins into custody, according to the Status of Forces Agreement. But in the light of Mr Jenkins's health they have delayed any action. As long as he is in this medical condition they have no immediate plans to arrest Mr Jenkins.' (*Independent*, 19 July 2004, p. 24)

Howard Baker (the US ambassador to Japan): 'I acknowledged that the US government is sympathetic to his health condition and that Sergeant Jenkins's medical condition may delay our request for his transfer to US custody ... There are no plans to see Jenkins in the immediate future' (*Guardian*, 19 July 2004, p. 12).

Japan's television stations, which devoted hours of coverage to Mr Jenkins's arrival, searched for signs of how he and his daughters were adapting to their new circumstances. Though Mr Jenkins removed his lapel badge of Kim Il Sung in Jakarta, his daughters – Mika, twenty-one, and Belinda, eighteen – had chosen to keep theirs on. But as they walked onto the airport tarmac it was clear they had decided to remove their badges. (*Guardian*, 19 July 2004, p. 12)

Much of the focus yesterday [18 July] fell on Mika ... and Belinda ... who before last week had never left [North Korea] ... Significantly, the pair both wore blue ribbons on their shirts – a symbol showing their support for Japanese abductees. When the two left Pyongyang with their father they had been wearing badges with tiny images of Kim Il Sung. (*The Times*, 19 July 2004, p. 14)

(The younger daughter is actually called Brinda Carol: www.feer.com, 9 September 2004.)

'Hitomi Soga ... the forty-five-year-old former nurse ... was snatched along with her mother ... in 1978. Her mother has not been heard of since. Ms Soga and Mr Jenkins married in 1980' (*Guardian*, 19 July 2004, p. 12).

24 July 2004.

North Korea appears to have rejected the Bush administration's offer last month [June] of a gradual lifting of sanctions and economic aid from neighbouring countries in return for a rapid dismantling of its nuclear weapons programme. But, as is so often the case with North Korea, it was far from clear that a government statement Saturday [24 July] was definitive. As recently as Thursday [22 July] senior US officials said that they had heard no official response to the offer, which had been a

significant change of course for the Bush administration . . . On Saturday North Korea said . . . [that the Bush plan] was a ‘sham offer’ because it required North Korea to disarm and submit to intrusive inspections before it could get the full benefits of economic concessions from the United States, Japan, South Korea and Russia. North Korea has insisted on returning to a ‘freeze’ in its nuclear programme, similar to the one in effect from 1994 until late 2002 . . . Bush has vowed never to return to a freeze, saying it enables the North to resume work on nuclear weapons. In its statement Saturday North Korea said that because it would not be rewarded for merely freezing its programmes, ‘the landmark proposal made by the United States’ was not worthy of consideration . . . North Korea’s statement seemed to dispute the sequence of concessions, not the goal. ‘It is a daydream for the United States to contemplate forcing’ North Korea ‘to lay down arms first under the situation where both are in a state of armistice and at war technically,’ it said . . . John Bolton, the [US] Under Secretary of State, who handles proliferation issues, who is among the most hawkish officials on North Korea, travelled to the region earlier last week. He urged North Korea to follow the example of Libya, which has surrendered virtually all its entire nuclear programme. In return Libya has begun to reintegrate economically with the West. (*IHT*, 26 July 2004, p. 7)

North Korea rejected a United States proposal that it should follow Libya’s lead and give up its nuclear ambitions if it wanted a swift end to its international isolation and to open the way for an influx of economic aid. North Korea called the US proposal a ‘daydream’ that was ‘not worthy of future discussion’. (*FEER*, 5 August 2004, p. 10)

27 July 2004.

[South Korean] defence minister Cho Young Kil announced his resignation Tuesday [27 July] after the leak of sensitive information about a naval confrontation with North Korea . . . President Roh Moo Hyun will decide whether to accept Cho’s resignation by no later than Thursday [29 July] . . . Cho had been under pressure to quit since a confrontation between the South and North Korean navies two weeks ago in the Yellow Sea. A South Korean ship fired warning shots at a North Korean vessel and the navy filed a misleading report on the incident . . . On 14 July South Korean warships fired warning shots to drive away a North Korean patrol boat that had intruded into southern waters in the Yellow Sea. The initial report on the incident omitted to note that ship-to-ship radio contact had taken place at the time of the confrontation . . . A senior general was fired Monday [26 July] after admitting that he had leaked information to the press about the incident . . . [He] was dismissed for disclosing to the media the contents of the radio exchanges, which showed that North Korea had sought to mislead the South Korean navy

by claiming the intruding North Korean vessel was a Chinese fishing boat. (www.iht.com, 27 July 2004)

([On 28 July] President Roh Moo Hyun appointed a new defence minister ... Yoon Kwang Woong, a retired vice admiral and formerly deputy navy chief of staff: www.iht.com, 28 July 2004.)

The second round of generals' talks, on 2 June, proposed a series of steps to prevent a recurrence of conflict, including the avoidance of 'undue physical force' against vessels, the adoption of a common radio frequency to 'avoid confrontation or confusion' between navy ships and the establishment of liaison offices on both sides ... But far from discouraging provocation the confidence-building measures led to an upswing in maritime incidents as North Korea tested a separate maritime boundary line well inside the boundary unilaterally declared by the United States-led UN command at the end of the Korean War. The navy has reported four incidents at sea since the agreement took effect in mid-June, compared to only two in the first few months of the year ... The initiatives have highlighted frictions between Roh's administration and the armed forces. Differences between the civilians and the military were especially apparent in the handling of an incident on 14 July, in which a South Korean navy ship fired two warning shots to drive off a North Korean ship. Initially the navy claimed that the North failed to respond to repeated radio warnings. Two days later the South Korean defence ministry admitted signals had been received. The North, it said, had falsely claimed the trespassing vessel was a Chinese fishing boat. The troubling aspect of this episode was that the initial incorrect report was sent to the presidential office ... Roh subsequently ordered an investigation into why he was misled. Explaining their actions, navy officers claimed the North's messages were not revealed because they were deliberately deceptive. But military analysts and officers say the real reason for the misreporting was mistrust of the administration: naval officers were concerned Roh would have opposed the decision to fire warning shots because of his desire for co-operation with Pyongyang ... Defence minister Cho Young Kil resigned after admitting to the National Assembly that the navy had deliberately withheld information on its contacts with the North during the incident ... The second casualty has been the generals-level talks and the confidence-building measures. The talks have been suspended and both sides have stopped removing their propaganda, after getting half the job done. (*FEER*, 12 August 2004, p. 18)

North Korea issued multiple propaganda attacks on the United States on Tuesday [27 July], demanding that Washington reduce its troops from the South and saying US human rights policies raised doubts about nuclear crisis talks ... A statement ... criticized human rights legislation passed last week by the US House of Representatives ... The North Korean Human Rights Act ... calls for the United States to support

North Korean refugees and to lead international pressure on the North to safeguard human rights and ensure aid transparency ... The bill was 'full of lies and fabrications' designated to subvert the North, it [the North Korean statement] said ... The [North Korean] foreign ministry repeated Pyongyang's rejection on Saturday [24 July] of US calls for North Korea to follow Libya and trade its nuclear arms programmes and other dangerous weapons for better diplomatic and economic ties with the West. (www.iht.com, 27 July 2004)

'The North Korean Human Rights Act also authorized funds to promote democracy and a market economy in North Korea' (*IHT*, 28 July 2004, p. 3).

'The North Korean Human Rights Act ... called on the administration to actively encourage refugees, with the help of an annual budget of \$22 million' (*Guardian*, 28 July 2004, p. 11).

US Congress representatives voiced their desire for action last week by unanimously passing a bill that, if approved by the Senate, would allow North Korean to claim asylum in America and force the State Department to put the refugee issue at the heart of diplomacy in north-east Asia. (*FT*, 31 July 2004, p. 8)

28 July 2004.

A senior North Korean foreign ministry official plans to make a rare trip to the United States soon, becoming the highest ranking figure from Pyongyang to visit since President George W. Bush took office ... [He is] Ri Gun, deputy head of US affairs at the foreign ministry ... [and] a key negotiator at six-party talks ... Ri would also visit New York and attend a gathering of scholars, experts and officials on 10 August ... The US embassy declined to comment on Ri's expected trip. (www.iht.com, 28 July 2004)

[US] officials said Wednesday [28 July] that a senior North Korean foreign minister official, Ri Gun, was invited to make a rare trip to the United States in August ... A stop by Ri in Washington would follow a visit there last week by the North Korean envoy to the United Nations, Pak Gil Yon, whose appearance in Washington was his first since George W. Bush became president in early 2001. (www.iht.com, 29 July 2004)

3 August 2004.

North Korea boycotted cabinet-level talks with South Korea on Tuesday [3 August], angry over the defection of hundreds of North Koreans to the South last week. North Korea described the mass defection as an act of 'kidnapping and terrorism committed by South Korean authorities in broad daylight' ... Cabinet-level talks are the highest level of current dialogue between the two Koreas. They were started after a North-South summit meeting in 2000 ... The two Koreas have been at odds over the defections and Seoul's earlier refusal to let pro-unification activist visit

Pyongyang for the tenth anniversary of the death of Kim Il Sung on 8 July. North Korea also scrapped maritime and military talks with South Korea in retaliation ... [South Korea] said the work to remove loudspeakers and propaganda billboards along the border has been suspended since military talks scheduled for 19 July had not taken place. The two Koreas had agreed to eliminate the loudspeakers and billboards by 15 August ... Because of the delay ... [South Korea] said it would be difficult to meet the deadline. (www.iht.com, 3 August 2004)

North Korea is deploying new land- and sea-based ballistic missiles that can carry nuclear warheads and may have sufficient range to hit the continental United States, according to the authoritative *Jane's Defence Weekly*. The land-based model has an estimated range of 2,500 to 4,000 kilometers (1,550 to 2,500 miles) ... bringing into range all of east Asia, as well as Hawaii and US military bases on the Pacific islands of Okinawa and Guam. The sea-launched model could be fired at least 2,500 kilometres from any point in the ocean ... *Jane's* said the two new systems appeared to be based on a decommissioned Soviet missile, the R-27, launched from a submarine. It said the North had acquired the ability during the 1990s from Russian missile specialists and by buying twelve former Soviet submarines that had been sold for scrap metal but retained key elements of their missile launch systems ... *Jane's* said North Korea appeared to have acquired the R-27 technology from Russian missile experts based in the Urals city of Chelyabinsk ... One such group was detained in 1992 when it was about to fly to North Korea, but others visited later ... Pyongyang was also helped by the purchase, through a Japanese trading company, of twelve decommissioned Russian Foxtrot and Golf II-class submarines that were sold for scrap in 1993 ... Missiles and electronic firing systems had been removed, but the vessels retained their launch tubes and stabilization subsystems ... The sea-based missile was potentially the more threatening of the two new weapons systems. 'It would fundamentally alter the missile threat posed by the DPRK and could finally provide its leadership with something that it has long sought to obtain – the ability to directly threaten the continental United States,' the weekly said ... The news editor [of the weekly] ... said: 'It is pretty certain the North Koreans would not be developing these [missiles] unless they were intended for weapons of mass destruction warheads, and the nuclear warhead is far and away the most potent of those' ... Until now only the United States, Russia, Britain, France and China have been known to possess submarine-launched nuclear weapons, although there has been speculation that Israel has a similar capability. (*IHT*, 4 August 2004, pp. 1, 5)

Rumours have been circulating for several years that North Korea is developing an inter-continental missile – the Taepodong 2 ... According to the South Korean military, North Korea has 600 Scud missiles with a range of 600 kilometres and 100 Nodong missiles with a range of 1,300 kilometres ... Japanese military analysts are sceptical that North Korea

possesses the miniaturization technology to fit a nuclear warhead into a missile ... [North Korea] is thought to have reprocessed sufficient plutonium for one to eight warheads. (*Guardian*, 4 August 2004, p. 10)

4 August 2004.

Russian military experts with close links to the government poured scorn yesterday [4 August] on claims that Moscow has helped North Korea develop two new ballistic missile systems capable of hitting mainland America with nuclear warheads. The authoritative journal *Jane's Defence Weekly* has alleged that Siberian missile specialists helped Pyongyang design and possibly build ballistic missile systems closely based on a decommissioned submarine-launched missile dubbed R-27 ... The journal pointed the finger at staff from the VP Makeyev Design Bureau in the Siberian city of Chelyabinsk, whom it claimed had made an unspecified number of trips, along with other defence specialists, to North Korea since 1992, under the cover of helping to develop a space-launch vehicle. The magazine also suggested that North Korea had obtained further vital missile intelligence from its 1993 purchase of twelve decommissioned Russian Foxtrot and Golf II-class submarines. But Edward Baltin, the former commander of Russia's Black Sea fleet, yesterday described the claims as 'absurd'. Insisting there was no way such sensitive missile technology would have been transferred from Russia to North Korea, he said the R-27 missiles had been painstakingly dismantled when withdrawn from service ... Russian experts said they doubted that the decommissioned submarines, which had also been carefully stripped of sensitive technology, would have helped either. (*Independent*, 5 August 2004, p. 23)

5 August 2004.

US officials ... say the weapon ... a new mobile ballistic missile ... could not reach the continental United States ... The missile, based on designs of a Soviet era submarine weapon known in the West as the SSN6, has an estimated range of slightly more than 2,600 miles, or 4,200 kilometres. US officials first disclosed North Korea's efforts to develop the variant of the Soviet missile in September [2003]. Fresh reports of North Korea's readiness to deploy the missile appeared in *Jane's Defence Weekly* ... The missile could be hidden inside freighters to be sailed closer to US shores for launching, but [US] officials expressed doubts that the missile was developed for that purpose. North Korea does not have a submarine capable of carrying the missile to within striking range of the continental United States ... Even so questions were raised about whether Russian or other scientists had helped develop the missile for the North, which has a troubling history of selling its military technology on the black market. The missile, if launched from North Korean territory, would be able to put US forces on Guam and Okinawa at risk.' (www.iht.com, 5 August 2004; *IHT*, 6 August 2004, p. 4)

Japan will provide North Korea with food aid and about \$7 million worth of medical supplies, officials said Thursday [5 August], as the two sides prepared to hold talks soon on the fate of Japanese abducted by Pyongyang decades ago. The 125,000 tonnes of food and medical supplies are part of aid promised by prime minister Junichiro Koizumi when he met Kim Jong Il in Pyongyang in May . . . [Japan] said the aid, to be provided through international organizations, was not linked to the talks on the Japanese who were abducted. (www.iht.com, 5 August 2004)

‘Japan said this week that it would send food and medicine worth \$47 million’ (www.iht.com, 11 August 2004).

‘Japan resumed its food aid to North Korea after a four-year hiatus, as part of an assistance package promised in May’ (*The Economist*, 7 August 2004, p. 6).

11 August 2004. ‘Japanese and North Korean diplomats began talks [lasting two days] Wednesday [11 August] on a dispute over the fate of as many as ten Japanese nationals by the North decades ago’ (www.iht.com, 11 August 2004).

‘Charles Jenkins . . . told Japanese officials [on 11 August] that two other suspected American defectors had died in [North Korea] . . . In addition to Jenkins three other men accused of being US military defectors were believed to be in North Korea’ (www.iht.com, 11 August 2004).

South Korea on Wednesday [11 August] announced an area in South Chungcheong province, 160 kilometres south of Seoul, as the site of its new administrative capital . . . The controversial step to remove the seat of government from Seoul, the capital since 1392 . . . is likely to anger opponents who say the policy is rushed, politically motivated and unconstitutional . . . A decision [by the constitutional court] is expected by October . . . The plan sees Seoul remaining as South Korea’s financial and economic centre. It is unclear whether the National Assembly will move. (www.iht.com, 11 August 2004; *IHT*, 12 August 2004, p. 3)

‘Seoul is only about 50 kilometres, or 30 miles, from the DMZ’ (www.iht.com, 20 August 2004).

The idea is to create a centre of government similar to Washington DC, while leaving Seoul as a business, financial and cultural capital equivalent to New York . . . President Roh Moo Hyun insists relocation is necessary to ease chronic overcrowding in Seoul, redistribute the state’s wealth and lessen the danger of a bombardment by North Korea . . . The city and its environs are home to almost half of South Korea’s 48 million population . . . A move 100 miles south takes the government out of range of much of North Korea’s weaponry . . . Surveys indicate that the public is evenly split. (*Guardian*, 12 August 2004, p. 15)

‘More than eighty government ministries and institutions . . . will be relocated to the city from 2012’ (*FEER*, 26 August 2004, p. 10).

The National Assembly and supreme court are free to make their own decisions on whether to move ... A recent census showed that 47.2 per cent of the nation's population lives in the city or its immediate vicinity ... A July poll showed 50.5 per cent of [South] Koreans opposed the relocation and 41 per cent were in favour. (*FEER*, 2 September 2004, p. 16)

'Seoul means capital in Korean' (*Independent*, 12 August 2004, p. 28).
16 August 2004.

North Korea is threatening to use terrorism against the South, Seoul's intelligence agency said in a rare advisory Monday [16 August]. The advisory warned South Korean citizens in China and south-east Asia to be on their guard. The attacks may be in retaliation for a recent airlift of a large group of North Korean refugees, the national intelligence service said ... 'North Korea is threatening our country with terrorism in retaliation,' the agency said in its statement ... 'We are advising heightened vigilance in view of the refugees' arrival and the North's reaction to it,' a spokesman at the agency said ... The spokesman said the warning was not based on specific indications of foreseen attacks against South Koreans but was prompted by the level of the North's public threat ... Seoul's warning follows a barrage of verbal attacks by the North accusing the South of premeditated abduction and terrorism against its people ... North Korea said following the arrival of the refugees in the South that the South Korean government was instigating confrontation with the North and that anyone who supported the plan 'will have to pay a high price'. On Sunday [15 August] North Korea said that the South Korean authorities would be held responsible for 'grave consequences' for trying to undermine ties between the two Koreas ... North Korea boycotted a planned round of high level talks with the South this month [August] in an apparent display of anger over the South's refugees operation. (www.iht.com, 16 August 2004; *IHT*, 17 August 2004, p. 6)

North Korea said Monday it would not attend working meetings before the next round of six-party talks ... and it also said it had no intention of immediately shutting down its nuclear facilities 'A nuclear freeze is possible and it can lead to the dismantlement of the nuclear programme only when the situation develops in the direction of the United States dropping hostile acts' against North Korea, the [foreign] ministry official said ... In June North Korea offered to freeze its nuclear programme in exchange for energy, a lifting of US economic sanctions and removal from Washington's list of state sponsors of terrorism. It said the freeze would be a step toward eventual dismantling of the programme ... Under the [US] plan some benefits would be withheld to ensure that North Korea co-operates. (www.iht.com, 16 August 2004)

'Analysts have argued that it would not make sense for Pyongyang to grant concessions to US president George W. Bush's administration now

when it might get a better deal should John Kerry, the Democratic candidate, be elected' (*FT*, 17 August 2004, p. 10).

'In the biggest realignment of forces since the Cold War President George W. Bush announced on Monday that US military strength in Europe and Asia would be reduced by 60,000 to 70,000 over the next decade' (*IHT*, 17 August 2004, p. 5).

'[The figure of] 70,000 troops [amounts to] almost a third of America's overseas fighting force' (*The Economist*, 21 August 2004, p. 8).

For more than a decade senior US officials ... would intone the mantra that Washington intended to keep 100,000 troops in Asia ... [But] on 16 August President George W. Bush announced that the United States plans to 'bring home' 60,000 to 70,000 troops stationed overseas in the next decade along with 100,000 family members and civilian employees ... As part of this shift 12,500 troops are to be withdrawn from South Korea by the end of 2005 ... America's 480,000-strong regular army has shrunk to a historically low proportion of overall US full-time military manpower since the end of the Cold War – about 35 per cent. Already reserves and national guard troops are playing vital roles in Iraq and Afghanistan, where the United States has about 150,00 troops on duty. (*FEER*, 26 August 2004, pp. 13–14).

North Korea now has embassies in forty-one countries (up from nineteen in 2000) and diplomatic ties with 155 ... North Korea began opening up immediately after its first summit meeting with South Korea in 2000. Since then it has established diplomatic ties with nineteen new countries, including Britain, Australia and nations of the EU. (*IHT*, 21 August 2004, p. 4)

18 August 2004.

The last surviving American defector to North Korea ... James Dresnok, sixty-three, a former US private who fled to North Korea in 1962 ... wants to tell his story and put a human face on the Stalinist state, which he believes is unfairly vilified abroad, according to British filmmakers ... Nicholas Bonner and Daniel Gordon [who] met Dresnok in June ... [Dresnok] wants to paint a positive picture of ordinary people there, they said ... Four other American soldiers – Private Larry Abshier, Corporal Jerry Parrish, Roy Chung and Joseph White – defected between the end of the 1950–3 Korean War and 1982. All died of natural causes in North Korea, according to [Charles] Jenkins, Dresnok and Bonner.' (www.iht.com, 18 August 2004)

23 August 2004.

North Korea called President George W. Bush an imbecile and a tyrant who puts Hitler in the shade, unleashing a vituperative stream of insults on Monday [23 August] that seemed to rule out any serious progress on nuclear disarmament talks before the American elections in November

... Monday's tirade was apparently triggered by a campaign stop remark last week by Bush, who referred to Kim Jong Il as a 'tyrant' ... [The North Korean statement]: 'The meeting of the working group for the six-party talks cannot be opened because the United States has become more undisguised in pursuing its hostile policy toward North Korea ... [Bush is] an idiot, an ignorant, a tyrant and a man-killer ... [He is] a bad guy ... Bush's assumption of office turned a peaceful world into a pandemonium unprecedented in history, as it is plagued with a vicious circle of terrorism and war. The president's aides and allies are a typical gang of political gangsters'.' (www.iht.com, 23 August 2004; *IHT*, 24 August 2004, pp, 1, 4)

26 August 2004.

South Korean government officials were struggling Thursday [26 August] to confirm persistent reports from Pyongyang of the recent death of Kim Jong Il's favourite mistress, a former dancer who was recently promoted in the communist state's pantheon as 'respectable mother'. Koh Young Hee, a Japanese-born Korean dancer, was treated in Paris last spring for advanced cancer ... Koh caught the eye of North Korea's 'Dear Leader' when her dance troupe performed at one of his private parties ... Over the summer the fifty-one-year-old mother of two of Kim's sons was flown back to Pyongyang, where she fell into a coma ... 'The intelligence sectors on North Korea in South Korea, the United States and Japan have shared a common assessment that North Korean dictator Kim Jong Il's wife has died of illness,' Cho Gab Je, a South Korean journalist [said] ... In addition to removing a brake on the mercurial leader's impulses, the death of the consort complicates the succession issue in the communist world's only dynasty. Two years ago North Korea's military propaganda machine started to elevate 'Dear Leader's' favourite mistress, prompting speculation that one of her sons, Kim Jong Chul, twenty-three, or Kim Jong Woon, twenty-one, was being groomed as the North Korean leader's heir. 'If Koh Young Hee had not died at this moment one of her two sons would be a high candidate for successor,' said Kim Deok Hung, who defected in 1997. 'But now that she is dead Kim Jong Ill's third son is Kim Jong Nam, thirty-five, who fell into disfavour in Pyongyang in 2001 when he was detained at Tokyo's Narita Airport trying to enter Japan on a fraudulent Dominican Republic passport. He told police he was planning to visit Disneyworld. A graduate of a Swiss boarding school, he speaks several foreign languages. "Now Kim Jong Nam might be the best candidate," continued Kim Deok Hung, who once worked for the Central Committee of the Korean Workers' Party. "He was the most loved by Kim Jong Il and Kim Il Sung and has the most international status of the three".' (James Brooke, www.iht.com, 26 August 2004; *IHT*, 27 August 2004, p. 3)

Koh Young Hee [was] the second wife of Mr Kim ... Although Ms Koh never appeared in public, those who knew the fifty-four-year-old say that

she was adored by the so-called 'Dear Leader' and exerted a powerful influence over him ... Kim Jong Il is known to have had close and lasting relationships with three women. His official wife, handpicked by his father, Kim Il Sung, was a general's daughter named Kim Young Sook, who is in her early sixties. The mother of his eldest son was Sung Hae Rim, a North Korean film star, who died in Moscow in 2002 ... According to ... Kenji Fujimoto ... a Japanese chef who spent thirteen years as Mr Kim's personal cook ... before returning to Japan ... Koh Young Hee was born on 16 June 1950 to Korean parents in the Japanese city of Osaka. Her father was a wrestler and in the 1960s, like many Koreans in Japan at the time, her family sailed to North Korea to begin a new life. Ms Koh became a dancer in the famous Mansudae Arts Troupes in 1972 and it was during a performance that she caught the eye of the young Kim Jong Il. 'He loved her so much,' Mr Fujimoto said. 'She was not a mistress. I believe they were married and she was an official wife' ... In recent years state media had referred to her as 'respected mother', suggesting that one of her boys was being groomed for the leadership ... According to Mr Fujimoto's book, *I was Kim Jong Il's Chef*, the 'Dear Leader' regarded the elder Kim Jong Chul as 'like a girl' and favours Kim Jong Woon. Nevertheless, her death may revive the hopes of the Mickey Mouse-loving Kim Jong Nam and complicate the succession. (Richard Lloyd Parry, *The Times*, 28 August 2004, p. 19)

30 August 2004.

The report, 'Conventional Arms Transfers to Developing Nations', is published each year [in the United States] by the Congressional Research Service ... Between 1996 and 1999 no surface-to-surface missiles were delivered to developing nations by the United States, Russia, China or European arms manufacturers. But thirty such missiles were delivered during that period by a state classified by the report as 'other', a category that includes North Korea, Israel and South Africa. From 2000 to 2003 twenty more surface-to-surface missiles were delivered by the nations in that category, according to the study. Although the report does not identify the country that manufactured and delivered the weapons, Pentagon analysts say the missile proliferation statistics almost certainly refer to North Korea. Of those fifty missiles ten were delivered in Asia and forty in the Middle East. The report does not identify the recipients. (www.iht.com, 30 August 2004; *IHT*, 31 August 2004, p. 3)

1 September 2004.

Charles Robert Jenkins ... said Wednesday [1 September] that he 'will very shortly' surrender himself to US military authorities [in Japan] ... and 'soon voluntarily face the charges that have been filed against me by the US army' ... The army, which concluded that letters written to his family showed he had deserted, said Jenkins had also appeared in anti-American North Korean propaganda films playing the role of an evil

American, and had worked as an English teacher in Pyongyang. (www.iht.com, 1 September 2004)

On 1 September Jenkins released a statement to the press saying he would voluntarily report to a US army base and 'face the allegations that have been charged against me'. The United States charges Jenkins with desertion, aiding the enemy, soliciting others to desert and encouraging disloyalty. In a document seen by the *FEER* that was initially intended to argue his case for an other-than-honourable discharge, Jenkins acknowledges that he is guilty of at least one of the four charges against him or of a lesser included offence, without specifying precisely which offence ... Jenkins presents a starkly different picture than that of a deserter who enjoyed living in North Korea and supported the regime by acting in propaganda movies, It is of a man – and family – who scraped by while North Korean officials watched their every move ... The US government considers him a deserter, saying that he left behind letters stating his intention to defect; members of his family in the United States have said they are convinced that he was captured by the communist state ... From 1965 to 1972 ... Jenkins shared a harsh life with three other alleged US army defectors: Private James Joseph Dresnok, Private Larry Allen Abshier and Corporal Jerry Wayne Parrish ... The North Koreans played the Americans against each other, Jenkins says: 'If I did not listen to the North Korean government, they would tie me up, call Dresnok in to beat me. Dresnok really enjoyed it ... I had no other trouble ... as far as Abshier and Parrish [were concerned]' ... Abshier died of a heart attack in 1983 and Parrish died of a massive internal infection in 1997, according to Jenkins's discharge request. Dresnok is still living in North Korea ... The request for a discharge asserts that Jenkins can confirm that 'a number of Americans were used, most often unwillingly, by North Korea to arm spies with English-speaking skills so they could target American interest in South Korea and beyond' ... According to Jenkins's discharge request, which was written on his behalf by his military attorney ... Jenkins and the three other men tried to escape: 'In 1966 Sergeant Jenkins even risked his life to leave North Korea by going to the Russian embassy and requesting asylum. Obviously, the Russian government denied the request' ... [In an interview] he describes how his difficult life in North Korea was lifted from misery by a love affair with a Japanese nurse who shared his hatred of the communist regime ... [Jenkins said]: 'She hated the [North] Korean government as well as I ... [We were wed] on 8 August 1980' ... Now that he has left the country Jenkins no longer disguises his bitterness at the North Korean regime. His legal defence is based in part on the notion that he learned to feign fealty to a regime he despised to avoid death and keep his family together ... The North Koreans told Jenkins they would allow him to travel to a third country to meet his wife [then in Japan] and bring her back to North Korea ... Jenkins: 'North Korea said ... China ... but my

wife would not [agree to China]' ... Instead, a meeting was arranged for July in Jakarta ... Jenkins: '[My wife] would not do so [follow me back to North Korea] and I had no intention of going back to North Korea.' (*FEER*, 9 September 2004, pp. 16–20)

Jenkins appeared in a North Korean propaganda film and allegedly urged US soldiers to defect in loudspeaker broadcasts at the DMZ ... It has long been assumed that one of the keys to the prosecution would be four letters left behind by Jenkins in 1965 declaring that he intended to desert. But in response to a Freedom of Information Act request by Jenkins's nephew, the [US] army admitted in March that it was unable to find the letters in its archives ... In North Korea in 2002 Jenkins and his wife, Hitomi Soga, told separate interviewers that his motive for crossing over to the North was to stay out of the Vietnam War ... In November 2002 Jenkins ... [said] that he 'walked' into North Korea: 'I served in the army, but when I was ordered to go to the Vietnam War, I refused' ... In an earlier meeting with Japanese diplomats in Pyongyang Soga also claimed Jenkins had told her that avoiding Vietnam service was his motive for going to North Korea ... Eight months after Jenkins crossed into North Korea in 1965 his unit ... was sent to Vietnam. Jenkins's former company commander, Darrell Best ... says he was aware at the time of Jenkins's disappearance that the division was being prepared for Vietnam service ... [But Best] says he personally doubts that Jenkins's motive for desertion was to stay out of Vietnam. (*FEER*, 14 October 2004, pp. 15, 20–1)

2 September 2004.

South Korea has admitted that government scientists enriched uranium four years ago to a level that was almost pure enough for an atomic bomb, the UN nuclear monitoring agency said Thursday [2 September]. Although only a minute quantity of uranium was involved, two Western diplomats close to the International Atomic Agency ... said the enrichment was below but 'very close' to the threshold for bomb-grade uranium ... [South Korea said] the experiment, which involved enriching uranium with lasers, was carried out by a group of scientists without government knowledge ... [The scientists were] government employees working at a government-run facility ... South Korea began a secret atomic weapons programme in the 1970s under Park Chung Hee, a military dictator. Under US pressure Park pledged in the late 1970s not to pursue a bomb, though some analysts believe the programme ended only with his death in 1979. South Korea signed the Nuclear Non-proliferation Treaty and the energy agency's Additional Protocol, which gives inspectors the right to conduct more intrusive, short-notice visits to nuclear sites than normal Non-proliferation Treaty safeguard limits ... The energy agency said a team of inspectors are in South Korea. (*IHT*, 3 September 2004, pp. 1, 8)

Western diplomats said the experiment had produced uranium enriched far beyond the concentration – of up to 5 per cent uranium 235 – used in [South] Korea’s reactors. Instead, one said the concentration was close to 80 per cent, not quite ‘weapons grade’ uranium but usable, if produced in sufficient quantities, in an inefficient device ... South Korea’s first effort to develop nuclear weapons started in the early 1970s, triggered by growing alarm in Seoul about the reliability of its American ally ... In 1971 the Nixon administration pulled an army division out of South Korea over Seoul’s objections. It was disengaging its forces from Vietnam and by 1972 cosyng up to China ... South Korea abandoned its covert nuclear weapon ambitions in 1975, under enormous pressure from Washington, and ratified the Nuclear Non-proliferation Treaty. (*FT*, 3 September 2004, p. 7)

3 September 2004.

The disclosure took place on 23 August ... The South Korean government insisted Friday [3 September] that what it called an experiment to enrich uranium at the Korea Energy Institute in 2000 was an unauthorized experiment by unsupervised scientists ... According to international diplomats ... the government admitted to the experiment only after the atomic agency’s inspectors began asking questions about a piece of equipment in a building ... that they had been barred from visiting ... While the amount of uranium that South Korea has admitted to enriching was very small, about two-tenths of a gramme, it was enriched to nearly 80 per cent – a level so high that experts said it was difficult to imagine any use for it other than making nuclear weapons. It would take several kilogrammes to make even a crude nuclear weapon ... It was unclear whether the scientists who were involved in what South Korea called a ‘laboratory experiment’ were government employees or workers for the country’s civilian nuclear industry, which provides about 40 per cent of the country’s electric power. (*IHT*, 4 September 2004, p. 4)

Chang In Soon, president of the Korea Atomic Energy Research Unit ... said that scientists under his command had performed experiments ‘three or four times’, but that, in each case, the enrichment level had not gone over 10 per cent, far below the bomb-grade level of 90 per cent ... A spokesman at the research centre said Sunday [5 September] that the government scientists conducted unsanctioned enrichment tests three times in 2000 but that they were repeated procedures of a single experiment ... Chang said ... that his institute did not report the uranium enrichment to the government at the time because the experiment did not cover a ‘formal research topic’. Instead, it was conducted largely to satisfy the curiosity of scientists, who used equipment assembled for other tests. After South Korea signed on to a tighter regime of reporting and inspection by the International Atomic Energy Agency [IAEA] in February of this year [2004] Chang said he sent a report to Seoul in June.

South Korean officials alerted the IAEA two weeks ago, leading to an inspection that is to end this week . . . South Korean officials have said no penalties are planned for the scientists who experimented with enrichment . . . On Friday [3 September] a White House spokesman [said]: 'We are not asking for any South Korean actions.' (*IHT*, 6 September 2004, p. 4)

Chang In Soon . . . who took over the institute in April 1999 . . . [said that] South Korea's enrichment of a minuscule amount of uranium was an experiment tacked on to other, unrelated laser tests, a one-time exercise designed to satisfy academic curiosity and to get more mileage from contaminated equipment destined for the scrap heap . . . Chang In Soon: 'I knew there was an international agreement, but it was such a small-scale experiment I did not think it would be a problem. Then we scrapped the facilities afterwards . . . I am responsible for everything. I cannot blame the researchers. To be frank our researchers are not aware of the international accords. It was such a small-scale experiment that I believed it was alright to allow it' . . . Chang said he had been informed that the enrichment level went to only 10 per cent, slightly above levels in South Korea's nuclear power plants. News reports last week from Vienna, home to the IAEA, cited enrichment levels reaching 80 per cent. On Saturday [4 September] inspectors of the UN agency left here [South Korea] with a sample of the enriched material, about one-tenth of a gramme. (*IHT*, 7 September 2004, p. 3)

South Korea will send a delegation to the IAEA's headquarters in Austria next week to explain an unauthorized nuclear experiment and pledge transparency in its nuclear operations, officials said Tuesday [7 September] . . . The [South Korean] foreign ministry's deputy director-general of disarmament said: 'The delegation will explain that the uranium experiment was conducted by only a few scientists for purely academic purposes, and the government will seek transparency on experiment procedures from now on. The delegation will say that the experiment was not big enough to be a violation of the [Nuclear Non-proliferation] Treaty.' (www.iht.com, 7 September 2004)

7 September 2004.

South Korea's ruling party yesterday [7 September] said it would push through a bill to abolish a national security law that President Roh Moo Hyun called a 'relic of military dictatorships'. The move, criticised by the opposition, came two days after Mr Roh called for the scrapping of the draconian law that bans South Koreans from having contact with or co-operating with North Koreans. 'We have basically agreed to repeal the law and instead revise the existing criminal law to fill the blank. We are planning to submit a bill to parliament soon,' said a spokesman for the Uri Party . . . The anti-North Korean law, enacted in 1948 and revised several times, has long been a source of contention. Although the

constitutional court recently upheld it, efforts to repeal the law have gathered pace. However, the opposition yesterday adopted a resolution against the plan. 'We need to maintain the legislation as long as we are confronting North Korea in a divided nation,' said a Grand National Party official. (*FT*, 8 September 2004, p. 9)

Under bills now in the National Assembly South Koreans would be allowed to access North Korean websites freely and to travel to North Korea. South Korea's official defence papers would no longer describe North Korea as 'the main enemy'. Other bills would end national security laws banning advocacy of North Korea's communist system. (www.iht.com, 6 September 2004)

8 September 2004.

South Korea admitted Wednesday [8 September] that four years ago it should have reported to international arms control officials on an unauthorized experiment to enrich uranium . . . Previously the government argued that it saw no wrongdoing, despite its failure to tell the nuclear watchdog, the IAEA, that the experiment had produced 0.2 grammes, or 0.007 ounces, of uranium . . . The South Koreans say the average enrichment achieved during the 2000 experiment was 10 per cent, nowhere near the 90 per cent needed for nuclear weapons, while the amount separated was microscopic compared with the 5 kilogrammes, or 11 pounds, of enriched uranium needed for a bomb. Revelations that scientists in South Korea engaged in clandestine uranium enrichment has embarrassed officials in Seoul at a time when Seoul is leading efforts to end North Korea's nuclear weapons programme. Seoul has argued that it was obliged only to report the enrichment activities after new, tougher safeguards in the Nuclear Non-proliferation Treaty took effect last February [2004]. In any case, the government said, it was not told of the experiment until this June [2004]. (www.iht.com, 8 September 2004)

South Korean officials maintain that a tiny quantity of low-enriched uranium was extracted: 0.2 grammes to a level of 10 per cent enrichment, too low to be of use in a nuclear weapon. But the experiments might still have breached international agreements, including a 1992 accord with Pyongyang banning facilities to reprocess or enrich uranium in either country, over two years before it was publicly known that North Korea had secretly resumed its own nuclear programme . . . When he [Chang In Soon] finally did disclose the experiment in June this year, he says ministry of science and technology director-general Cho Chung Won was 'shocked' . . . It was not until 20 June this year [2004] that Chang informed the ministry of science and technology of the experiments, says a ministry official. The government waited two months before making a report to the IAEA, on 17 August. Seoul informed . . . the United States about a week later . . . Washington only learned of the experiments one week before the IAEA publicly confirmed it on 3 September . . . The

United States publicly is standing by its ally . . . But in private US officials express considerable alarm. 'It is difficult to believe that rogue scientists would decide to place uranium in a laser system and enrich it without some approval from government officials at a high level,' says the Washington official . . . US officials say they believe Seoul's claims that neither of the two most recent residents of the presidential Blue House, Kim Dae Jung, who was in office when the experiments were carried out, and current president Roh Moo Hyun, was aware of the activity . . . Private analysts in the United States say South Korea's claims that the experiments were conducted by rogue scientists without government approval are hard to fathom. (*FEER*, 16 September 2004, pp. 22–5)

The South Korean government revealed on Thursday [9 September] that scientists in 1982 conducted an experiment in plutonium extraction at a state-run research facility . . . [The government] said an investigation showed an 'extremely small quantity of plutonium had been extracted between April and May 1982' . . . [It was] a milligramme-level plutonium experiment' . . . A government investigation was completed in March 2004 and a full report was sent to the IAEA a week ago . . . Enriched uranium and plutonium are key ingredients in nuclear weapons, although Seoul says the amounts of material used in both cases were far too small to be used in bombs . . . [The government said it] found out about the 1982 experiment only after a 1997 inspection by the IAEA found traces of plutonium at the site in Seoul . . . The South Korean military government had a nuclear weapons research programme in the 1970s, but abandoned it under US pressure . . . Even before the new revelation North Korea warned on Wednesday [8 September] that the uranium enrichment experiment in 2000 could 'accelerate a north-east Asia nuclear arms race' and accused the United States of applying a 'double standard' to the nuclear programmes of the two Koreas . . . Han Song Ryol, deputy chief of North Korea's mission to the United Nations, lambasted the United States: 'We view South Korea's uranium enrichment programme in the context of an arms race in north-east Asia. It has become difficult to prevent expansion of a nuclear arms race because of South Korea's test' . . . After the US-led invasion of Iraq last year [2003] Kim Jong Il said the United States would not have attacked Saddam Hussein if he had had nuclear weapons. (www.iht.com, 9 September 2004)

[On 13 September] UN inspectors said they had further evidence of banned operations . . . Opening an IAEA board meeting in Vienna the director-general, Mohamed ElBaradei, said that in the past fortnight its inspectors had found that South Korea had produced 150 kilogrammes of uranium metal at three locations. Uranium metal is most commonly used in weapons. Under its international treaty obligations Seoul is bound to inform the IAEA of such activities, but neither the activities nor the three plants were declared, even though the events went back to the 1980s. South Korea has admitted in the past fortnight that four years ago

it enriched uranium almost to bomb grade, and that in the 1980s it separated plutonium ... Dr ElBaradei said it was a 'matter of serious concern' that these activities were not reported ... [and that] some of the uranium metal used in the experiments in 2000 was produced in the 1980s ... The IAEA inspectors have had suspicions about the South Korean nuclear programme for years. (*Guardian*, 14 September 2004, p. 15)

'Some 153 kilogrammes of uranium was secretly produced in three facilities in the early 1980s ... [IAEA] inspectors will be focussing their efforts on finding 15.6 kilogrammes, or 33 ounces, of that uranium not in current South Korean inventories' (*IHT*, 17 September 2004, p. 4).

South Korea's boffins now admit that four years ago they produced 0.2 grammes of enriched uranium in a series of laser experiments that should have been reported to the IAEA; so should other work in the early 1980s to produce natural uranium metal (a small amount was used in the laser experiments) and a laboratory experiment to separate plutonium from spent fuel. (*The Economist*, 18 September 2004, p. 77)

9 September 2004.

The United States and South Korea have played down suggestions that a massive explosion [on 9 September] ... was caused by a nuclear device. The blast in Yanggang province, close to the Chinese border ... happened as the Stalinist state celebrated its National Day ... commemorating the 1948 founding of the country ... The blast created what officials in Seoul say was a peculiar shaped cloud ... A cloud with a radius of 4 kilometres (2.5 miles) had been spotted ... The area is mountainous and thinly populated and home to an underground military base known to contain medium-range missiles ... The United States suspects that the closed region where the blast occurred may be where the North is conducting an alleged uranium enrichment programme ... US Secretary of State Colin Powell [12 September]: 'There was no indication that was a nuclear event of any kind. Exactly what it was we are not sure' ... The South Korean president's office: 'Our government information for now shows North Korea has not conducted any nuclear test. We are trying to confirm whether it is fireworks, a fire in the mountains or an accidental explosion.' (www.bbc.com, 12 September 2004)

The blast coincided with the anniversary of the North's founding on 9 September when various military activities are staged ... The explosion happened in Yanggang province along the Chinese border, the site of Yongjori missile base – a large facility with an underground missile firing range ... Yongjori is a suspected site for North Korea's uranium enrichment programme. (www.cnn.com, 12 September 2004)

A huge explosion rocked an area in North Korea near the border with China on Thursday [9 September] and appeared to be much bigger than

a blast at the Ryongchon train station ... in April ... The cause of the blast has not been determined. (*IHT*, 13 September 2004, p. 6)

Nam Dai Yeon (the defence minister of South Korea): 'The weather overall was cloudy but there was a peculiar cloud, a cloud that was different from any other. We cannot confirm whether it had the characteristics of a mushroom cloud' (*The Times*, 13 September 2004, p. 12).

'The explosion might have been caused by accident during the firing of a conventional missile or a fire in one of the underground rocket silos believed to be in the area' (*The Times*, 13 September 2004, p. 12).

According to the Nuclear Threat Initiative, a US-based monitoring agency, the site is one of three the Pentagon believes may have been used to enrich uranium for a secret nuclear weapons programme ... Last night [12 September] South Korean Intelligence ascribed the incident either to an ammunition depot or container with 1,000 tonnes of dynamite exploding, a chain explosion of chemical material or a big fire. (*Telegraph*, 13 September 2004, p. 12)

'South Korean officials said that the blast occurred on Wednesday evening [8 September] or Thursday morning [9 September]' (*FT*, 13 September 2004, p. 6).

11–13 September 2004. 'The North's foreign ministry said [on 11 September] reports of nuclear experiments in the South made it even more determined to pursue its own programme' (www.bbc.com, 12 September 2004).

President George W. Bush and his top advisers have received intelligence reports in recent days describing a confusing series of actions by North Korea that some experts believe could indicate the country is preparing to conduct its first test explosion of a nuclear weapons, according to senior officials with access to the intelligence ... While the indications were viewed as serious enough to warrant a warning to the White House, American intelligence agencies appear divided about the significance of the new North Korean actions ... US Secretary of State Colin Powell [12 September]: '[The United States has been monitoring activities at a] potential nuclear test site ... [But] we cannot tell whether it is normal maintenance activity or something more. So it is inconclusive at this moment, but we continue to monitor these things very carefully.' (*IHT*, 13 September 2004, p. 1)

Colin Powell (12 September): 'They have not conducted a [nuclear] test to the best of our knowledge and the activity reported today is not conclusive that they are getting ready to do so' (*The Times*, 13 September 2004, p. 12).

North Korea said Monday [13 September] that a huge cloud caused by an explosion near its border with China was the planned demolition of a mountain for a hydroelectric project ... North Korean foreign minister Paek Nam Sun said the blast was intentional, following a request from

British foreign office minister Bill Rammell, who is visiting the North. (www.iht.com, 13 September 2004)

[The cloud] was a result of a huge blast to prepare earthworks for a hydroelectric dam, the North said ... Bill Rammell quoted ... foreign minister Paek Nam Sun: 'It was no nuclear explosion or an accident. It was a deliberate, controlled detonation to demolish a mountain in the far north' ... Rammell noted that he had asked permission for 'our ambassador [David Slinn] and other ambassadors to be allowed to visit the scene of the explosion'. 'I am very pleased the North Koreans have agreed to the request,' he said ... [The blast took place] in the middle of the night ... The cloud and seismic tremors were traced to a location in Kimhongsjik county, about 32 kilometres, or 20 miles, from the Chinese border ... Over half a century ago during the Korean War Kim Il Sung withdrew much of his war materiel and arms factories to the mountains. As a legacy of this military past the county contains several missile bases, including one capable of launching North Korea's ballistic missiles, the Taepodong 1 and 2. The area was a site where long-range missiles were first dispatched ... Missile bases generally store large amounts of liquid nitrogen, the primary fuel for rockets. (*IHT*, 14 September 2004, pp. 1, 8)

'Bill Rammell, a junior foreign office minister, arrived in North Korea [on 11 September for a three-day visit] to discuss its nuclear weapons programme' (*Guardian*, 13 September 2004, p. 14)

'This is Britain's first ministerial visit to [North Korea]' (*Telegraph*, 13 September 2004, p. 12).

A senior North Korean official ... Ri Jong Hyok, who is in charge of North Korean policy towards South Korea as president of the institute for national reunification ... admitted for the first time yesterday [12 September] to a visiting British delegation that 'reeducation through labour' is used in North Korea. (*Independent*, 13 September 2004, p. 27)

Bill Rammell confronted North Korea's leading official responsible for human rights, the vice-foreign minister, Choe Su Hon, with satellite photographs of the [prison] camp network on the final day [13 September] of his three-day visit ... Mr Rammell, who was accompanied by the foreign office expert on human rights, Jon Benjamin, also gave Mr Choe two copies of a report by the US committee for human rights in North Korea, *The Hidden Gulag*, in the Korean language. (*Independent*, 14 September 2004)

'Choe Su Hon, the vice-foreign minister, agreed to a visit by a [British] Foreign and Commonwealth Office diplomat responsible for human rights' (*The Times*, 14 September 2004, p. 16).

(North Korean students are being admitted to language schools in Britain and there is a growing exchange of official visits between the two countries.

In March a mission of North Korean MPs . . . came to London, their first visit to a Western democracy. The party was followed in May by Kung Sok Ung, the North Korean vice-minister, who met Mr Rammell in London: *The Times*, 1 September 2004.)

14 September 2004.

The blast took place in the early morning hours of 9 September . . . After four days of silence on the explosion North Korean officials told Bill Rammell on Monday [13 September] that it was caused by blasting for a hydroelectric dam. That explanation was greeted by widespread scepticism in the South Korean press on Tuesday [14 September] . . . Im Young Sun, a North Korean defector who has visited the region where the explosion took place, said in an interview Tuesday that it is the main centre for launching North Korea's ballistic missiles. He theorized that on the night of 8 September a missile launching was being prepared to celebrate the nation's fifty-sixth birthday. The explosion of liquid nitrogen fuel could have happened when the missile was being fuelled on a launch pad. (www.iht.com, 14 September 2004)

'Torrential rain has devastated huge swathes of North Korea, destroying homes and farmland ahead of the autumn harvest season, the official KCNA news agency said Tuesday [14 September] in a rare report on a natural disaster' (*IHT*, 15 September 2004, p. 4).

15 September 2004. 'North Korea denounced the speculation over a possible nuclear test as part of a "preposterous smear campaign" aimed at diverting world attention away from revelations about past South Korean nuclear activities' (www.iht.com, 15 September 2004).

16 September 2004.

A group of foreign diplomats was escorted Thursday [16 September] to the site of a recent huge blast . . . No radioactivity was detected by South Korea after the blast, allaying fears it had been a nuclear test, but its cause remains unclear. On Sunday [12 September] the North said the blast resulted from demolition work for a hydroelectric facility but did not explain why the explosion took place at night . . . North Korea . . . announced on Thursday that it would not attend further talks until the South's recent disclosures have been fully explained. (*IHT*, 17 September 2004, p. 4)

'[North Korea said] it would not attend further talks about the nuclear issue "unless the truth about the secret nuclear experiments in South Korea is fully probed"' (*FT*, 18 September 2004, p. 9).

17 September 2004.

Diplomats escorted by North Korean officials to what they said was the site of a huge explosion last week saw no evidence that it was nuclear, Sweden's ambassador to North Korea said on Friday [17 September] . . . Diplomats from seven countries were taken Thursday [16 September] to

the site, where a hydroelectric dam is under construction, ambassador Paul Beijer of Sweden said ... Asked whether he was certain they saw the proper site, Beijer said: 'No, but we did not have any indication that we were in the wrong place, either' ... The delegation was led by [British ambassador David] Slinn and also included diplomats from the North Korean embassies of Russia, Poland, Mongolia, Germany, Sweden and the Czech Republic ... Paul Beijer: 'One thing is entirely clear: this was not a nuclear explosion that happened on this site. This is a site where thousands of people are working on dam building' ... A German diplomat in Pyongyang who was briefed by [the German] ambassador ... said that they had been shown a dam project and were unable to confirm evidence of explosions ... The German diplomat: 'North Korea explained that there had been two large explosions, one on Wednesday and one on Thursday last week' ... The timing of the explosion on 9 September ... and a smaller one the day before ... had led to speculation that it might be a test by the North's nuclear programme, but experts now say they do not believe it was a nuclear test. (www.iht.com, 17 September 2004)

[South Korea said]: 'The peculiar cloud spotted by satellite was likely to be a natural cloud, given meteorological conditions and the local geography' ... South Korean officials originally said the blast occurred in Kimhyungjik county, a mountainous area where North Korea is thought to have missile bases, because of the suspicious cloud seen above the area at the time ... However ... [South Korea said on 17 September that it] had found no additional evidence of an explosion in Kimhyungjik: 'Therefore, we have concluded that the explosion did not take place there.' (*FT*, 18 September 2004, p. 9)

22 September 2004.

The much-delayed deployment of South Korea's brigade to Iraq has gone ahead ... [with the deployment of] 2,800 troops and will add 800 once the brigade has expanded its base in Erbil, in northern Iraq ... The deployment of the 2,800 men took fifty days ... The unit's operations are expected to be peacekeeping and reconstruction rather than combat. The deployment was planned for this spring ... The deployment started in August under conditions of strictest secrecy. (www.iht.com, 22 September 2004)

China has ordered the closure of the influential bimonthly journal *Strategy and Management* after it published a controversial article on North Korea ... The article pinned the blame for the nuclear crisis on ... Kim Jong Il and criticised him for trying to maintain a system of 'dynastic rule' ... The article was so sensitive that all copies of the issue were recalled ... The magazines arrived [for posting] on 17 August ... The journal, which was started in 1993, was known for taking risks. (www.iht.com, 22 September 2004)

24 September 2004.

North Korea imported 107 tonnes of a toxic chemical . . . sodium cyanide . . . that can be used to make sarin nerve gas from South Korea via China, South Korean officials said on Friday [24 September]. South Korea has expressed concern that some of its 'strategic goods', materials that can be used for military and terrorist purposes, have recently ended up in the possession of countries like North Korea and Libya, and has said it is tightening up control of exports of such items . . . The chemical was shipped without a South Korea export permit . . . to a Chinese company from June to September last year [2003] . . . Separately, South Korea is investigating a report that a Malaysian company exported 40 tonnes of sodium cyanide, including 15 tonnes originating in South Korea, to North Korea in August. Sodium cyanide is used to make fertilisers and industrial plating. But it can also be treated with acids to manufacture sarin, a deadly nerve agent. Although it was unclear why North Korea wanted the chemical, the North does have a large stockpile of chemical and biological weapons, according to US and South Korean. But North Korea is striving to increase its fertiliser production to increase agricultural yields. (www.iht.com, 24 September 2004)

28 September 2004. Vice-foreign minister Choe Su Hon (address to the United Nations General Assembly):

[The danger of war on the Korean Peninsula] is snowballing . . . [North Korea [has] no other option but to possess a nuclear deterrent [because of US policies designed to] eliminate [North Korea and make it] a target of preemptive nuclear strikes . . . Our deterrent is, to all intents and purposes, the self-defensive means to cope with the ever-increasing US nuclear threats and, further, prevent a nuclear war in north-east Asia . . . [North Korea is still ready to dismantle its nuclear programme if Washington abandons its] hostile policy [and is prepared to co-exist peacefully. At the moment, however] the ever-increasing US hostile policy and the clandestine nuclear-related experiments recently revealed in South Korea are constituting big stumbling blocks [and make it impossible for North Korea to participate in the continuation of the six-nation talks] . . . We have already made clear that we have already reprocessed 8,000 wasted fuel rods and transformed them into arms . . . We declared that we weaponized this [fuel] . . . If the six-party talks are to be resumed the basis for the talks demolished by the United States should be properly set up and the truth of the secret nuclear experiments in South Korea clarified completely . . . [North Korea believes it is impossible that such experiments took place] without US technology and US approval . . . [A freeze would be] the first step toward eventual dismantlement of our nuclear programme . . . North Korea intended] to include in the freeze no more manufacturing of nuclear weapons, and no test and transfer of them. (www.iht.com, 28 September 2004)

'The US Senate ... [approves] the North Korean Human Rights Act of 2004 ... The bill calls for federal funding for private groups promoting human rights in North Korea' (www.iht.com, 30 September 2004).

29 September 2004.

The Japanese government plans to delay a second shipment of food aid to North Korea because of slow progress in the North's investigation of its past abductions of Japanese citizens ... Japan agreed in August to resume food aid to the North after an interruption of nearly four years. It offered to send a total of 250,000 tonnes via an international organization over an unspecified period ... Half of the aid is on its way. But the government has decided to delay the second instalment, which originally was to have been delivered by the end of March 2005 ... Japanese officials made little progress in working-level talks over the weekend with their North Korean counterparts in Beijing. (www.iht.com, Wednesday 29 September 2004)

2 October 2004. 'North Korea ... said there was no hope for progress unless South Korea's nuclear experiments were fully investigated' (*FT*, 4 October 2004, p. 6).

4 October 2004.

North Korea's military has trained more than 500 'cyberwarriors', whose mission is to hack into South Korean, Japanese and US networks to gather intelligence or to attack computer systems, the South Korean ministry of national defence said Monday [4 October] ... The ministry said it believed that the North's capability was on a level with that of technologically advanced countries ... European business executives who have visited its capital recently have expressed their surprise at the level of software development there.' (www.iht.com, 4 October 2004; *IHT*, 5 October 2004, p. 4)

'North Korea has trained as many as 600 computer hackers so they could launch a cyber war on South Korea, the United States or Japan ... [The] report says North Korea's military command has 500 to 600 hacking staff' (*FT*, 5 October 2004, p. 12).

The US House of Representatives has passed a bill to promote human rights in North Korea and make it possible for refugees from there to seek asylum in the United States, prompting sharp complaints from the North. The measure passed the Senate last week and the House version was approved Monday [4 October]. Both votes were unanimous. The bill calls for spending \$20 million to assist non-government groups working to improve human rights in the North. It also moves to accept refugees from the North, saying that 'North Koreans are not barred from eligibility for refugee status or asylum in the United States on account of any legal right to citizenship' they may enjoy from South Korea. Since North Koreans are constitutionally guaranteed South Korean citizenship, they now cannot request asylum in the United States because South Koreans

do not face political repression . . . The bill would clear the way for North Korean refugees to apply directly for asylum at American embassies . . . Non-governmental organizations estimate that there are 100,000 North Korean refugees . . . with most of them making their way to northern China. Seoul's unification ministry puts the number in the tens of thousands . . . North Korea said that the bill ended any justification for continuing the stalled six-party talks on the North's nuclear weapons programme. (www.iht.com, 5 October 2004)

South Korea has prepared secret plans to accommodate at least 200,000 refugees in the event of a sudden collapse of the communist government in the North . . . Seoul's unification minister would take over as ruler of a post-collapse North Korea . . . The North Korea contingency plans were initially drawn up in 1994, when Kim Il Sung died. They have since been updated. (www.iht.com, 5 October 2004)

6 October 2004.

The United States agreed under pressure from South Korea on Wednesday [6 October] to stretch out over an additional three years until 2008 the withdrawal of 12,500 US troops from that country . . . Washington had signalled in June that it intended to remove the troops – a third of the 37,000-strong US military presence in South Korea – by the end of next year [2005] . . . Under the plan . . . 5,000 US troops will leave South Korea this year [2004], 3,000 next year [2005], 2,000 in 2006 and the final 2,500 in 2007 and 2008. (www.iht.com, 6 October 2004)

7 October 2004. 'Military officers from both Koreas . . . will meet on Thursday [7 October] to discuss road and rail links through the DMZ' (www.iht.com, 6 October 2004; *IHT*, 7 October 2004, p. 5).

North Korea resumed military talks with South Korea on Thursday, three months after pulling out of the negotiations . . . Two delegations from each side met at different places near the border to discuss opening routes for roads and railroads across the heavily fortified frontier . . . North Korea boycotted a 19 July military meeting in protest after the South Korean navy fired warning shots at a vessel from the North in the Yellow Sea off the east coast of the Korean Peninsula five days earlier. (www.iht.com, 7 October 2004)

'To build road and rail crossings . . . South Korea has invested \$230 million and North Korea about \$100 million' (www.iht.com, 8 October 2004).

18 October 2004.

China's foreign ministry said that North Korea's No. 2 leader, Kim Yong Nam, would visit Beijing for three days beginning on 18 October . . . China has hosted three rounds of [six-party] talks thus far. A fourth round in September failed because North Korea refused to attend. (*FEER*, 21 October 2004, p. 29)

19 October 2004.

North Korea's second-highest-ranking leader arrived in Beijing ... Kim Yong Nam is head of the Presidium of North Korea's parliament, second in line behind Kim Jong Il ... Kim Yong Nam acts as his country's ceremonial head of state ... [He] toured a high-tech industrial district in Beijing. (www.iht.com, 19 October 2004)

21 October 2004.

South Korea's constitutional court ruled Thursday [22 October] that ... [the] controversial plan to relocate the nation's administrative capital out of Seoul was unconstitutional ... The ruling suspends all activities to move the capital. For work to resume the government must hold a national referendum on the plan and revise the country's constitution ... The court action is the result of a petition submitted on 12 July by 169 persons, including academics and fifty Seoul city officials ... With South Korea in the midst of a domestic economic slowdown, polls suggest that the majority of the public oppose the plan. Seoul has been Korea's capital since 1392 ... Opponents of the move said the new site would not be appropriate if the countries ever reunify ... The budget set aside for the relocation has been questioned. (www.iht.com, 21 October 2004)

'Opponents said Roh's plan was ill thought out and lacked consensus. They said moving the capital south would send the wrong signal to North Korea because it could be taken to mean the South did not expect reunification soon' (www.iht.com, 25 October 2004).

The constitutional court rejected a government plan to relocate the capital from Seoul to a site in Chungcheong province. The court said the move was unconstitutional because it would first have to be passed by referendum ... President Roh Moo Hyun ... said he will not dispute the ruling but vowed to seek an alternative policy, such as decentralization on a smaller scale. (*FEER*, 4 November 2004, p. 12)

22 October 2004.

North Korea has been selling on its domestic market international food aid aimed at helping to ease food shortages ... South Korea's unification ministry said in Seoul on Friday [22 October]. In spite of the allegation the ministry said at a meeting with the World Food Programme that it would donate 100,000 tonnes of corn to the North via the organization as usual. 'North Korea has been selling locally to its citizens not only food aid provided on credit but also aid donated for free as that is their system,' a ministry official said ... The World Food Programme denied, however, that aid it donated was being sold by North Korea. (www.iht.com, 22 October 2004)

25 October 2004.

The Proliferation Security Initiative [is] a fifteen-month-old loose coalition of sixty countries working to curb trafficking in materials for weapons of mass destruction and their delivery systems. The exercise here . . . in waters south of Tokyo Bay . . . is the twelfth group drill, but . . . the first one held in North Korea's neighbourhood . . . [Apart from Japanese navy] warships from the United States, France and Australia [took part] . . . On Monday North Korea reacted angrily to Japan hosting this week's American-led naval drill, denouncing it as a dress rehearsal for economic sanctions . . . While global in design the Proliferation Security Initiative has focussed in this region on North Korea, a nation which in the past has sold drugs, missiles and counterfeit American currency. (www.iht.com, 26 October 2004)

North Korea has denounced this week's multinational naval exercise in Japanese waters as a US-led 'ultimate war action' . . . Besides the United States and Japan, seven other countries are taking part . . . The drill is part of an anti-proliferation security initiative in which allied forces can intercept ships or aircraft believed to be carrying missiles or equipment for unconventional weapons. The exercise was initiated last year [2003] primarily to deter North Korea's trade in missiles. (www.iht.com, 27 October 2004)

3 November 2004.

Sergeant Charles Robert Jenkins . . . pleaded guilty . . . on Wednesday [3 November] to desertion and aiding the enemy, North Korea . . . [He] was then demoted to private, stripped of four decades of back pay and benefits, and given a dishonourable discharge and a thirty-day suspended sentence . . . A US army judge apparently accepted the defence lawyer's argument that 'he has already suffered forty years of confinement' . . . Jenkins will not be required to leave Japan . . . Jenkins pleaded not guilty to encouraging American soldiers to desert and encouraging disloyalty. The judge accepted the plea and the two charges were dropped . . . 'I no longer wanted to be in the military – I just wanted to go home,' he said of his learning just after his Christmas 1964 leave that his unit was to be sent to Vietnam . . . He testified that he had believed that the North Koreans would simply hand him over to Russia, where he planned to contact the US embassy and make his way home . . . On 5 January 1965, Jenkins said, he made his move on a patrol. He instructed his platoon to stay behind while he went ahead to see if a road in the demilitarized zone was safe . . . 'Our mutual hatred of North Korea brought us together,' he said [of his wife]. (www.iht.com, 3 November 2004; *IHT*, 4 November 2004, p. 4)

'Jenkins . . . admitted "aiding the enemy" by teaching North Koreans English . . . [He said] he had wanted "to be discharged to my civilian life" and avoid "hazardous" duty in Korea and the worsening conflict in Vietnam' (*Independent*, 4 November 2004, p. 36).

'Jenkins . . . [said] that he had defected to avoid doing dangerous day-time patrols in South Korea and because he feared being sent to Vietnam' (*Guardian*, 4 November 2004, p. 19).

Jenkins: 'You don't say no to North Korea. You say one thing bad about Kim Il Sung and you dig your own hole, because you're gone' . . . The US army has always maintained that he was on an armoured vehicle patrol one January night when he told his platoon that he was off to investigate a suspicious noise. (*The Times*, 4 November 2004, p. 37)

Charles Jenkins:

They [the North Koreans] wanted to turn them [my two daughters] into spies. My daughters could pass as South Koreans . . . I thought if I go to jail, I go to jail [in a US military prison]. As long as I get my daughters out. (*The Times*, 6 December 2004, p. 35)

[In September Charles Jenkins] was sentenced to thirty days' incarceration at the US naval base in Yokosuka [Japan], but was released early for good behaviour . . . [On 7 December 2004 he and his family started a new life] on the island of Sado, north-west of Tokyo. (*Guardian*, 8 December 2004, p. 17)

9–15 November 2004. Talks between North Korea and Japan hold talks in Pyongyang.

Tokyo is not considering imposing economic sanctions on North Korea following weeklong talks with Pyongyang on an investigation into the fate of Japanese citizens kidnapped by [North Korea] . . . The Japanese delegation had been due to return on Friday [12 November] after a four-day visit. But discussions were extended through the weekend . . . [The] Japanese diplomats and investigators returned to [Tokyo on 15 November]. (www.iht.com, 15 November 2004)

12 November 2004. 'South Korean nuclear experiments that were revealed earlier this year produced minute amounts of plutonium and near-weapons-grade uranium, but there was no evidence linking them to an attempt to make nuclear arms, the UN atomic monitoring agency said' (www.iht.com, 13 November 2004).

The IAEA said: 'Although the quantities of nuclear material involved have not been significant, the nature of the activities and the failures [by South Korea] to report these activities in a timely manner . . . is a matter of serious concern' . . . The agency said South Korea had enriched a minute amount of uranium to 77 per cent, close to the 80 per cent to 90 per cent level needed for bombs, and had produced 0.7 grammes of weapons-grade plutonium. The amount produced was a fraction of the 7 kilogrammes of plutonium and 15 to 25 kilogrammes of highly enriched uranium needed for weapons. (*FT*, 13 November 2004, p. 9)

[On 26 October] visiting US Secretary of States Colin Powell said there is no comparison between Seoul's secret nuclear experiments in past years and North Korea's continuing nuclear programme . . . Powell said reports that South Korea had enriched a tiny amount of plutonium in 1982 and uranium in 2000 were of 'minor concern'. (*FEER*, 4 November 2004, p. 13)

For two decades South Korea covered up a series of sensitive nuclear laboratory experiments by omitting reports, falsifying reports or closing buildings to international inspectors, according to a report by the director-general of the International Atomic Energy Agency [published on 24 November]. Unveiling the nuclear work for the first time in a comprehensive way, the report charges South Korea built up a secret stockpile of undeclared uranium by extracting the nuclear fuel from locally mined coal and imported phosphate. Drawing on these resources South Korea 'conducted experiments and activities involving uranium conversion, uranium enrichment and plutonium separation which it failed to report to the agency in accordance with its obligations', reads the report by the director-general, Mohamed ElBaradei, prepared for delivery Thursday [25 November] to the thirty-five-member board of governors of the IAEA, the United Nations' nuclear watchdog . . . Increased co-operation by south Korean government officials is noted in the report, a summary of findings by three atomic energy inspection missions to a total of four sites this fall, the last one ending on 6 November. (www.iht.com, 24 November 2004; *IHT*, 25 November 2004, pp. 1, 7)

South Korea avoided a referral to the UN Security Council . . . after the IAEA chided its failure to report the activities but decided against passing it on for possible sanctions . . . The board [of the IAEA] noted that the quantities of nuclear material involved have not been significant and that to date there is no indication the undeclared experiments have continued. (*FT*, 29 November 2004, p. 9)

16 November 2004.

Japan warned on Tuesday [16 November] that it would consider withholding food for North Korea and other sanctions, after accusing it of failing to properly investigate the fate of Japanese citizens it kidnapped . . . A Japanese delegation that returned from Pyongyang after a third round of talks on the captives said the North Koreans had provided little new information . . . Two earlier rounds of talks on the captives, in Beijing this summer, also made little headway. (www.iht.com, 16 November 2004)

November 2004.

Analysts are debating the significance of an apparent downsizing of the personality cult surrounding Kim Jong Il, with explanations ranging from a demotion of North Korea's 'Dear Leader' to an official effort to lower the profile of the nation's absolute ruler at a time when North Korea is increasingly in the sights of Washington for its nuclear bombs

programme and chronic human rights abuse ... The mystery emerged with reports that officials have quietly taken down some portraits of Kim Jong Il in Pyongyang and provincial capitals this fall, diplomats and aid workers say. (*IHT*, 18 November 2004, p. 6)

[There have been] weeks of reports from North Korea of defecting generals, anti-government posters ... criticisms of the government are being posted in public places ... and the disappearance of portraits of [Kim Jong Il] ... A feeling [is] spreading in the region that cracks are starting to show in the Kim family's control over North Korea ... Hard evidence is difficult to come by in North Korea ... where people are barred from sending letters abroad, making international telephone calls, emigrating or talking to foreigners without supervision ... With reports of Kim's portraits being removed from some public buildings and news of military defections, outside analysts are speculating that the personality cult around Kim is being curbed, either to advance painful economic reforms or to head off a military coup fomented by China ... [There have been] persistent reports that anti-Kim leaflets have recently appeared ... that posters opposed to Kim Jong Il had appeared in three northern cities this autumn ... [On 21 November it was] reported that North Korea was cracking down on people in border cities who helped pass letters to foreigners or used cellphones to communicate with the outside world ... Analysts say they have seen more high-level defections recently ... [One source has] estimated that in recent years 130 North Korean generals had defected to China, about 10 per cent of the military elite. Of this group the most significant [the source said] are four who have been integrated into active duty with the Chinese military in the Shenyang district, along the Korean border. In May [a] Lieutenant General ... a rising member of the military elite ... eventually made his way to the United States ... [The source] speculated that China may be forming a fallback plan should Kim Jong Il prove incapable of reforming or holding on to power. (*IHT*, 23 November 2004, p. 2)

'North Korea is denying reports that portraits of Kim Jong Il have been removed from public places, calling the accounts a US plot to overthrow his government' (www.iht.com, 19 November 2004).

Problems are resurfacing within the Kim family, apparently over succession to Kim Jong Il ... Earlier this year Kim's brother-in-law, Jang Song Taek, was purged of his party posts ... South Korea's parliament [was told] on 25 November ... According to one account, Jang had been building a faction of generals in hopes of one day installing his thirty-three-year-old son, Jang Hyun, in power. Kim is believed to be preparing his twenty-three-year-old son, Kim Jong Chul, to succeed him one day. Seoul's stock market dipped sharply on 25 November on rumours that Jang Hyun had fired a shot at his younger rival, Kim Jong Chul. (*IHT*, 13 December 2004, p. 4)

(‘Jang Song Taek has been purged from government and possibly placed under house arrest’: *Guardian*, 23 December 2004, p. 14.)

Last weekend South Korean news agencies reported an assassination attempt on Kim Jong Nam, a son of the ‘Great Leader’, while he was on a trip to Europe. The plan, which was foiled by Austrian police, is believed to have been hatched by supporters of a rival son. (*Guardian*, Thursday 23 December 2004, p. 14)

Kim Jong Il has purged some of his closest relatives, accusing them of trying to seize power, reports in Beijing and Seoul said. The purge began some months ago when Kim Jong Il put his brother-in-law, Chang Song Taek, under house arrest along with eighty other officials and their family members. Many have reportedly been sent to North Korea’s gulag in the largest purge in a decade. Some diplomats believe the power struggles may be connected with the pace and scope of economic reforms. Kim Jong Il is reportedly preparing to announce new changes to the political and economic system in late February [2005] when the country celebrates his birthday ... Beijing has moved some 60,000 troops from the Shenyang garrison to the border in case it needs to intervene ... Government sources in Seoul said Austrian intelligence was reported to have foiled an attempt last month to assassinate Kim Jong Nam, the eldest son of Kim Jong Il, when he was visiting the country. Austria’s foreign ministry has denied the story. Another report, circulating in Seoul, says that in September Kim Jong Il’s sister, Kim Kyong Hee, was seriously injured in a traffic accident, which is assumed to have been an attempt on her life ... [She] and her husband, Chang Song Taek, were the most powerful couple after Kim Jong Il. Kim Jong Il, who is sixty-two and known to be suffering from a liver disorder from years of heavy drinking, has been under pressure to name an heir ... Kim Jong Nam often travelled abroad, but in 2001 he was deported from Japan ... [having been found] carrying passports issued by the Dominican Republic. His father was furious and this seemed to have ruined his chances of being named as his successor, creating intense rivalry as different factions pushed their own candidates. It seems that Chang Song Taek and his wife put forward their eldest son as the best candidate while others supported the sons of another of Kim Jong Il’s wives, the actress and singer Koh Young Hee. (*Independent*, 29 December 2004, p. 26)

In recent weeks there have been persistent rumours in financial markets and diplomatic circles about possible political changes in the North. Stories have ranged from the disappearance of portraits and lapel badges portraying Kim Jong Il to the defection of more than 130 generals to China ... The North Korea foreign ministry said on Monday [13 December]: ‘Under this situation the DPRK is compelled to seriously reconsider its participation in talks with the United States’ ... because of what

it sees as a concerted campaign to topple the government in Pyongyang ... The ministry said the United States had started a psychological campaign to persuade people that there was a crisis in North Korea, including mass defections by generals to China ... The comments appeared to be referring to the nuclear talks that involve China, Japan, the two Koreas, Russia and the United States ... The latest remarks represented a hardening of Pyongyang's position since it said in a statement on 4 December that the North would not return to the talks until President George W. Bush had assembled his administration. (www.iht.com, 13 December 2004)

8 December 2004.

North Korea has revised its criminal code ... in what appeared to be an effort to deter anti-state activities. The revisions also reduced sanctions against North Koreans who left the country for economic reasons ... The revised penal code upgrades punishment for those who lead uprisings to life imprisonment or death; previously it was at least ten years' imprisonment or death. For those who engage in violent demonstrations a minimum five-year term will be imposed, compared with the previous five-to-ten-year prison term ... Those who flee the North with the intention of betraying their country face harsher sentences; however, the changes reduced punishment for those who flee the country for economic reasons; the sentence has been cut from three years' imprisonment to two years ... Changes were also seen in commercial law. New clauses invoke punishment for those who violate private property, trademarks and other intellectual property with two years in prison ... New sanctions against tax evasion were also imposed ... [It is believed that] these moves were designed to halt the smuggling of goods from China. (www.iht.com, 8 December 2004)

'With the United States planning to flood North Korea with pocket radios, the North has raised penalties for listening to foreign broadcasts and set a minimum sentence of life in prison for armed rebellion' (*IHT*, 13 December 2004, p. 4).

On Wednesday [8 December] Japanese officials announced the results of DNA tests on a box of bones and ashes said by Pyongyang to contain the remains of Megumi Yokota, a Japanese woman kidnapped by North Korea [when she was thirteen] ... 'The bones belonged to a number of people' [the Japanese government said] ... Japan is veering closer on imposing sanctions on North Korea. (*IHT*, 13 December 2004, p. 4)

North Korea handed over the remains at talks in Pyongyang in November, saying they were the remains of Megumi Yokota and Kaoru Matsuki, two of thirteen Japanese whom Pyongyang has admitted abducting in the 1970s and 1980s to teach its spies about Japan. (www.iht.com, 15 November 2004)

[Japan discovered] that the two sets of remains ... were not, as claimed, those of Megumi Yokota and Kaoru Matsuki ... One of the two sets turned out to be a mixture of ash and bone from four unknown people ... [As regards the] 250,000 tonnes of food aid and \$10 million-worth of medical supplies ... half the food and about a third of the medical aid has yet to be disbursed and is now frozen. (*The Economist*, 18 December 2004, p. 113)

'This week Japan has taken a stronger line against North Korea, suspending planned food and medical aid after receiving false evidence from Pyongyang about a Japanese abductee' (*FT*, Saturday 11 December 2004, p. 9).

9 December 2004.

North Korea can expect a range of benefits if it drops its nuclear arms programmes, a US official said ... as he called for the North to return to nuclear negotiations ... He added that if Pyongyang denuclearizes it could expect 'a rich basket' of 'corresponding measures', including energy aid and assistance in joining international financial institutions. The official also said that North Korea would be offered multinational security assurances and could be removed 'very quickly' from the US list of states that sponsor terrorism. (www.iht.com, 9 December 2004)

17 December 2004.

Japan will keep pressing North Korea for the truth about the fate of Japanese nationals kidnapped by communist spies before considering imposing sanctions on the country, Japan's prime minister said Friday [17 December] at a summit meeting with his South Korean counterpart. (www.iht.com, 17 December 2004)

22 December 2004. 'North Korea yesterday [22 December] accused Japan of trying to foster anti-Pyongyang sentiment by faking the test results' (*FT*, 23 December 2004, p. 12).

24 December 2004.

Japan warned North Korea on Friday [24 December] of a 'serious response' if it was not more forthcoming on the status of Japanese people it kidnapped in the 1970s and 1980s. The Japanese government spokesman ... said a final study had concluded North Korea gave false evidence to a Japanese delegation last month [November] in asserting that kidnap victims were dead ... [The spokesman] also rejected North Korean demands to return human remains, which are at the centre of the dispute ... North Korea has insisted the remains are genuine. Its official news media said on Thursday [23 December] that Megumi Yokota's husband, a North Korean, was requesting the return of the ashes in their original state. North Korea says that eight of the kidnap victims were dead and that the two others never entered its territory. (www.iht.com, 24 December 2004)

2 January 2005.

South Korea's parliament has approved a one-year extension of the country's troop deployment in Iraq. The assembly voted by 161 to sixty-three ... [with] fifty-four abstentions ... to keep 3,600 troops in the northern Iraqi region of Arbil on a reconstruction mission until the end of 2005. (*FT*, 3 January 2005, p. 5)

5 January 2005.

A South Korean newspaper published Wednesday [5 January] what it said were classified war contingency plans produced by North Korea and distributed around the communist state in April 2004. The plans, if legitimate, are the first ever look at the secretive state's conflict preparations. They dealt largely with defence measures ... The newspaper reported North Korea's entire population should be ready to move onto a war footing within twenty-four hours of any conflict on the Korean Peninsula ... The instructions ordered military and administrative bodies to move immediately underground in the event of conflict ... The public's 'first duty' in hostilities is to protect pictures and statues of Kim Jong Il, Kim Il Sung and Kim Jong Suk, the mother of Kim Jong Il, the paper said, quoting the document. (www.iht.com, 6 January 2005)

14 January 2005.

North Korea told a visiting US congressional [six-member bipartisan] delegation Friday [14 January] that it is ready to return to six-party talks and offered to become a 'friend' of the United States if Washington does not slander the rule of Kim Jong Il (*IHT*, 15 January 2005, p. 8)

The announcement followed a four-day [11–14 January] visit by a US congressional delegation ... The delegation said that they had told North Korean officials that Washington had no intention of attempting to change the regime or attacking the North, citing private and public statements by President George W. Bush.' (www.iht.com, 14 January 2005)

'Senior North Korean officials – but not Kim Jong Il – met two US delegations recently, including both Republican and Democratic members of Congress' (*FT*, 15 January 2005, p. 5).

The North Korean statement:

[North Korea would not repeat the] unpleasant past and not stand against the United States but respect and treat it as a friend unless the latter slanders the former's system and interferes in its internal affairs ... [North Korea] would opt to find a final solution to all outstanding issues between the two countries, to say nothing of the resumption of the six-party talks and the nuclear issue, if what the US delegation said would be formulated as policy of the second Bush administration. (www.iht.com, 14 January 2005; *FT*, 15 January 2005, p. 5)

(‘John Bolton, [US] under-secretary of state for arms control and international security . . . who thwarted efforts by the departing Secretary of State Colin Powell to explore a deal with Pyongyang . . . [has left the State Department]’: *IHT*, 15 January 2005, p. 6.)

18 January 2005.

A South Korean human rights group revealed on Tuesday [18 January] what it claimed to be the first video images of dissident activity in North Korea. The scenes are from a shaking video camera that scans a rundown factory wall . . . The handwritten red-on-white poster is clear: ‘Down with Kim Jong Il, let us rise up and drive out the dictatorship!’ . . . The tape, thirty-five minutes long, was made in November [2004] by one of ten underground anti-government organizations in North Korea . . . If verified the video would be the first concrete evidence of political unrest . . . There have been occasional reports of armed rebellion, food riots and anti-government leaflets, but they have not been independently confirmed. The video was recorded near the Chinese border in the town of Hoeryong . . . There was speculation that video image of two anti-government posters – hung on an abandoned factory wall and a bridge – might have been staged . . . The tape comes after the US Congress in October [2004] enacted the North Korean Rights Act, which allows Washington to spend as much as \$24 million a year to promote human rights in North Korea. Pyongyang recently condemned what it said was US ‘psychological warfare’, accusing Washington of plotting to topple the government by flooding the country with tiny radios that can receive outside broadcasts. Experts differ widely on whether Kim Jong Il faces a serious challenge to his grip on power . . . [The South Korean human rights group claims] that ‘outside forces’ were helping dissidents expand their operations from provinces near the borders with China and Russia – traditional anti-government hotbeds – deeper into the country and even to Pyongyang. (www.iht.com, 18 January 2005)

Shaky footage of defaced images of Kim Jong Il and calls for his overthrow have been hailed in South Korea as evidence of a growing internal opposition movement. It is one of three videos smuggled out of North Korea in recent weeks showing child beggars, inmates of a prison camp, and a policeman meting out instant justice in a market to a woman accused of prostitution . . . [A South Korean human rights group] claims the [November] tape is by one of the ten underground anti-government organizations in North Korea. In the past only handwritten anti-government posters and photographs of graffiti have surfaced to support anecdotal evidence of popular dissent.’ (*Independent*, 19 January 2005, p. 27)

20 January 2005.

The South Korean coast guard began an unprecedented search and rescue operation in North Korean waters on Thursday [20 January] after Pyongyang approved the mission . . . A South Korean cargo vessel with

eighteen crew members on board was believed to have sunk in bad weather in the East Sea, also known as the Sea of Japan.' (www.iht.com, 20 January 2005)

31 January 2005.

Kim Jong Il intends to perpetuate the family dynasty, handing over power one day to one of his three sons, South Korea media reported Monday [31 January 2005], quoting a recent [27 January] North Korean state radio broadcast. North Korea's leader says he will obey the will of his father, Kim Il Sung, ensuring that the communist revolution would be continued by a grandson . . . Kim Jong Il: 'I will uphold father president's instructions' . . . [Kim Il Sung had] stressed that if he leaves the job unfinished it will be continued by his son and grandson. (www.iht.com, 31 January 2005)

Kim Jong Il made the announcement on Thursday [27 January] three weeks before his own sixty-third birthday on 16 February. When his father, Kim Il Sung, was sixty-two North Koreans first learned that Kim Jong Il was being groomed to succeed him . . . Kim Jong Il: 'I will uphold father president's instructions' . . . [Kim Il Sung had] stressed that if he falls short of completing the revolution it will be continued by his son and grandson. (*IHT*, 1 February 2005, p. 2)

1 February 2005.

Scientific tests have led US intelligence agencies and government scientists to conclude with near certainty that North Korea sold processed uranium to Libya, bolstering earlier indications that North Korea has exported sensitive fuel for atomic weapons . . . The determination . . . has touched off a hunt to determine if North Korea has also sold uranium to other nations, including Iran and Syria. So far there is no evidence such additional transactions took place . . . Nine months ago international inspectors came up with the first evidence that the North might have provided Libya with nearly two tonnes of uranium hexafluoride, the material that can be fed into nuclear centrifuges and enriched into fuel for bombs or reactors . . . Officials cautioned that the analysis of the uranium was hampered because the United States has no samples of known North Korean uranium for direct comparison with the material recovered in Libya. The study was done by eliminating other possible sources of uranium, a result that is less certain than the nuclear equivalent of matching DNA samples . . . The [US] government's most recent intelligence reports suggest that North Korea has begun turning raw uranium, which the country mines, into uranium hexafluoride, a modestly complex process. (www.iht.com, 2 February 2005; *IHT*, 3 February 2005, p. 2)

While there is some dispute about when the uranium hexafluoride was sent to Libya, there is some evidence that the transaction took place as recently as early 2003. US and Asian intelligence officials say it is unclear

whether North Korea knew that Libya was the ultimate destination for the uranium hexafluoride. One senior official . . . said it was possible that the North Koreans knew only that it was transferring the material to members of Khan's network. (www.iht.com, 9 February 2005)

'Two weeks ago Condoleezza Rice, in her confirmation hearings for [US] Secretary of State, included North Korea in a list of six nations she called "outposts of tyranny"' (*IHT*, 3 February 2005, p. 2).

'But . . . President George W. Bush . . . did not list the tyrannical regimes by name in his inauguration speech [on 20 January 2005]' (*FT*, 1 February 2005, p. 11).

3 February 2005. President George W. Bush (State of the Union speech):

We are working closely with governments in Asia to convince North Korea to abandon its nuclear ambitions . . . Today Iran remains the world's primary state of sponsor of terror, pursuing nuclear weapons while depriving its people of the freedom they seek and deserve. (www.iht.com, 3 February 2005)

4 February 2005.

According to South Korea's new defence policy paper . . . the United States will dispatch 690,000 troops and 2,000 warplanes if war breaks out on the Korean Peninsula . . . If war broke out 70 per cent of all US marine, 50 per cent of all US air force and 40 per cent of US navy forces would concentrate on the Korean Peninsula, including several aircraft carriers that could strike North Korea's artillery units along the border . . . The defence white paper, which has been updated for the first time in four years, removes ten-year-old references to North Korea being the South's 'main enemy' . . . but it says that North Korea remains a 'direct military threat with its conventional armed forces, weapons of mass destruction and forward deployment of its troops' along the demilitarized zone . . . The number of North Korean troops remained at 11.7 million, but the North has reorganized its military to add eight new divisions, most of them units with missiles capable of hitting South Korea and Japan, the white paper said . . . The commitment of US troops in the event of war appears aimed at easing concerns that Washington's plan to expand the role of US troops in the South from guarding against the North into rapid regional redeployments could create a security vacuum in the world's last remaining Cold War flash point . . . On Thursday [3 February] US and South Korean officials held a first round of talks aimed at readjusting the alliance according to a new US strategy of reorganizing its forces worldwide into nimbler and more mobile units to better deal with new security threats like terrorism. (www.iht.com, 4 February 2005)

'A [US] Pentagon study in the 1990s predicted that . . . a war on the Korean Peninsula . . . could kill a million people' (*IHT*, 19 February 2005, p. 6).

7 February 2005.

[Japan changed its] shipping rules. From March [2005] ships over 100 tonnes will be barred from Japan unless they carry insurance for oil spillage. This was aimed squarely at North Korean vessels, only 3 per cent of which are so insured.' (*The Economist*, 12 February 2005, p. 58)

A new law will bar most North Korean ships from Japanese ports starting 1 March [2005] ... An amended Liability for Oil Pollution Damage law requires that all ships of more than 100 tonnes calling at Japanese ports have property and indemnity insurance ... This law was drafted with North Korea as the target. In 2003 only 2.5 per cent of North Korean ships visiting Japan had insurance. Japan is North Korea's third largest trading partner after China and South Korea ... For North Korean fishing boats Japan is the best market in the region ... The bill was passed last year [2004] after one Japanese port paid \$6.4 million to salvage a North Korean shipwreck and to clean up its oil spill ... But the real driver was popular anger over North Korea's practice in the 1970s of kidnapping Japanese citizens. (www.iht.com, 11 February 2005; *IHT*, 12 February 2005, pp. 1, 4)

8 February 2005. 'Prime minister Junichiro Koizumi ... personally received a petition signed by 5 million people calling for sanctions [against North Korea]' (*IHT*, 11 February 2005, p. 5). '[In December 2004 a poll] of 1,009 people found that 75.1 per cent wanted the government to "invoke economic sanctions and take a stern posture" in dealing with North Korea' (www.iht.com, 11 February 2005).

10 February 2005.

North Korea on Thursday [10 February 2005] announced for the first time that it has nuclear weapons ... Previously North Korea reportedly told US negotiators in private talks that it had nuclear weapons and might test one of them. Its UN envoy told The Associated Press last year [2004] that the country had 'weaponized' plutonium from its pool of 8,000 nuclear spent fuel rods. But Thursday's statement was North Korea's first public acknowledgement that it has nuclear weapons ... Beijing has contended that it was unclear whether North Korea had developed nuclear weapons despite a growing volume of US intelligence to the contrary ... The US government has said that North Korea has up to eight nuclear bombs. (www.iht.com, 10 February 2005)

[The South Korean foreign ministry said on 11 February that] South Korean intelligence officials believed the North had the materiel to construct from one to three nuclear weapons. However, there has been no known testing by the North of a nuclear weapons. (www.iht.com, 11 February 2005)

The North Korean statement:

The second-term Bush administration's intention to antagonize the DPRK and isolate and stifle it at any cost has become quite clear ... We justly urged the United States to renounce its hostile policy toward the DPRK whose aim was to seek the latter's 'regime change' and switch its policy to that of peaceful co-existence between the two countries ... Senior officials of the administration ... have declared it was their final goal to terminate the tyranny, defined the DPRK, too, as an 'outpost of tyranny' and blustered that they would not rule out the use of force when necessary ... The true intention of the second-term Bush administration is not only to further its policy to isolate and stifle the DPRK pursued by the first-term office but to escalate it ... The United States has declared a new ideological stand-off aimed as a 'regime change' in the DPRK while talking much about 'peaceful and diplomatic solution' to the nuclear issue and the 'resumption of the six-party talks' in a bid to mislead the world public opinion ... The DPRK has clarified its stand that it would not pursue anti-Americanism and treat the United States as a friendly nation if it neither slanders the political system in the DPRK nor interferes in its internal affairs ... [The United States] treated it [the DPRK] as an enemy ... terming it 'tyranny'. This deprived the DPRK of any justification to negotiate with the United States and participate in the six-party talks ... Japan is now persistently pursuing its hostile policy toward the DPRK, toeing the US line ... We are compelled to suspend our participation in the talks for an indefinite period till we have recognized that there is justification for us to attend the talks and there are ample conditions and atmosphere to expect positive results from the talks. The present deadlock of the six-party talks is attributable to the US hostile policy toward the DPRK. There is no justification for us to participate in the six-party talks again given that the Bush administration termed the DPRK, a dialogue partner, an 'outpost of tyranny' ... The United States disclosed its attempt to topple the political system in the DPRK at any cost, threatening it with a nuclear stick. This compels us to take a measure to bolster its nuclear weapons arsenal in order to protect the ideology, system, freedom and democracy chosen by its people ... We have already taken the resolute action of pulling out of the NPT and have manufactured nukes for self-defence to cope with the Bush administration's evermore undisguised policy to isolate and stifle the DPRK. Its nuclear weapons will remain nuclear deterrent for self-defence under any circumstances. The present reality proves that only powerful strength can protect justice and truth ... The DPRK's principled stand to solve the issue through dialogue and negotiations and its ultimate goal to denuclearize the Korean Peninsula remain unchanged. (www.bbc.com, 10 February 2005)

US Secretary of State Condoleezza Rice:

The North Koreans have been told by the president of the United States that the United States has no intention of attacking or invading North

Korea ... [The United States and South Korea have a sufficient deterrent on the Korean Peninsula to] deal with any potential threat from North Korea. (*The Times*, 11 February 2005, p. 47)

‘Last week *Seoul Shinmun* reported that Pyongyang had managed to purchase an off-the-shelf nuclear weapon’ (*The Times*, Friday 11 February 2005, p. 19).

‘China’s sensitivity about its relationship with North Korea was underscored last year [2004] when Beijing closed an influential magazine, *Strategy and Management*, reportedly because of an analysis that described North Korea as a “strategic liability”’ (*IHT*, 19 February 2005, p. 6).

11 February 2005.

The United States rejected Friday [11 February] a demand by North Korea for one-on-one talks over its nuclear programme, insisting that the six-party negotiations ... was the only way to deal with the issue ... The North’s ambassador to the UN, Han Sang Ryol: ‘We will return to the six-nation talks when we see reason to do so and the conditions are ripe. If the United States moves to have direct dialogue with us, we can take that as a signal that the United States is changing its hostile policy towards us’ ... A [US] White House spokesman: ‘There’s plenty of opportunities for North Korea to speak directly to us in the context of the six-party talks’ ... Washington played down the importance of the nuclear declaration, saying intelligence officials had worked for years on the assumption that North Korea had such weapons. (*IHT*, 12 February 2005, p. 1)

14 February 2005. Chung Dong Young (South Korea’s unification minister):

There is a difference between possessing nuclear weapons and claiming to possess nuclear weapons ... There is no doubt that North Korea has 10 to 14 kilogrammes of plutonium, but there is no evidence that the North has turned it into plutonium bombs ... I believe the true purpose of the North’s announcement was to ask for its demands to be met, rather than to announce its possession of nuclear weapons ... We should maintain our policy of reconciliation and co-operation with North Korea despite fresh uncertainty over its nuclear programme. (www.iht.com, 14 February 2005).

Chung Dong Young ... noted that the North had made similar claims at least ten times since 2003. ‘We see it as a claim to own nuclear weapons, not an official statement of being a nuclear weapons state,’ Chung said ... Chung dismissed the North’s claims as nothing more than a bargaining ploy designed to ‘compel the United States to change its stance’ ... His comments [however] seem to contradict a recent South Korean defence white paper ... [which stated that] North Korea probably has assembled one or two nuclear weapons and is believed to have conducted an aerial blast test, a step that could precede an actual nuclear weapons test. Also, analysts note, while North Korea blustered about

having a nuclear capability, Thursday [10 February] was the first time it publicly used 'nuclear weapons' to refer to its nuclear programme. (www.iht.com, 15 February 2005; *IHT*, 16 February 2005, p. 3)

15 February 2005.

A South Korean newspaper yesterday [15 February] reported that North Korea had developed a new type of Scud missile with improved precision and a longer range. The Scud-ER had a range of 1,000 kilometres, putting Tokyo and much of the rest of Japan in reach, the *Chosun Ilbo* reported, quoting a government source. (*FT*, 16 February 2005, p. 10)

'A South Korean newspaper report said that North Korea had developed a new version of the Scud missile with improved precision and a longer range that could hit targets anywhere in South Korea and parts of Japan' (www.iht.com, 17 February 2005).

16 February 2005. Today is Kim Jong Il's sixty-third birthday.

While the army has become Kim's support base, the Korean Workers' Party has withered away. The party has not had a congress since 1980. Membership in the executive presidium has dwindled to one, Kim, as members who died or retired were not replaced. (James Brooke, *IHT*, 17 February 2005, p. 2)

21 February 2005.

Kim Jong Il has told a senior Chinese envoy that he would be willing to resume diplomatic talks over his country's nuclear programme, but only when 'conditions are ripe'. Kim also said he would return to the negotiation table if the United States showed 'sincerity' ... [China] wants a nuclear-free and stable Korean Peninsula. (www.iht.com, 22 February 2005)

Kim Jong Il:

The DPRK has never opposed the six-party talks, nor will it withdraw from the talks ... The DPRK would as ever stand for the denuclearization of the Korean peninsula and its position to seek a peaceful solution to the issue through dialogue remains unchanged ... We will go the negotiation table anytime if there are mature conditions for the six-party talks ... [I hope] the United States would show trustworthy sincerity. (www.iht.com, 22 February 2005)

25 February 2005. 'Former South Korean president Kim Dae Jung, speaking at a reception for the former American president Bill Clinton, said: "If Mr Clinton had had one more year in office, the nuclear and missile issues would have been resolved"' (www.iht.com, 25 February 2005).

27 February 2005.

[The United States announced] the first missing US soldier from the Korean War whose remains had been discovered on Chinese soil ... [In

2004] China allowed Americans to search in Tibet and in north-east China ... [In 2004] five search operations were conducted inside North Korea, with the US government paying about \$5 million. (www.iht.com, 27 March 2005)

Late February 2005. ‘Last week Japan’s ambassador to Seoul caused outrage by repeating Tokyo’s claim to an isolated islet known as Dokdo in Korea and Takeshima in Japan’ (*The Times*, 2 March 2005, p. 45). ‘The islets [are] known as Dokdo (“Lonely Islands”) to Koreans and Takeshima (“Bamboo Islands”) to Japanese ... Korea claims to have administered the islets since the sixteenth century. Japan originally claimed them in 1905’ (*The Times*, 3 May 2005, p. 33).

[The ambassador stated] that the disputed outcrops of volcanic rock ... were ‘historically and legally’ part of Japan. Then [on 22 March] ... Japan’s Shimane prefecture designated 22 February as ‘Takeshima Day’, recalling its first claim to jurisdiction over the islands a century ago ... The islands, about midway between [South Korea and Japan] ... are uninhabited apart from a small Korean garrison. (*IHT*, 19 March 2005, p. 2)

‘In 1905 Dokdo ... “Lonely Island” ... was the first scrap of Korean territory to be annexed by Japan’ (*IHT*, 6 May 2005, p. 2).

Japanese claims to two remote islets have worsened relations between [South Korea and Japan] ... The islets were incorporated into the [Shimane] prefecture in 1905 ... After Japan’s defeat in World War II the islets fell under the effective control of Seoul ... Japan’s prime minister Junichiro Koizumi: ‘We should deal with the situation in a forward-looking manner by considering how to develop friendship and overcome emotional conflicts’ ... the South Korean government ... [was] enraged by Koizumi’s response ... Eager to engage the North, the new [South Korean] leaders’ nationalism extends to the whole peninsula. One of the most potent elements of this nationalism is the sense of victimization at the hands of Japan that is shared by South and North. (Norimitsu Onishi, www.iht.com, 22 March 2005)

The first historical references identify the islands as belonging to an ancient Korean kingdom. The waters around the islands contain lots of fish, and reserves of natural gas and minerals may lie beneath them. South Korea has placed a number of policemen on the rocks. It rejects any attempts by the Japanese side to represent the issue as a territorial dispute which requires international mediation ... [There is an] enduring belief that the Japanese have failed to atone properly for their past. Many South Koreans still harbour bitter memories of being forced to adopt Japanese names and attempts to eradicate Korean culture and identity. (*The Economist*, 26 March 2005, pp. 74–5)

(In April there were anti-Japanese demonstrations in both China and, to a lesser extent, South Korea. ‘China and South Korea have excoriated Japan

over its approval of new school books which they say whitewash the atrocities committed during Japanese occupation . . . Seven years ago Japan made a written apology for its harsh colonial rule of the Korean Peninsula, in 1910–45. But its expressions of regret have never been seen as quite sufficient, especially by China . . . The latest such act of perceived impenitence is the Japanese government's approval of a set of school books written by nationalist historians, which reportedly gloss over such wartime atrocities as the rape of thousands of "comfort women", captured and used as sex slaves by the Japanese military. Furthermore, to South Korea's fury, one of the books asserts Japan's claim to a group of rocky islets that Korea possesses and calls Dokdo, which the Japanese call Takeshima': www.economist.com, 14 April 2005. In June 1984 Emperor Hirohito of Japan said: 'It is regrettable that there was an unfortunate past between us [Japan and South Korea] for a period in this century and I believe it should not be repeated again': *The Times*, 23 April 2005, p. 48.)

1 March 2005. President Roh Moo Hyun of South Korea (in a speech on the anniversary of a 1919 uprising called the March Independence Movement, which was ruthlessly suppressed by Japan):

Japan must make the truth of the past known and offer sincere apologies and, if necessary, pay compensation. Only then can we be reconciled . . . I hope that Japan will take the initiative in removing the deep-seated emotional hurdle between the two neighbours and heal the scar . . . I fully understand the Japanese people's anger over the abduction issue. In the same light Japan must put itself in Koreans' shoes and understand the anger of our people, who suffered thousands and tens of thousands of times as much pain over such issues as forced labour and comfort women during the thirty-six years of its imperial rule. From the standpoint of individuals who suffered under Japanese rule, the [South] Korean government's dropping of compensation claims will be hard to understand . . . Germany did all it could. As a result it is treated very well. The Germans delved into their past, made apology and made reparations – and through their decisive moral action they were able to emerge as the leader of integrated Europe. (www.iht.com, 1 March 2005)

President Roh Moo Hyun is the first South Korean head of state to call for reparations from Japan in recent years. Previously South Korea shied away from the issue because the two governments officially settled all compensation claims when they established diplomatic ties in 1965 . . . In January [2005] Roh's government declassified documents showing that South Korea's past military government had agreed when the two countries established ties in 1965 to accept an \$800 million economic package as reparations from Japan for its past colonial rule. The revelation triggered an uproar. Critics accused Japan of abusing South Korea's poverty to settle the issue in its favour . . . Thousands of Koreans were forced into labour or sexual slavery for Japan's World War II army . . . Historians estimate that 200,000 Asian women, mostly

from Korea and the Philippines, were forced to work in army-run brothels for Japanese soldiers before and during World War II. Some of the women, known in Japan as 'comfort women', were forced to sleep with as many as fifty men a day, according to former sex slaves. (www.iht.com, 1 March 2005)

4 March 2005.

North Korea has postponed a regular session of its parliament, its official news agency said Friday [4 March], in an unprecedented move that puzzled watchers of the secretive state ... Postponing a session after it had been publicly called had never happened before, although previously sessions had been skipped altogether ... The spring session of the assembly is held to settle the previous year's spending and to approve a new budget. Major economic policy measures are also adopted at the session ... The presidium of the Supreme People's Assembly made the decision Thursday [3 March] ... The session had been scheduled to begin next Wednesday [9 March] ... Officially the Supreme People's Assembly is the highest organ of state power. In practice it serves only to ratify decisions made by the Korean Workers' Party headed by Kim Jong Il ... [The postponement comes soon after the North declared it had nuclear weapons and more recently threatened to resume missile testing.] (www.iht.com, 4 March 2005)

20 March 2005.

The Washington Post reported Sunday [20 March] ... [that] in an effort to increase pressure on North Korea the Bush administration told its Asian allies in January and February that North Korea had exported nuclear material to Libya when, in fact, the shipment first went to Pakistan ... The Bush administration's claim was the first allegation that North Korea was helping to create a new nuclear state. It was Pakistan ... that sold the material to Libya, the newspaper quoted US officials as saying. The US government had no evidence that North Korea had known of the second transaction, *The Washington Post* said. (*IHT*, 21 March 2005, p. 4)

('[In March] US Secretary of State Condoleezza Rice ... sent one significant conciliatory signal to North Korea while in Asia, when she emphasized in a speech in Japan that North Korea was a "sovereign state", words she had not used before': *IHT*, 28 March 2005, p. 4.)

27 March 2005.

For the first time North Korea confirmed an outbreak of bird flu and said Sunday [27 March] that hundreds of thousands of chickens had been culled ... 'Bird flu has recently broken out at two to three chicken farms, including Hadang farm' [North Korea said] ... Hadang is one of the five largest chicken farms in Pyongyang ... North Korea had previously declared itself free of the disease, which has swept much of East and

South-East Asia, killing forty-eight people and millions of birds since late 2004 ... Since late 2004 the WHO has registered more than sixty-nine cases of humans infected with the H5N1 strain of avian flu. It has killed thirty-four Vietnamese, twelve Thais and two Cambodians. (www.iht.com, 27 March 2005)

North Korea ... said that hundreds of thousands of chickens had been killed to prevent spread of the disease and that the disease had not been passed on to humans ... the outbreaks occurred at a 'few chicken farms' [North Korea said]. (*IHT*, 28 March 2005, p. 9)

North Korea admitted bird flu had broken out in Pyongyang ... although it remained unclear if the virus spotted was the H5N1 strain, which has been known to spread to humans from birds ... South Korea confirmed nineteen cases of the H5N1 strain at poultry farms between December 2003 and March 2004. (*FT*, 28 March 2005, p. 6)

28 March 2005.

South Korea yesterday [28 March] stopped planned imports of North Korean chickens ... Seoul had recently postponed the North's first shipment of chickens to the South ... due to arrive in mid-March ... when South Korean business people [returning from North Korea] ... reported what they feared might be a bird flu outbreak. Japan, which had been importing small amounts of North Korean poultry, suspended imports as soon as these reports surfaced ... South Korea was the first Asian country to report a bird flu outbreak in December 2003 ... The country reported one case of low-pathogenic bird flu last year [2004]. (*FT*, 29 March 2005, p. 6)

Poultry production was one of the few growth sectors in North Korea, where many people are short of food and the supply of animal protein is very limited, the UN agency [the Food and Agriculture Organization] said. North Korean farms produced 25.5 million birds in 2004, about twice as many as in 1997 ... South Korea, which has stepped up quarantine measures at border points and at poultry farms near the border, believes the outbreaks in North Korea are extensive. (www.iht.com, 30 March 2005)

30 March 2005.

A top UN bird flu expert ... flew to Pyongyang on Tuesday [30 March], a day after North Korea told the agency [the Food and Agriculture Organization] of outbreaks of the disease without saying which strain caused them ... The H5N1 strain can jump from birds to humans ... [and] has killed forty-nine people in Asia since late 2003 – sixteen since the virus erupted anew in December [2004] ... [The expert] will be joined by two consultants from China and Australia ... The FAO has sent avian flu diagnostic kits to North Korea, where the agency already

has a project to improve veterinary laboratories, provide equipment and create a network for sharing information on the disease ... The UN agency says bird flu is now endemic in the region and experts no longer talk about eradicating it. Now they just hope to contain it before it mutates into a form that can pass between humans easily and set off a global pandemic. (www.iht.com, 30 March 2005)

31 March 2005.

The US intelligence community was 'dead wrong' about Iraq's weapons arsenal in large part because of an outdated Cold War mentality and a vast, lumbering bureaucracy that continues to shackle dedicated and capable people, a [US] presidential commission said Thursday [31 March] ... Despite some conspicuous successes, like exposing a nuclear proliferation network run by a rogue Pakistani scientist and gathering significant data on Libya's nuclear arsenal, America's intelligence agencies are not keeping up with the deadly threats the country now faces, the panel concluded. (*IHT*, 1 April 2005, p. 1)

The report of a presidential commission on chronic dysfunction inside American intelligence agencies has warned that the United States 'knows disturbingly little about the nuclear programmes of many of the world's most dangerous actors' ... Deleted from the public report were ninety-one additional pages that appeared in a classified version. Most of this was a discussion of the nuclear programmes in Iran and North Korea and of covert operations ... One official familiar with the classified parts of the report said they also raised the issue of why the intelligence agencies had provided widely different assessments of how many nuclear weapons North Korea had already built and how long it would take Iran to produce its first weapon ... [The report] warned of specific new vulnerabilities, especially in understanding the spread of biological weapons programmes. (www.iht.com, 1 April 2005)

In the fifteen months since Libya turned over to the United States nearly 2 tonnes of illicit uranium it planned to use in atomic weapons, the radioactive material has become a pivotal, if mysterious, piece of evidence for investigators unravelling the nuclear black market. The Bush administration, joined by the United Nations inspectors, now say that the uranium most likely comes from North Korea and that it helps to build a case that the North has exported dangerous nuclear material to Libya, and perhaps beyond ... But the evidence is also highly circumstantial. (www.iht.com, 31 March 2005; *IHT*, 1 April 2005, p. 5)

'US officials told American news organizations that they lacked definitive evidence' (www.iht.com, 6 April 2005).

2 April 2005.

North Korea is demanding that Japan withdraw from six-nation negotiations on ending its nuclear weapons programme. North Korea said Japan

should not be part of the talks because of what it called Japan's 'cunning and vulgar' intention to exploit the process for its self-interest. The comment came on Saturday [2 April], a day after the communist regime repeated that it would stay away from the stalled talks until the United States apologized for a comment by [US] Secretary of State Condoleezza Rice calling North Korea one of the world's 'outposts of tyranny'. (www.iht.com, 4 April 2005)

6 April 2005.

Christopher Hill ... Washington's top negotiator on the North Korean nuclear programme ... dismissed doubts about North Korea's involvement in proliferating uranium hexafluoride and the communist state's intention to run a uranium-enrichment programme in addition to its plutonium enterprises ... Hill, currently the US ambassador in Seoul, leaves for Washington this weekend to assume his new post as Assistant Secretary of State for East Asian affairs [on 12 April] ... Hill: 'We do have evidence that what arrived in Libya was actually of North Korean origin. We believe that it was brokered through Pakistan, with knowledge that it would end up in Libya ... [US officials believed the North Korean material] came through the A. Q. Khan network ... [but] no one is saying that the government of Pakistan is involved ... [The North Koreans] have been making purchases of very, very specialized – and I might add extremely expensive – equipment whose purpose one has to believe is an HEU programme.' (www.ih.com, 6 April 2005)

Christopher Hill:

I'm pretty convinced that we have North Korean weapons materials that appear to be brokered, that show up in Libya. Our concerns all along have been not only that North Korea could be a nuclear power but also that there is the threat of proliferation. To be dealing with an international broker like A. Q. Khan and to be selling things to him and then not to ask where it was going – I mean they weren't exporting North Korean potatoes. (*FT*, 12 April 2005, p. 12)

8 April 2005.

After high level talks with North Korea, China has told the United States that the North is committed to resuming six-country negotiations on its nuclear weapons programme, but no dates have been set ... A promise by President Hu Jintao of China to visit North Korea later this year [2005] appeared to be a key factor in the North's decision to resume negotiations. (www.iht.com, 8 April 2005)

North Korea is to allow South Korean helicopters to fly in the demilitarized zone ... to fight a forest fire that is raging on both sides of the border. The fire broke out a week ago on the east coast of the Korean Peninsula. (*The Times*, 9 April 2005, p. 49)

18 April 2005.

South Korea confirmed on Monday [18 April] that North Korea had stopped running its nuclear power plant ... that North Korea had shut down a reactor at its main nuclear weapons complex in Yongbyon ... raising concern that the communist state may intend to unload spent fuel to harvest plutonium for use in enlarging its nuclear arsenal ... The five-megawatt reactor ... has been North Korea's main source of weapons grade plutonium ... North Korea restarted the reactor in February 2003 by loading 8,000 fuel rods. After two years those rods have been used enough to contain as much as 10 kilogrammes, or 22 pounds, of plutonium ... The rods, when reprocessed could give North Korea enough plutonium for one or two bombs ... A US expert who visited Pyongyang earlier this month said that North Korea officials had told him their nuclear bombs were already operational and deliverable ... Selig Harrison, a Korea specialist from the Center for International Policy in Washington, said he talked with Kim Yong Nam, North Korea's number two leader, during a visit to Pyongyang from 5 April to 9 April. Harrison asked Kim how North Korea would know its weapons would work without a test. Harrison quoted Kim as saying: 'The agencies concerned are convinced that they have all the preparations made properly and that our nuclear weapons are operational' ... There is broad consensus among experts that North Korea has at least a couple of crude nuclear devices, but experts are divided in their views about whether the country has mastered the complex skills of making its warheads small enough – weighing less than 500 kilogrammes – to go on their long-range Rodong and Taepodong missiles ... Harrison said he had been told that North Korea would remove the latest batch of rods 'during the next three months' ... North Korean leaders told Harrison that they could negotiate a freeze on its nuclear activities, as they did in 1994 ... but they would not discuss dismantling the weapons they claim to have built already until the United States normalized its economic and political ties with the North and made a credible commitment not to seek a 'regime change'. (www.iht.com, 18 April 2005; *IHT*, 19 April 2005, p. 7)

Selig Harrison, head of the Asia programme at the Centre for International Policy, a Washington think-tank, said after meeting high-level officials in Pyongyang this month that North Korea was not prepared to bargain away its nuclear weapons. Instead, it would be prepared to freeze production of nuclear weapons if the United States vowed not to attack North Korea or overthrow Kim Jong Il's regime, Mr Harrison told reporters after his visit. In the meantime Pyongyang is threatening to start reprocessing the 8,000 spent fuel rods by the end of this month, he said. (*FT*, 19 April 2005, p. 9)

22 April 2005.

South Korean officials travelled to the North Korean city of Kaesong yesterday [22 April] for talks on helping ... combat a bird flu outbreak ... The talks were the first contact between the authorities of the South

and North since July [2004] ... [North Korea has] culled more than 210,000 chickens ... A UN expert who visited Pyongyang has said the outbreak was caused by the H7 strain, which can cause illness in humans. (*FT*, 23 April 2005, p. 7)

24 April 2005. North Korea issued the following statement:

The army and the people of the DPRK will never remain a passive onlooker to the US moves to isolate and stifle the DPRK, but will steadily bolster its nuclear deterrent for self-defence to cope with the enemies' reckless moves for military aggression.

[The statement was made during celebrations] marking the seventy-third anniversary of North Korea's 1.2 million-strong military, the world's fifth largest ... North Korea had previously said it could 'physically' prove it has nuclear bombs. Its negotiators had reportedly told their US counterparts that they would test a bomb if Washington did not make concessions. But Selig Harrison, a US scholar who visited North Korea this month, quoted officials there as saying they did not want to test a bomb now 'because of the fallout' and because they did not need to conduct a test. In past years North Korea has conducted hundreds of high explosive tests, enough to make some analysts believe that it may already have a workable detonator that could set off a nuclear device. (www.iht.com, 24 April 2005; *IHT*, 25 April 2005, pp. 1, 6)

'The CIA estimates that North Korea already has enough plutonium for six or eight nuclear weapons; if it reprocesses spent fuel now in its reactor it might obtain enough additional material for two to four more weapons' (*IHT*, 26 April 2005, p. 5).

An Asia-Africa summit took place 22–24 April 2004 in Indonesia to celebrate the fiftieth anniversary of the 1955 Bandung summit meeting. '[At the 2005 meeting] North and South Korea had their highest level meeting in five years and agreed to resume a regular dialogue' (*IHT*, 25 April 2005, p. 6).

On Saturday [23 April], in the highest level meeting since the 2000 summit, South Korea's prime minister, Lee Hae Chan, met with Kim Yong Nam, the effective number two in North Korea's hierarchy. In the thirty-minute meeting, on the edge of a larger Asian–African summit in Jakarta, the two posed amiably for photos and agreed to resume high level talks. (www.iht.com, 26 April 2005; *IHT*, 27 April 2005, p. 3)

25 April 2005. North Korea issues a statement: 'If the United States so much wants to take the nuclear issue to the UN Security Council it can do so. But it needs to be clear that we would consider sanctions to be a declaration of war' (*IHT*, 26 April 2005, p. 5)

26 April 2005.

In a first step sports officials from the North and South met on Tuesday [26 April] in Kumsang, the North's mountain resort, to discuss a

Southern proposal to rebuild gymnasiums in the North and for both counties to create joint cheering sections for future international sport events, such as the 2006 World Cup in Germany. Last week a South Korean agricultural quarantine team drove to Kaeson to develop strategies to counter future outbreaks of bird flu, an epidemic that forced the North to destroy 218,000 chickens this spring. Although the United Nations Food and Agriculture Organization announced Monday [25 April] that the bird flu outbreak has been contained, the South plans to ship to the North about \$700,000 worth of testing kits, disinfectant sprayers and quarantine vehicles. (www.iht.com, 26 April 2005; *IHT*, 27 April 2005, p. 3)

29 April 2005.

Vice Admiral Lowell Jacoby, the [US] Defence Intelligence Agency chief ... says US intelligence agencies believe that North Korea has mastered the technology for arming its missiles with nuclear warheads, an assessment that, if correct, means the North could build weapons to threaten Japan and perhaps the western United States ... Lowell Jacoby: 'The assessment is that they have the capability to [arm a missile with a nuclear device]' ... His assessment of North Korea's progress exceeded what officials have publicly declared before ... Jacoby said that North Korea's ability to deliver a nuclear warhead to the continental United States remains 'a theoretical capability' because its Taepodong-2 missile had not been flight tested. But he added that US intelligence agencies judged that a two-stage Taepodong could strike parts of the American West Coast and that a three-stage variant could probably reach all of North America. (www.iht.com, 29 April 2005; *IHT*, 30 April 2005, pp. 1, 4)

1 May 2005. North Korea issues a statement about President George W. Bush:

Bush is a hooligan bereft of any personality as a human being, to say nothing of stature as president of a country ... [He is a] half-baked man in terms of morality ... a philistine whom we can never deal with ... a world dictator whose hands are stained with the blood shed by innocent civilians ... No one can expect to hear reasonable words from Bush, once a cowboy at a ranch in Texas. The DPRK does not expect any solution to the nuclear issue or any progress in the DPRK-US relations during his term. (www.iht.com, 1 May 2005)

'The comments were a reaction to a White House news conference Thursday [28 April] in which Bush described ... Kim Jong Il as a "tyrant" and a "dangerous person" who starved his people and ran "huge concentration camps"' (www.iht.com, 1 May 2005).

North Korea apparently launched a short-range missile into the Sea of Japan on Sunday [1 May] ... The missile was believed to have travelled about 100 kilometres, or 60 miles, into the sea between the two countries

... North Korea has intermittently tested short-range missiles off its east coast, including a launch in February 2003. (*IHT*, 2 May 2005, p. 4)

'The missile ... was most likely to have been an anti-ship or small ballistic missile ... The North is thought to have test fired short-range missiles into the sea at least three times in 2003' (*Guardian*, 2 May 2005, p. 12).

8 May 2005.

The White House has warned North Korea that conducting a nuclear test would be 'a provocative act' ... The White House statement came after *The New York Times* reported growing concern among administration officials and several intelligence agencies about signs that North Korea might conduct its first nuclear test ... [But] there is clearly some disagreement among intelligence agencies about whether the latest evidence indicated a drive toward a test. (www.iht.com, 8 May 2005)

'Experts said that North might be putting on a show for spy satellites [as part of a negotiating ploy]' (www.iht.com, 10 May 2005).

10 May 2005. North Korea issues a statement:

It is a wise decision for our republic not to expect any settlement of the nuclear issue or any improvement in its relations with the United States during Bush's term of office. Bush is the world's worst fascist dictator, a first class warmaniac and Hitler, Junior, who is jerking his hands stained with blood of innocent people. (www.iht.com, 10 May 2005)

North Korea's harsh language ... [came] one day after Washington tried to coax the country back to the negotiating table by reconfirming that it considered the country 'sovereign' and would ... continue the practice [of holding] ... direct talks as part of six-party nuclear negotiations. (www.iht.com, 10 May 2005)

11 May 2005.

North Korea announced on Wednesday [11 May] that ... scientists 'had successfully finished the unloading of 8,000 spent fuel rods from the five-megawatt pilot nuclear plant in the shortest period recently' ... The spokesman said that North Korea was mainly interested in strengthening its nuclear power industry, but that Pyongyang 'is continuously taking measures necessary to increase its nuclear arsenal for defensive purposes' ... [The rods] could yield enough plutonium for two bombs in two or four months.' (www.iht.com, 11 May 2005; *IHT*, 12 May 2005, pp. 1, 8)

12 May 2005. 'North Korea's moves to unload spent fuel rods from its reactor ... may be a negotiating tactic ... South Korean officials said Thursday [12 May]' (*IHT*, 13 May 2005, p. 8).

14 May 2005. '[North Korea] sent a telephone message to the South calling for the resumption of government talks after a ten-month hiatus ... North Korea agreed to meet South Korean officials on Monday [16 May]' (www.iht.com, 15 May 2005).

15 May 2005. The talks between North and South Korea lasted four days instead of two as originally.

[South Korea] warned that if North Korea did not abandon its nuclear weapons programme the South would find it 'impossible to maintain political reconciliation and economic co-operation' that have provided the impoverished North with \$697 million in bilateral trade and \$258 million in aid last year [2004] . . . Trade with China jumped 34.6 per cent last year, to \$1.38 billion, while the value of trade with South Korea remained about \$700 million annually in 2003 and 2004. North Korea's trade with Japan declined for a third consecutive year to \$252 million last year . . . [South Korea] reminded North Korea of an "important proposal" that the South promised to unveil once North Korea returned to the six-nation talks . . . [North Korea] has requested 500,000 tonnes of fertilizer from South Korea, 200,000 tonnes of it this month. The South said it could ship 200,000 tonnes by mid-June and would discuss further shipments later. (www.iht.com, 18 May 2005)

19 May 2005.

The first high-level talks between North and South Korea in ten months ended without a North Korean promise to return to six-nation talks aimed at ending the communist state's nuclear weapons programme . . . [Under an agreement reached] South Korea will begin shipping 200,000 tonnes of agricultural fertiliser to North Korea on Saturday 21 May]. The South will also dispatch a ministerial-level delegation to Pyongyang to celebrate the fifth anniversary of the summit meeting between the two Koreas that took place on 15 June 2000. The two Koreas will also hold ministerial talks from 21 June to 24 June. Such high level contacts have been suspended for a year. But the agreement made no mention of the nuclear crisis. It contained only a broadly worded sentence that the two Koreas 'will actively improve South-North Korean relations and work together for the peace of the Korean Peninsula' . . . The North, while asking for economic aid, refused to discuss the nuclear crisis. (www.iht.com, 19 May 2005)

21-22 May 2005.

South Korea began shipping the fertiliser . . . urgently needed for crops to ease chronic food shortages . . . on Saturday [21 May], when fifty [South Korean] trucks rumbled across the mine-infested border to deliver 1,250 tonnes . . . Three North Korean cargo ships sailed into South Korean waters early Sunday [22 May] . . . Seven more North Korean freighters and a fleet of South Korean vessels will later join the shipping operation, which will continue into June . . . The last time North Korean ships entered a South Korean port was in 1984, when the ships were carrying North Korean rice and cement for typhoon victims in South Korea . . . At the talks last week North Korea asked for 500,000 tonnes of fertiliser and

an unspecified amount of food aid ... Between 1995 and 2004 ... the South Koreans ... provided the North with \$1.2 billion in government and private aid. The latest fertiliser shipment is worth \$89.6 million. (www.iht.com, 22 May 2005; *IHT*, 23 May 2005, p. 2)

North Korea said [on 22 May] it was seriously studying a US overture for resuming six-nation negotiations on ending its nuclear weapons development ... [A] US special envoy on North Korea visited the communist state's UN mission in New York on 13 May and delivered an official message that Washington recognized the North as sovereign and had no intention of invasion ... [The envoy] then urged North Korea to return to six-nation talks ... The New York contact drew attention because it came after North Korea announced on 8 May that it wanted to hear directly from US officials that Washington did not have hostile intentions. (www.iht.com, 23 May 2005)

27 May 2005.

North Korea has denied it was getting ready for a nuclear test ... Confusion over whether North Korea would test a bomb, even among scientific and political experts is a clear reflection of the regime's tactics on nuclear policy, these experts say. They summarize the North's approach as 'strategic ambiguity'. (www.iht.com, 27 May 2005)

30 May 2005.

Tensions between the United States and North Korea increased Monday [30 May] as both sides turned up the rhetoric after a decision in Washington to dispatch fifteen Nighthawk stealth fighters to the Korean Peninsula ... The Pentagon has been dispatching F-117 stealth fighters to South Korea as part of a rotation of forces for training. But the latest deployment came in tandem with the increasingly stern language of US officials ... The Pentagon recently deployed B-2 stealth bombers and F-15E fighter jets to Guam for training and both squadrons have reportedly extended their stay ... [On 25 May] the Pentagon suspended nine-year-old operations inside North Korea to retrieve the remains of US soldiers missing from the Korean War. Washington also decided not to renew the contract of Charles Kartman as head of an international consortium that had planned to build a nuclear power plant in North Korea. Kartman is a strong proponent of negotiations with North Korea ... [President] Bush said on Friday [27 May]: 'In this era of new warfare we can target a regime, not a nation, and that means terrorists and tyrants can no longer feel safe hiding behind innocent life' ... Vice-President Dick Cheney of the United States ... called Kim Jong Il an 'irresponsible leader ... [who] doesn't take care of his people at all'. (www.iht.com, 30 May 2005)

The deployment last week of fifteen stealth bombers to South Korea, along with the severing of the US military's only official interaction with North Korea [the search for soldiers missing in action], appears to be

part of a push by the Bush administration to further isolate North Korea ... Senior Pentagon officials say the F-117 stealth fighters were part of the preparation for a long-planned training exercise ... The Pentagon said it had sent the planes to assure American troops' safety in the "uncertain environment created by North Korea's unwillingness to participate in the six-party talks'. (*IHT*, 31 May 2005, p. 7)

'The [US] air force ... said the [F-117 stealth bomber] crews ... needed to familiarize themselves with the Korean terrain' (*Telegraph*, 31 May 2005, p. 11).

'The deployment of stealth fighters to South Korea ... [relates to] exercises that have no formal completion date' (*The Economist*, 11 June 2005, pp. 59–60).

31 May 2005.

[President Bush] said: 'It's either diplomacy or military, and I am for the diplomatic approach. And for those who say we ought to be using our military to solve the problem, I would say that while all the options are on the table, we've got a ways to go to solve this diplomatically' ... The State Department disclosed that the United States and its allies intercepted two shipments of materials destined for North Korea's nuclear and chemical weapons programmes in the past nine months. (www.iht.com, 1 June 2005)

1 June 2005. '[North Korea] slashed by two-thirds the number of South Koreans allowed to visit Pyongyang to celebrate the fifth anniversary of the historic inter-Korean summit on 15 June 2000' (www.iht.com, 1 June 2005).

North Korea has warned that it will not allow US forensic experts back into the country to recover the remains of 8,000 US soldiers missing from the Korean War ... North Korea [said it] had decided to 'totally dismantle its side's investigation and recovery unit' ... The Pentagon [said it had] ... 'temporarily' suspended a nine-year-old operation inside North Korea to recover the remains of American MIAs, citing safety concerns ... Since 1996 Pentagon forensic experts and North Korean soldiers have together searched old battlegrounds to find remains of American soldiers ... So far American experts have brought home remains believed to be those of more than 200 Americans. Twenty have been identified and returned to their families for burial with full military honours. (www.iht.com, 2 June 2005)

In December [2004] the [Japanese government] announced that the remains [sent by North Korea] were not ... [those of] Megumi Yokota, whom Pyongyang kidnapped in 1977 ... and were, in fact, the remains of two other people ... Although doubts have surfaced since then about whether the [Japanese] government was telling the whole truth, it has refused to address them ... Remains from which DNA could not be extracted, for example, could well belong to Megumi ... Cremated bones

are easily contaminated with someone else's skin or saliva. (Norimitsu Onishi, *IHT*, 2 June 2005, p. 2)

5–7 June 2005.

American officials met with North Korean envoys Monday [6 June] to discuss halting the North's nuclear weapons programme. The meeting was requested by North Korea and held in New York, where the two sides last met on 13 May ... [US] Secretary of Defence Donald Rumsfeld said [on 6 June] in Bangkok that no deadline had been set to bring the dispute to the UN Security Council. Rumsfeld nullified one comment [on 5 June] by a senior defence official travelling with him that there could be a decision on going to the United Nations within weeks [about possible Security Council sanctions on North Korea] ... US Secretary of State Condoleezza Rice ... [also] dismissed the comment [by the official] ... The North Korean government has denounced sanctions as tantamount to a declaration of war ... On Tuesday [7 June] the US military confirmed that fifteen Nighthawk stealth fighter jets arrived in South Korea last week. The US described the deployment as routine training, but the fighters' presence within striking distance of North Korea carried a political message, experts say. (www.iht.com, 7 June 2005)

North Korea told the United States this week that it would return to six-party talks ... but did not say when it would do so, the US State Department said yesterday [7 June] ... A spokesman: 'The North Koreans said they would return to the six-party process but did not give us a time certain when they would return.' (*FT*, 8 June 2005, p. 9)

On Tuesday [7 June] the [US] State Department announced that North Korea had told its officials during a meeting a day before in New York that the North would return to the negotiating table but had not set a date. (www.iht.com, 8 June 2005)

8 June 2005. North Korea issues a statement: 'As for the resumption of the six-party talks, it entirely depends on the US response to our call for creating conditions and an environment for their resumption' (www.iht.com, 8 June 2005).

Japan beat North Korea on Wednesday [8 June] ... The [soccer] game, originally scheduled to be played in Pyongyang, was instead held in an empty stadium in Bangkok to punish North Korea after misbehaviour by players and fans in home losses against Bahrain and Iran in March.' (*IHT*, 9 June 2005, p. 18)

10 June 2005.

A summit meeting [takes place] between President George W. Bush and President Roh Moo Hyun of South Korea ... [They] dismissed reports of strains in their nations' alliance ... During the meeting Bush said the United States would not attack North Korea ... He also agreed to give

North Korea multinational security guarantees, badly needed energy and 'more normal relations' once the North abandoned its development of nuclear weapons ... Analysts were quick to say that Bush's proposals were nothing new and had already been laid out in June [2004] ... For the second time in two weeks Bush referred to the North's dictator as 'Mr Kim'. North Korea had previously welcomed a similar gesture. Just a month ago Bush described Kim as a 'tyrant' ... South Korea has said it was working on a comprehensive new package that would improve the US proposal ... Washington and Seoul have been bickering over a US plan to make the 32,500 US troops in South Korea 'flexible' for deployment outside the peninsula. (www.iht.com, 12 June 2005; *IHT*, 13 June 2005, p. 5)

14 June 2005. Charles Jenkins begins a week-long visit to the United States to see his mother. She is in her nineties and has not seen her son since 1965.

15 June 2005.

North and South Koreans celebrated in Pyongyang on Wednesday [15 June], the fifth anniversary of a historic inter-Korean summit [when Kim Dae Jung met Kim Jong Il] ... About 300 South Korean citizens and forty members of the government flew to Pyongyang on Tuesday [14 June] ... The South Korean delegation [was] led by the unification minister, Chung Dong Young ... The Southern delegation taking part in this week's festivities was scaled back at the North's request. Pyongyang argues it was difficult to feel a spirit of celebration when it felt Washington had increased hostile measures toward it. (www.iht.com, 15 June 2005)

17 June 2005.

Chung Dong Young ... the South's unification minister ... [who] was visiting Pyongyang ... met Kim Jong Il for five hours ... [after being] summoned unexpectedly to the meeting ... Chung was the first South Korean official to meet Kim since April 2002, when the North Korean leader received a special envoy from Seoul. Chung said that the North Korean leader told him that, if the nuclear crisis was resolved, the North was ready to join the Nuclear Non-proliferation Treaty and allow international nuclear inspectors inside the country. Chung quoted Kim as having said: 'If the regime's security is guaranteed there is no reason to possess a single nuclear weapon' ... If the DPRK normalizes diplomatic ties with the United States and Washington becomes an ally with Pyongyang, the DPRK would give up all of its missiles ... [The DPRK] has never given upon or refused the six-party talks ... If it becomes clear that the United States is determined to recognize us and respect us as a partner, we are willing to return to six-nation talks even in July ... [The DRPK] was trying to stand against the United States because it looked down on us ... Mutual recognition and respect is the most important thing at negotiations ... [I] have no reason to think badly [of President George W. Bush]. (*IHT*, 18 June 2005, p. 5; www.iht.com, 17 June 2005; *IHT*, 22 June 2005, p. 8)

Mr Kim has invoked the pronouncement of his late father ... that nuclear weapons are needed only to ensure the regime's survival. Mr Kim is reported to have told Chung Dong Young ... that the 1992 Declaration of Denuclearization of the Korean Peninsula was the 'dying wish' of his father and was 'still valid'. (*FT*, 25 July 2005, p. 8)

20 June 2005.

President Roh Moo Hyun of South Korea and prime minister Junichiro Koizumi of Japan failed during a much anticipated summit meeting [in Seoul] on Monday [20 June] to resolve their differences over Japan's militaristic past ... Roh told reporters that he and Koizumi spent all but ten minutes of their uneasy two-hour summit exchanging 'frank' views on how Japan should interpret its own past – especially whether Koizumi should continue to visit the Tokyo shrine where Japan's war criminals are deified [the Yasukuni shrine]. (*IHT*, 21 June 2005, p. 10)

21 June 2005.

The most senior North Korean delegation to visit South Korea in a year arrived here [Seoul] Tuesday [21 June] ... [South Korean] unification minister Chung Dong Young, who met Kim Jong Il last Friday, will see his North Korean counterpart, Kwon Ho Ung. (www.iht.com, 21 June 2005)

22 June 2005.

The Bush administration said Wednesday [22 June] that it would provide 50,000 tonnes of food to North Korea ... A US State Department spokesman: 'It is not related to the six-party talks; our decisions are made on humanitarian considerations' ... He said the donation was in response to an appeal by the World Food Programme, which warned last month that shortages on the scale of the crisis that devastated North Korea in the 1990s could happen again ... The World Food Programme had almost exhausted its entire stock of food destined to keep 6.5 million North Koreans, nearly a third of the population, from starvation, Tony Banbury, the agency's Asia director, said last month. Banbury said that by August 5 million North Koreans would be without food aid ... The [US] donation followed the supplying of 50,000 tonnes of food aid to North Korea in 2004 and 100,000 tonnes the year before ... The other principal food aid providers to North Korea are the EU and South Korea. (*IHT*, 23 June 2005, p. 5)

'The United States gave 50,000 tonnes of food aid last year [2004], becoming the third largest donor after Japan and South Korea' (*IHT*, 23 June 2005, p. 8).

A private US expert said that Kim has sent a message to President George W. Bush after his election in 2000 saying the United States and North Korea 'should be able to resolve the nuclear issue in compliance with the demands of the new century'. The outside expert, Donald

Gregg, a former US ambassador to South Korea, who is no longer with the government, said that Kim had written to Bush: 'If the United States makes a bold decision, we will respond accordingly.' (*IHT*, 23 June 2005, p. 5)

24 June 2005.

Top envoys from North Korea . . . returned home Friday with a pledge of food aid and accords on family reunions . . . The two Koreas agreed to meet in the coming months to improve economic and political co-operation. But on the nuclear impasse the North lashed out at President George W. Bush for meeting a prominent North Korean defector, saying it was counterproductive in efforts to resume nuclear talks. (www.iht.com, 24 June 2005)

3 July 2005.

The United States and South Korea have agreed to present a sweetened package of economic and security benefits for North Korea if the communist state returns to talks on ending its nuclear programme. The new package will incorporate an 'important proposal' by South Korea . . . Christopher Hill, Washington's chief delegate to the six-party talks, was quoted . . . [on 30 June] as saying that Washington has 'no problems' with Seoul's proposals. For weeks South Korean media have reported that Seoul was preparing a huge injection of aid and assistance for the North modelled after the US Marshall Plan [for the reconstruction of Europe after the Second World War] . . . [North Korea's] ambiguous attitude toward six-party talks keeps officials guessing whether it is willing to negotiate away its nuclear threat or is simply prevaricating to buy time for a bigger arsenal. (www.iht.com, 3 July 2005; *IHT*, 4 July 2005, p. 4)

The senior administration official in Beijing said Saturday [9 July] that he believed that [South Korean] offer was important . . . He added that the United States did not agree to any incentives beyond the offer made at the last six-party talks in June 2004, although he called South Korea's offer 'compatible with ours'. That fits a previous American strategy of allowing its allies and China to offer more incentives, even while Bush refused to budge. (www.iht.com, 10 July 2005)

(Just hours before North Korea agreed to return to the six-party talks . . . Condoleezza Rice, the US Secretary of State, repeated the administration's position that the United States would not sweeten the [US] offer laid on the table more than a year ago . . . Rice: "We are not talking about enhancement of the current proposal" . . . [The South Korean proposal allows] the Bush administration to appear to remain faithful to the hard line that some senior Washington officials have insisted on while at the same time acceding to the demands of its allies to some kind of softening . . . In public comments Sunday [10 July] one senior [US] official belittled the [South] Korean offer, calling it "the so-called significant proposal": www.iht.com, 11 July 2005.)

7 July 2005.

President Roh Moo Hyun declared Thursday [7 July] that under no circumstances would South Korea allow the United States to resort to a military attack against North Korea. President George W. Bush insists that he wants to resolve the nuclear crisis through diplomacy, but he has not officially ruled out a military option, which he has called a 'last choice'. Roh made the comment while blaming the nuclear deadlock on the uncompromising attitudes of both North Korea, which he has called 'the most stubborn country in the world', and the United States, which he described as the 'most opinionated country in the world'. (www.iht.com, 7 July 2005)

9–10 July 2005.

As US Secretary of State Condoleezza Rice was arriving here [Beijing] Saturday night [9 July] at the start of a four-country tour devoted primarily to the North Korean situation, the North's deputy foreign minister Kim Gye Gwan told US Assistant Secretary of State Christopher Hill that Pyongyang was prepared to return to the [six-party] talks during the week of 25 July ... The agreement was reached during a dinner meeting, with the Chinese as the hosts, that included Christopher Hill, a former American ambassador to South Korea who has recently become the lead US negotiator to the talks, and Kim Gye Gwan ... North Korea said Sunday [10 July] it is committed to banning nuclear weapons from the Korean Peninsula ... A North Korean spokesman: 'The resumption of six-way talks is important itself, but a key is to make substantial progress by holding in-depth discussions in realizing [the removal of nuclear weapons from the Korean Peninsula] ... on ways of denuclearizing the Korean Peninsula. We will do our best to this end ... The neighbouring countries supporting the denuclearization of the Korean Peninsula and those related to it have also made efforts for the resumption of the talks. But Japan has done nothing for it.' (www.iht.com, 10 July 2005; www.iht.com, 11 July 2005)

China will host the talks in Beijing during the week beginning 24 July ... A North Korean statement: 'The United States clarified its official stand to recognize the DPRK as a sovereign state, not to invade it and hold bilateral talks within the framework of the six-party talks. The DPRK side interpreted the US side's expression of its stand as a retraction of its remark designating the former as an "outpost of tranny" and decided to return to the six-party talks' ... But Condoleezza Rice denied yesterday [10 July] that Pyongyang had agreed to the resumption only after Mr Hill took back the words. (*FT*, 11 July 2005, p. 6)

12 July 2005.

Seoul announced Tuesday [12 July] that it would rebuild the North's power grid and then deliver electricity if the communist state agrees

in multi-party talks later this month to dismantle its nuclear weapons facilities. The long-awaited initiative calls for South Korea to supply 2 million kilowatts of electricity, slightly more than the total electricity generated in North Korea ... Seoul's offer was previously explained on 17 June to Kim Jong Il and senior Bush administration officials ... [South Korea] said the electricity offer would replace power that was to have come from North Korea's \$5 billion project to build a pair of 1 million kilowatt reactors allowed under an ill-fated 1994 agreement between the North and the United States that required North Korea to freeze all its nuclear facilities ... With one-third of the reactor completed construction has been suspended since Washington accused North Korea in late 2002 of running a secret uranium enrichment programme in violation of the 1994 accord ... The reactor was financed mainly by South Korea, Japan and the United States. South Korea, which shouldered 75 per cent of the \$5 billion cost, said its budget for that plan will cover its new offer to the North. South Korea has 6.7 million kilowatts in surplus electricity generating capacity, compared with an estimated 1.9 million kilowatts generated in North Korea in 2003 ... Work to update the North's power grid could begin once North Korea decides to give up its nuclear weapons ... Electricity would start flowing across the ... border between the two Koreas by 2008, by which time Seoul wants North Korea to have completely dismantled its nuclear facilities ... [In North Korea there is] an inadequate supply of electricity ... Trains, North Korea's main means of transportation, are electrically powered and seldom run on time. Blackouts are common even in Pyongyang ... Also on Tuesday North Korea received a South Korean promise to ship 500,000 tonnes of rice, worth \$150 million, besides the 350,000 tonnes of fertilizer that the South has already shipped ... Seoul describes the aid as humanitarian. (www.iht.com, 12 July 2005; *IHT*, 13 July 2005, p. 3)

South Korea already supplies electricity to a joint venture industrial park in Kaesong ... Blackouts are common even in Pyongyang and the latest South Korean government statistics, from 2003, say North Korea could generate less than 30 per cent of its total capacity of 7.8 million kilowatts. (www.iht.com, 18 July 2005)

'North Korea generated 31 billion kilowatt hours of electricity in 2001 – about a third of 1991 levels – while South Korea generated 288 billion kilowatt hours in 2002' (www.iht.com, 31 July 2005).

The South said it would supply 2 million kilowatts of power a year – the amount that would have been supplied under the 1994 agreed framework – to the North through power lines that could be constructed by 2008 ... Chung Dong Young (South Korean unification minister): 'To resolve the nuclear issue we are willing to transmit power to North Korea if the North agrees on dismantlement.' (*FT*, 13 July 2005, p. 13)

19 July 2005.

A North Korean parliamentarian who defected from the South says Kim Jong Il's regime has made a one-tonne nuclear bomb and is working on lighter weapons that could be fired more reliably, according to a South Korean magazine [*Monthly Chosun*]. The defector, who was a deputy in the Supreme People's Assembly, claimed to have visited Taiwan to tout North Korean missiles ... The defector: 'North Korea has built a one-tonne nuclear bomb with 4 kilogrammes of plutonium. North Korean scientists have told Kim Jong Il that the nuclear weapon is functioning but they are actually sceptical about its performance' ... [The defector] said North Korea was now trying to make miniaturized 500 kilogramme nuclear warheads because it doubted whether the one-tonne weapon would work properly. (*FT*, 20 July 2005, p. 10)

20 July 2005. 'North Korea said Wednesday [20 July] it won't deal with Japan at revived nuclear disarmament talks next week, criticising Tokyo's plan to bring up the kidnapping of Japanese citizens by North Korean agents decades ago' (www.iht.com, 20 July 2005).

North Korea denounced Japan's negotiating tactics yesterday [20 July], saying Tokyo would have no role to play in next week's nuclear disarmament talks as long as it continued to push for discussions over Pyongyang's abduction of Japanese citizens decades ago. (*FT*, 21 July 2005, p. 6)

(George W. Bush is expected shortly to appoint Jay Lefkowitz to the new position of special envoy for North Korean human rights': *IHT*, 25 July 2005, p. 6.)

22 July 2005.

North Korea said Friday that the crisis over its nuclear weapons programme would not be completely resolved until the United States signed a peace treaty and normalized relations, effectively demanding that the two countries formally end the war they fought a half-century ago ... 'The building of a peace mechanism is a process which the DPRK and the United States should go through without fail in order to attain the goal of denuclearizing the Korean Peninsula,' said a spokesman for the North Korean foreign ministry ... The spokesman ... [said] that a peace agreement would mean an end to 'the US hostile policy', which spawned the North's nuclear programmes, and would 'automatically result in the denuclearization of the peninsula' ... For years North Korea has demanded that the United States formally end the Korean War by signing a peace treaty with the North. After three years of fighting communist forces and the American-led United Nations troops ended the fighting in 1953, with a truce. Since the six-party talks were last held, in June 2004, North Korea has said that it would not give up its nuclear weapons until it had been able to conclude that it was no longer

antagonized by Washington, with which it is technically still at war. The North has said that it would reach that conclusion only when the United States signed a non-aggression treaty, opened diplomatic relations and did not obstruct trade between North Korea and other countries ... A spokesman for the North Korean foreign ministry separately ... [said] that his country wanted Washington to lift economic sanctions and remove it from the United States's list of countries that sponsor terrorism. 'Not a single nuclear weapon will be needed for us if the US nuclear threat is removed and its hostile policy of "bringing down the DPRK's system" is withdrawn' [he is quoted as saying]. (Choe Sang-Hun, *www.iht.com*, 22 July 2005; *IHT*, 23 July 2005, p. 3)

The last attempt at a peace treaty collapsed in Geneva in 1997, largely because of North Korean demands for the United States to withdraw its 35,000 troops from South Korea as a precondition for any treaty. Yesterday [22 July] a North Korean foreign ministry spokesman abruptly returned to the theme. Replacing the armistice with a treaty, he said, 'would put an end to the US hostile policy towards the DPRK, which spawned the nuclear issue and the former's nuclear threat'. A peace deal would 'give a strong impetus' to the six-nation talks on the nuclear issue, since a treaty would 'automatically result' in the denuclearization of the entire Korean Peninsula, the spokesman added. It is assumed that US forces have nuclear weapons at their bases in the South. (*Independent*, 23 July 2005, p. 33)

(Both Washington and Seoul deny any US nuclear weapons are in the South, and South Korea ... raised the possibility of opening South Korean and US bases for some form of verification by the North': *www.iht.com*, 28 July 2005. 'According to South Korean officials, North Korea wants America to withdraw its "nuclear umbrella" from the South. While the Americans are believed to have removed their nuclear weapons from South Korea itself in 1991, they still have missiles that could readily be used against the North': *The Economist*, 30 July 2005, p. 56.)

North Korea said it wanted to sign a peace treaty ... 'This would lead to putting an end to the US hostile policy toward the DPRK which spawned the nuclear issue' and would 'automatically result in the denuclearization of the peninsula', a statement from the North's foreign ministry said ... 'To replace the fragile ceasefire mechanism by a lasting peace mechanism on the Korean Peninsula with a view to doing away with the last leftover of the Cold War era is essential not only for the peace and reunification of Korea but for the peace and security in north-east Asia and the rest of the world' an unnamed foreign ministry spokesman said ... Separately, a North Korean spokesman ... [said] that normalizing relations with the United States would also secure nuclear disarmament. 'The Korean nuclear issue will automatically be resolved if the United States respects North Korea and expresses trust by building a relationship of peaceful

co-existence and normalizing relations on a legal basis,' he was quoted as saying. (*FT*, 23 July 2005, p. 7)

24–25 July 2005.

US and North Korean negotiators held a rare one-on-one meeting Monday [25 July] amid a flurry of contacts between delegations on the eve of six-nation talks ... The United States unexpectedly held talks with North Korea ... Christopher Hill ... [met with] North Korean deputy foreign minister Kim Gye Gwan ... [for] seventy-five minutes ... Individual meetings between envoys from the two Koreas, the United States, host China, Japan and Russia took place as the group prepared to resume talks Tuesday [26 July] ... South Korean deputy foreign minister Song Min Soon and his North Korean counterpart, Kim Gye Gwan, met Sunday [24 July] and 'agreed to come up with a framework to realize denuclearization of the Korean Peninsula', a South Korean foreign ministry spokesman said. The two Koreas agreed to hold bilateral meetings throughout the talks ... North and South Korean officials met and agreed on broad principles about ridding the Korean Peninsula of nuclear weapons. (www.iht.com, 25 July 2005)

26 July 2005. The six-party talks resume.

'Unlike the previous rounds, which were scheduled for several days, no end date has been set for this week's resumed negotiations' (www.iht.com, 26 July 2005).

North Korean vice foreign minister Kim Gye Gwan (opening remarks): 'The fundamental thing is to make real progress in realizing the denuclearization of the Korean Peninsula ... Those directly involved should make a political and strategic decision to rid the threat of war from the Korean Peninsula, and we are ready to do so' ... American envoy Christopher Hill (opening remarks): 'We view [North Korea's] sovereignty as a matter of fact. The United States has absolutely no intention to invade or attack ... [The approach can be described as] words for words and actions for actions ... [When North Korea] makes the decision to dismantle its nuclear programme permanently, fully, verifiably [the United States and other participants in the talks will take] corresponding measures.' (www.iht.com, 26 July 2005; *IHT*, 27 July 2005, p. 2)

The Americans say their offer to North Korea is much the same as the one made at the last round of talks in June 2004. Under it North Korea was to be given three months in which to freeze its nuclear facilities, during which it would start receiving oil aid. Thereafter it would be expected swiftly to dismantle the programmes under the supervision of inspectors. As this progressed the Americans would move toward lifting economic sanctions and removing North Korea from its list of terrorist states. But the North Koreans worry that this would require them to

make concessions before they reap any rewards. (*The Economist*, 30 July 2005, p. 56)

South Korea said it began transporting rice overland to North Korea on Tuesday [26 July], the first instalment of a total of 500,000 tonnes it recently agreed to provide . . . Sea shipments were to begin Saturday [30 July] . . . The South also promised to give the North raw materials to help it produce clothes, shoes and soap . . . In return the South will be allowed to invest in North Korea mining operations for zinc, magnesite and coal, the sides said in a joint statement. (www.iht.com, 26 July 2005)

South Korea proposed on Wednesday [27 July] that North Korea abandon its nuclear weapons and submit to outside nuclear inspections in exchange for immediate economic aid and security assurances . . . South Korea offered what it called a 'two pillar' plan of near simultaneous concessions as a way of breaking the stalemate between North Korea and the United States over exactly when Washington would reward any North Korean move to disarm . . . Song Min Soon (South Korean deputy foreign minister): 'The concerned parties should act simultaneously or in parallel in implementing word-for-word or action-for-action promises they'd make' . . . Kim Gye Gwan (North Korea's vice foreign minister): 'It is necessary that the United States should promise to end its hostility and ensure a peaceful co-existence with our country.' (www.iht.com, 27 July 2005)

US and North Korean envoys held their third face-to-face meeting Thursday [28 July] . . . Meanwhile a report from the Russian news agency Interfax said North Korea had not assembled a working nuclear bomb but had acquired all the components needed to build one. The North claimed in February that it had nuclear weapons. However, a diplomatic source close to the arms talks told Interfax that Pyongyang had informed China that the announcement meant that the North was able to build a detonator for an atomic bomb. (www.iht.com, 28 July 2005)

The regularity and length of private meetings this week between the United States and North Korea has underscored the vast difference between these and earlier talks, when only short and unannounced private discussions took place. Much of the negotiating this week has centred on such diplomatic wrangling as finding a shared definition of denuclearization. This year [2005] North Korea suggested that the focus of the talks should shift to mutual arms reduction, which Christopher Hill has described as a 'polemical' idea. (www.iht.com, 29 July 2005)

In negotiations with North Korea the Bush administration has for the first time presented the country with specific evidence behind American allegations that North Korea secretly obtained uranium enrichment technology from a founder of Pakistan's nuclear programme . . . The decision to share the intelligence with North Korean negotiators . . . was part of an

effort to convince the North that any discussions about disarmament must cover not only the nuclear weapons programme that North Korea has boasted about, but also a second one that it denies ... The second programme, the United States alleges, aims at producing enriched uranium ... US officials, who first told North Korea that they had evidence of the programme in 2002, say North Korea initially admitted to it. Since then North Korea has denied the programme ... Intelligence officials have since said they did not know where the uranium programme was located ... US officials have never made public the details of Abdul Qadeer Khan's statements to Pakistani officials, who have declined to make him available for direct interrogation. But the United States has shared the information widely with its Asian allies and elements of it have leaked out, including Khan's assertion – doubted by several specialists in the US intelligence community – that the North Koreans once showed him what they said were three fully assembled nuclear bombs ... In February North Korea declared for the first time that it was a nuclear weapons state. It said it had reprocessed 8,000 fuel rods, turning them into weapons fuel. Specialists inside and outside the government say the fuel can be used to produce six or more nuclear weapons, but there is no independent evidence to confirm that the weapons have been produced. (www.iht.com, 29 July 2005; *IHT*, 30 July 2005, p. 3)

South and North Korea have agreed to officially open railways and roads linking the two countries in late October ... Kim Jong Il and then South Korean president Kim Dae Jung agreed at a summit in 2000 to open two sets of rail tracks and adjacent roads – one on the east coast of the Korean Peninsula and one near the west. The agreement to hold an official ceremony to open the links in October was reached at two-day talks which ended Saturday [30 July] in Kaesong ... Both sides agreed that the opening ceremonies should take place after military safeguards are in place ... The two Koreas ... have also agreed to form a joint committee to operate the railways and roads. Separately, the two Koreas have agreed to set 14–17 August as the dates for a joint celebration of the sixtieth anniversary of Korea's 15 August liberation from colonial Japan. About 200 North Koreans will attend the celebrations, to be held in Seoul. (www.iht.com, 31 July 2005)

'Chinese negotiators put forward a draft document on Saturday [30 July] ... Representatives from [all six nations] ... have been unable to agree a "statement of agreed principles"' (*FT*, 1 August 2005, p. 7).

The United States remains insistent that North Korea abandons all its nuclear programmes, including civilian operations, but also supports a South Korean offer to send electricity to the North as a reward for denuclearization, the chief US negotiator ... Christopher Hill ... said Sunday [31 July]. Hill made the comments as six-party talks ... appeared set to enter a second week of bargaining over a joint statement of the principles

for future, more detailed disarmament talks that China circulated Sunday. North Korea said Sunday that it would rejoin the Nuclear Non-proliferation Treaty and accept international inspections of its nuclear facilities, which it wants to keep, 'if the nuclear issue finds a satisfactory solution' and the United States accepts 'peaceful co-existence'. (www.iht.com, 31 July 2005)

'Christopher Hill . . . [said] that on Monday [1 August] the negotiators would consider a second draft of the statement written by China' (*IHT*, 1 August 2005, p. 8).

The negotiations have focussed on a definition of 'denuclearization' of the Korean Peninsula. The North has said that should mean the removal of alleged US nuclear weapons in South Korea – which Washington and Seoul deny are there – as well as dissolving the American 'nuclear umbrella' of security guarantees to its longtime ally . . . Another issue of contention is the North's demand to be allowed peaceful use of nuclear technology to remedy its electricity shortage. (www.cnn.com, 31 July 2005)

Negotiators are reported to have had heated exchanges on the sixth day of six-party talks . . . One delegate said fierce clashes occurred as the negotiating teams tried to hammer out an agreement on a statement of general principles. The parties failed to agree on a final statement during three previous rounds of talks in Beijing . . . A document put forward by China calls for a Korean Peninsula entirely free of nuclear weapons. It also urges incentives for North Korea, including economic aid and security guarantees . . . North Korea's director of energy, Kim Jae Rok, has revealed plans to build four more nuclear plants, each bigger and more powerful than the controversial Yongbyon plant . . . He insisted that North Korea was not producing nuclear weapons in its present facilities and would not use the planned new plants to do so. (www.bbc.co.uk, 31 July 2005)

North Korea's foreign minister Paek Nam Sun:

The six-party talks must become fruitful talks which hold in-depth discussions on methodological issues for the denuclearization of the entire Korean peninsula base strictly on the principles of respect for sovereignty and equality . . . If the nuclear issue is smoothly resolved we will rejoin the Nuclear Non-proliferation Treaty and also accept IAEA inspections.' (statement made on 29 July)

'[The DPRK is] making all efforts to break the current unstable situation and to achieve permanent peace and security on the Korean Peninsula' (statement made on 30 July) (*FT*, 1 August 2005, p. 7).

'China proposed a new draft statement . . . late Sunday [31 July] . . . The statement of basic principles is meant to lay the basis for future talks' (www.iht.com, 1 August 2005).

US Deputy Secretary of State Robert Zoellick [who] said he was not part of the talks ... said on Tuesday [2 August] that the six-party negotiations ... were unable to reach agreement on core negotiation points for future talks because of the North's unwillingness to compromise ... Zoellick [was] in Beijing for broad-ranging strategic discussions with China ... [His] comments came after a day when the six-party talks appeared increasingly fraught with frustration and uncertainty about their ultimate success. Washington has demanded that Pyongyang agree to end all its nuclear programmes, including ostensibly civilian power generation projects ... But so far after eight days of talks North Korean negotiators have refused to concede on the issue, and Pyongyang also announced it wanted to rejoin the international Nuclear Non-proliferation Treaty, which would entitle it to exploit 'peaceful' nuclear power. On Tuesday the chief North Korean negotiator, vice foreign minister Kim Gye Gwan, said there was 'no progress' after long discussions. (www.iht.com, 2 August 2005)

The United State's chief negotiator, Christopher Hill, said Tuesday ... [that the talks] may take a break or even end in dispute if the participants cannot settle on a summary of principles for future disarmament ... He spoke after negotiators finished an eighth day of the talks in Beijing ... The negotiators considered the third draft of a proposed joint statement Tuesday and China then issued a fourth version for them to consider overnight.' (*IHT*, 3 August 2005, p. 5)

'One of the sticking points is North Korea's denial that it harboured a second, secret nuclear [uranium enrichment] programme, in addition to the plutonium one it has admitted to' (www.bbc.co.uk, 2 August 2005).

Christopher Hill ... has suggested the latest round of talks ... now in its ninth day ... could be nearing some kind of conclusion ... Before leaving for talks on Wednesday [3 August] Mr Hill said the fourth draft – sent overnight to all the teams – appeared to be aiming to 'get to the point where we can agree something' ... Hill: 'I would say it is getting to an end-game text. I don't know at this point whether we will get it to an agreed text, but I think it's getting to an end-game text' ... 'We'll see, it's a pretty important day,' he said, suggesting that the talks were approaching the final stages of discussions. (www.bbc.co.uk, 3 August 2005)

Negotiations ... neared an end on Wednesday [3 August] as ... Christopher Hill ... said the United States and four other nations have essentially agreed on a draft statement of principles but that North Korea still had 'fundamental issues' ... The stated goal of the talks was intentionally a limited one: to agree on a set of broad principles that would serve as guideposts, while leaving nettlesome details of dismantling North Korea's nuclear programme for later. (*IHT*, 4 August 2005, p. 4).

North Korea held out against heavy diplomatic pressure on Thursday [4 August] as China tried to persuade North Korea to sign the agreement

... Pyongyang objected to part of the joint statement relating to ‘the abandonment of nuclear programmes’, which was interpreted as possibly including programmes for civilian use. Instead North Korea wants the wording to be changed to dismantling ‘nuclear weapons and nuclear weapons-related programmes’ ... Chinese officials have put forward four drafts to no avail ... The North had been expected to deliver its verdict on Wednesday [3 August] but snubbed a meeting of the chief envoys to the negotiations ... The two-page document is backed by the other five countries involved in the talks ... [Christopher Hill has] held eight one-on-one meetings with North Korea’s envoy, Kim Gye Gwan. (www.iht.com, 4 August 2005)

Negotiators ... decided Thursday [4 August] to meet for at least one more day in hopes of breaking a deadlock with North Korea, even as discussions began about what might be salvaged if these talks end without a deal ... The other five nations in the talks have essentially agreed to the draft. (*IHT*, 5 August 2005, p. 5)

A meeting between North Korea and the United States failed to make progress ... Despite entering their eleventh day the talks now show little sign of producing a common declaration of principles ... The latest issue to divide the sides appears to be the North’s wish to retain what it termed a ‘peaceful nuclear capacity’ ... On Thursday evening [4 August] ... Kim Gye Gwan insisted his country should enjoy the right of peaceful nuclear power ... The United States wants all the North’s nuclear facilities dismantled, and has said it is not prepared to compromise on the issue. (www.bbc.co.uk, 5 August 2005)

China has said international talks ... are to go into recess until the end of August ... Wu Dawei, Chinese chief negotiator and chairman of the talks, said they would resume in the week of 29 August, after the delegates had had a chance to return home for consultations ... [The announcement came] after ... a thirteenth day of negotiations ... North Korea has blamed the deadlock on the United States. ‘We had to produce nuclear weapons because the United States is threatening us with nuclear weapons,’ it said ... Kim Gye Gwan blamed the US refusal to allow his country to maintain a peaceful nuclear programme for the deadlock. The disagreement over ‘peaceful nuclear activity’ was ‘one of the very important elements that led us to fail to come up with an agreement’, he said ... North Korea insists it had the right to conduct nuclear activities as long as they are peaceful – for example, for generating electricity ... The United States said North Korea’s demand to use light-water reactors was the obstacle ... Christopher Hill said North Korea’s insistence on being allowed to have light-water reactors for energy purposes had prevented an agreement ... Light-water reactors are capable of producing weapons-grade nuclear material ... Christopher Hill: ‘The issue came down to the DPRK. They not only want the right to use

nuclear energy, but the right to use light-water reactors. That is simply not on the table.’ (www.bbc.co.uk, 7 August 2005)

North Korea and the United States blamed each other on Sunday [7 August] after nearly two weeks of six-party negotiations ended in deadlock, with each side saying the other had to budge on the issue of ‘peaceful use’ nuclear programmes if any deal was to be made. But both sides also said an agreement remained possible and confirmed that they would have ‘contacts’ during the three-week recess . . . Negotiators from the six participating countries are scheduled to reconvene in Beijing during the week of 29 August . . . Christopher Hill said North Korea had derailed the process by unexpectedly making a late demand for the right to operate light-water reactors. US officials believe the North Koreans could use such reactors to secretly make material for nuclear weapons . . . As last weekend neared, Hill said, North Korea had said that it wanted a reference to light-water reactors included in the draft statement . . . Hill: ‘That was something that the other delegates wouldn’t go along with. These light-water reactors are simply not on the table’ . . . Kim Gye Gwan on Sunday blamed threats from the United States for ‘causing us to produce nuclear weapons’. He said the United States had threatened North Korea with nuclear weapons through security alliances with Japan and South Korea . . . Still, there were hints that other delegations were willing to consider language that would allow North Korea eventually to have some sort of peaceful-use nuclear programme – if not light-water reactors – if it rejoined international nuclear non-proliferation treaties and allowed international inspectors in. The chief Russian envoy publicly raised such a possibility Saturday [6 August]. (www.iht.com, 7 August 2005; *IHT*, 8 August 2005, p. 4)

Diplomats . . . said they would take a three-week break from negotiations after thirteen days of talks and five draft agreements . . . Pyongyang insists on the right to use nuclear power for peaceful purposes and latterly reiterated its demand that construction resume on two light-water reactors promised by the Clinton administration . . . Christopher Hill: ‘In the last few days it began to emerge that the problem with reaching an agreement was not just the issue of their desire to retain the right to develop a commercial or so-called peaceful energy, but also they began to insist on a light-water reactor. No one else wants to do that.’ (*FT*, 8 August 2005, p. 8)

‘The light-water reactor construction project [in North Korea] has been suspended, but maintenance work at the site continues’ (*IHT*, 24 August 2005, p. 6).

Leaders in Iran and North Korea are well aware of the [US] president’s predicament and will now drive a much harder bargain in negotiations over their respective nuclear programmes. The White House, already saddled with the conflict in Iraq, has fewer chips with which to back Iran

and North Korea into a diplomatic corner. (Ian Bremmer, *IHT*, 8 August 2005, p. 7)

9 August 2005.

[On 9 August North Korea said] Washington must drop its insistence that the North abandon plans for a nuclear power plant ... Kim Gye Gwan: '[The DPRK's] stand on the nuclear issue is very clear. Now it is up to the United States to change its policy.' ... A standoff over North Korea's demand that it be allowed to use nuclear power for peaceful means prevented negotiators from reaching agreement on a statement of principles, which was the goal of the talks. (www.iht.com, 10 August 2005)

The top South Korean negotiator to the talks ... deputy foreign minister Song Min Soon ... said Wednesday [10 August] that he would urge the other parties to allow the North to have a peaceful nuclear programme ... Song Min Soon: 'Our position is that North Korea should abandon its nuclear programme and then we will adjust differences to pave the way for them to pursue a peaceful nuclear programme as a sovereign state' ... Song said that North Korean negotiators had never demanded light-water reactors, but had phrased their request in a way that could include them ... Christopher Hill: 'It's our view that they do need to dismantle all their programmes. This is a country that had trouble keeping a peaceful programme peaceful. No one else is prepared to pay for a light-water reactor ... [Still] I don't want to put the entire onus on that [as the sole hold-up in talks so far].' (*IHT*, 11 August 2005, p. 3)

In the past week US and South Korean officials offered conflicting interpretations on whether North Korea demanded completion of the reactors in Shinpo ... Deputy foreign minister Song Min Soon (the main South Korean delegate to the talks): 'During the talks North Korea has never demanded that they be provided with light-water reactors. North Korea was simply asking for the right to use nuclear power for peaceful purposes, for example through a light-water reactor.' (www.iht.com, 11 August 2005)

'Although scientists believe that light-water reactors cannot easily be used to make weapons-grade fuel, US officials want to take no chances with a country that converted an old Soviet-designed research reactor into a weapons-making device' (www.iht.com, 11 August 2005).

11 August 2005.

[On 11 August] unification minister Chung Dong Young of South Korea ... said Washington and its allies should grant North Korea the right to build its own reactors for power generation, while terminating a Western-financed \$4.6 billion project to provide the North with two light-water reactors ... Chung Dong Young: 'We believe that the North has

the right to use nuclear technology for peaceful purposes, such as for agricultural and medical use and for generating electricity ... This is the part where we disagree with the United States. We believe that if North Korea returns to the Nuclear Non-proliferation Treaty and subjects itself to safeguards agreements and inspections by the International Atomic Energy Agency, North Korea should have the rights as an NPT member country' ... In July South Korea agreed with Washington to terminate the light-water reactor project in Shinpo, a town in north-eastern North Korea. Seeking a breakthrough it then proposed to supply North Korea with 2,000 megawatts of electricity, the same amount of energy the pair of reactors would generate. But that proposal was left in limbo during the six-nation talks when North Korea demanded light-water reactors, rather than relying on a supply of South Korean electricity ... Analysts say North Korea will not settle for any deal that does not revive the light-water reactor project. Whether North Korea should have the right to keep peaceful nuclear programmes was a main sticking point [in the talks] ... North Korea wants Washington to build two power-generating nuclear reactors. (www.iht.com, 11 August 2005)

12 August 2005. 'South Korea attempted on Friday [12 August] to play down a rift with the United States over whether North Korea should be allowed to keep a civilian nuclear programme' (*IHT*, 13 August 2005, p. 2).

South Korea has scrambled to play down an apparent policy rift with the United States after ... Chung Dong Young, the unification minister ... endorsed Pyongyang's right to maintain a civilian nuclear programme ... [He said] yesterday [12 August] that Pyongyang had a 'natural right' to the peaceful use of nuclear energy. Officials stressed that Mr Chung had been talking about what Pyongyang might have if the communist state rejoined a global non-proliferation treaty and met other international obligations. (*FT*, 13 August 2005, p. 6)

North Korea announced a rare amnesty for prisoners on Friday [12 August 2005] ... The Supreme People's Assembly said it would grant 'a great amnesty' to mark the sixtieth anniversary of the Korean Peninsula's liberation on 15 August 1945 from thirty-five years of Japanese colonial rule ... The government would help 'ensure those who are to be set free on pardon settle down in their work' ... An estimated 200,000 people languish in prison camps in North Korea, according to human rights groups ... North Korea occasionally marks important anniversaries by freeing inmates ... In 2002 the North pardoned an unspecified number of people from labour camps to mark the ninetieth anniversary of the birth of Kim Il Sung. (*IHT*, 13 August 2005, p. 2)

The two Koreas have separately said they will grant special prisoner amnesties to celebrate their liberation ... The North's prisoner amnesty will begin on 1 September, but no details were given ... A North Korean delegation arrived in the South on Sunday [14 August] for joint

celebration of the sixtieth anniversary of independence from Japanese colonial rule ... The four-day event highlights renewed exchanges between the two Koreas ... Two North Korean passenger jets flew from Pyongyang to Incheon, near Seoul, carrying 182 delegates led by a senior Communist Party official, Kim Ki Nam ... The North Korean officials and some civilian delegates made an unprecedented visit to the South's national cemetery to pay their respects at a memorial for soldiers killed in the Korean War ... The visit to the national cemetery is being seen by Seoul as a new turn in relations between the two countries ... Vice foreign minister Kim Gye Gwan [of North Korea] ... [was quoted] as saying that the country was willing to prove that it does not have a uranium-based nuclear programme ... [he] also said that his country would not give up the right to pursue a civilian nuclear weapons programme ... Kim Gye Gwan: 'We do not have any uranium-based weapons programme, but in the future if there is any kind of evidence that needs to be clarified we will be fully prepared to do so ... He said that Pyongyang was willing to accept inspections but stopped short of saying whether it would do so to break a deadlock in the current negotiations. A US claim that North Korea has secretly operated a uranium-based nuclear programme and the North's insistence on a civilian nuclear power programme were the most contentious issues at the six-party talks. (www.iht.com, 14 August 2005)

15 August 2005.

[On 15 August] South and North Korea staged their first video-link family reunions ... The liver broadcasts of the family reunions involved forty families from the two Koreas ... Each year 5,000 people die with the dream of seeing their family again unfulfilled ... In a symbolic gesture of national reconciliation and anti-Japanese solidarity, a North Korean delegation paid a first-ever homage on Monday [15 August] to the South's national cemetery, where Korean War dead and anti-Japanese guerrillas were buried. (*IHT*, 16 August 2005, p. 4)

Pausing in front of a 100-foot memorial tower where the names of 104,000 South Korean war dead are enshrined, the North Koreans bowed their heads in silence for ten second ... The symbolism continued later Sunday [14 August] with a North-South soccer game ... From the soccer pitch the goodwill tour moved to a former Japanese prison on Monday [15 August] ... 'As long as Japan whitewashes its past and refuses to repent it will stay a war criminal country forever,' read a joint statement. Referring to Japan's work with the United States to build a missile defence shield, the statement demanded: 'The Japanese government will stop militaristic expansion policies bandwagoning with the United States and retract the missile defence system and aggressive militaristic alignment plans heightening tension on North-East Asia' ... On Monday a cross-border fibre optic cable allowed forty divided families to talk and

see each other in two-hour video reunions ... On Saturday [13 August] the two militaries inaugurated cross-border telephone and fax hot lines. (www.iht.com, 16 August 2005)

Virtual reunions, by video conference, between family members separated by the division of Korea took place for the first time on Sunday. A total of 226 separated family members participated in the video reunions ... So far 9,979 people in both Koreas have participated [in reunions], but 90,000 are still waiting in the South alone. (*IHT*, 17 August 2005, p. 6)

Japan surrendered on 15 August 1945. It is commonly known as VJ Day (Victory over Japan Day), while VE Day (Victory in Europe Day) was celebrated on 8 May.

In South Korea, where 15 August is known as Liberation Day, a visiting North Korean delegation and its South Korean counterpart issued a joint declaration urging the Japanese government to 'stop distorting history' and to 'stop paying reverence to war criminals' (*IHT*, 16 August 2005, p. 4).

Junichiro Koizumi:

Our country has caused great damage and pain to people in many countries, especially our Asian neighbours, through colonization and invasion. Humbly accepting this fact of history, we again express our deep remorse and heartfelt apology and offer our condolences to the victims of the war at home and abroad. We will not forget the terrible lessons of the war and will contribute to world peace and prosperity. (*Guardian*, 16 August 2005, p. 6)

Junichiro Koizumi ... also reached out to China and South Korea by saying that the three countries should work together 'in maintaining peace and aiming at development in the region' ... On Monday [15 August] Koizumi chose not to visit the Yasukuni shrine, the Shinto shrine where Japanese war criminals are enshrined along with other Japanese war dead, ending weeks of intense speculation. But members of his cabinet and about fifty other lawmakers prayed at the shrine. (*IHT*, 16 August 2005, p. 4)

'Instead of visiting Yasukuni, Mr Koizumi laid flowers at the tomb for the unknown war dead at the Chidorigafuchi National Cemetery' (*FT*, 16 August 2005, p. 6).

'Mr Koizumi joined the emperor at a secular service at the Nippon Budokan hall in honour of the Japanese soldiers and civilians who died during the Second World War' (*Guardian*, 16 August 2005, p. 11).

In a written statement, approved by his cabinet, he [Koizumi] repeated an unambiguous expression of 'deep remorse and heartfelt apology' for Japan's colonization and aggression' during the war. But the similarly worded speech that he read out aloud at a ceremony attended by Emperor Akihito and members of the government, omitted all

references to colonialism, aggression or apology. Although Mr Koizumi himself did not make an appearance, two members of his cabinet and forty-seven MP's joined 200,000 Japanese visitors to the controversial Yasukuni shrine in central Tokyo. (*The Times*, 16 August 2005, p. 28)

'A [controversial Japanese] revisionist history textbook ... was adopted by the Tokyo Metropolitan Board of Education for use in junior high schools two weeks ago' (*Independent*, 15 August 2005, p. 24).

16 August 2005.

Leaders of North Korea's Workers' party ... representatives of Pyongyang's rubber-stamp parliament ... visited the National Assembly [in Seoul] on Tuesday [16 August] ... The tour culminates Wednesday [16 August] with a meeting with President Roh Moo Hyun and a banquet at the Blue House presidential office complex. The leader of the North Koreans, Kim Ki Nam, secretary of the Workers' Party Committee, is believed to carry a message for Roh from Kim Jong Il. (www.iht.com, 16 August 2005)

17 August 2005.

President Roh Moo Hyun of South Korea, in a rare meeting with delegates from the North, called Wednesday [17 August] for an early resolution of a crisis over North Korea's nuclear weapons development ... [He presided] over a luncheon for the North Koreans ... 'In particular it was a great thing that you visited the National Cemetery,' Roh told the North Korean delegation headed by Kim Ki Nam, a secretary of the North's ruling Workers' Party ... the North Korean delegates' four-day trip ended Wednesday ... General Leon LaPorte, commander of the US forces in Korea, said there were no nuclear weapons in South Korea. The comment followed a North Korean demand that any deal eliminating its nuclear weapons should require the United States and South Korea to remove all nuclear weapons from the South ... Konstantin Pulikovskiy, a Russian envoy who met recently with Kim Jong Il, said Wednesday that Kim told him Pyongyang could approve the non-proliferation treaty provided his country faced no threat from the United States. (*IHT*, 18 August 2005, p. 5)

19 August 2005. 'The United States yesterday [19 August] appointed a special envoy for human rights to North Korea ... Jay Lefkowitz ... will begin his post next month and could engage in direct talks with the Korean regime' (*FT*, 20 August 2005, p. 5).

'[The post was] mandated by a 2004 law ... Lefkowitz will work with the United Nations and other international groups to raise awareness about North Korean abuses' (www.iht.com, 21 August 2005).

20 August 2005.

A US satellite has detected signs that North Korea recently restarted a reactor that could be used for the extraction of material to make nuclear

warheads ... the surveillance satellite detected steam coming out of a boiler connected to a building housing the five-megawatt reactor at Yongbyon ... [The conclusion was] that North Korea had put in new nuclear fuel rods and restarted the nuclear reactor. (www.iht.com, 21 August 2005)

22 August 2005. 'US and South Korean troops began a two-week joint military exercise on Monday [22 August] despite protests from North Korea' (www.iht.com, 22 August 2005). '[The] military drills ... [have been] a routine annual exercise for the last three decades' (www.iht.com, 29 August 2005). 'The US and South Korean militaries hold several drills a year' (*IHT*, 30 August 2005, p. 20).

'Next week South Koreans are scheduled to start crossing the demilitarized zones in buses to visit Kaesong ... In October trains are scheduled to start running from here [Seoul] to the North, restoring rail service ruptured during the 1950-3 war' (*IHT*, 24 August 2005, p. 5).

23 August 2003. 'President Pervez Musharraf of Pakistan confirmed that ... Abdul Qadeer Khan provided North Korea with centrifuges for uranium enrichment' (*IHT*, 25 August 2005, p. 8).

Musharraf confirmed Tuesday [23 August] that Abdul Qadeer Khan had sent 'centrifuges - parts and complete' to North Korea ... It was the first such confirmation the Pakistani leader has provided ... The disclosure ... is likely to bolster American contentions that North Korea has a covert uranium enrichment programme ... Musharraf also said Khan might have sent North Korea uranium hexafluoride, which can be enriched in centrifuges and then processed into fuel for civilian nuclear reactors or atomic warheads ... Investigators who dismantled Libya's nuclear programme, also provided by the Khan network, found blueprints of a nearly complete Chinese design for a nuclear weapon apparently obtained by Khan. It is unclear whether North Korea received the same design. (www.iht.com, 25 August 2005)

24 August 2005. Ban Ki Moon (foreign minister of South Korea):

I think we are more or less optimistic that we'll be able to result in substantial resolution of the nuclear weapons programme this time. The North Koreans seem to have made up their minds that they are willing to abandon all nuclear weapons and nuclear programmes. (www.iht.com, 24 August 2005)

Both Russian and South Korean negotiators have stated that they agree with the idea that in the end North Korea should be allowed to have civilian reactors, though South Korea has proposed to build reactors near the border with the North to meet all its energy demands and thus obviate the need for its own reactor. (www.iht.com, 24 August 2005)

'[It is reported that] there have been contacts between [US] State Department officials and North Korean representatives based at the United Nations' (www.iht.com, 24 August 2005).

25 August 2005.

[It was announced that] hundreds of families separated by the Korean War [were to be allowed] to be reunited temporarily in face-to-face meetings or through videoconferences ... Since 2000 the two Koreas have held ten rounds of family reunions. A new round is scheduled to begin in the Diamond Mountain resort on Friday [26 August], involving 870 Koreans. (www.iht.com, 25 August 2005)

28 August 2005.

Thailand's foreign minister says that the North Korean government has told him nuclear talks scheduled for this week must be postponed to mid-to late September. [He] said Sunday [28 August] that his North Korean counterpart, Paek Nam Sun, made the remarks during a meeting in Pyongyang ... Paek blamed a 'lack of trust' ... Paek told him that 'the talks will have to be postponed at least to mid-September or late September'. (www.iht.com, 29 August 2005)

29 August 2005.

North Korea announced Monday [29 August] that it would not return to the talks until mid-September at the earliest, after South Korea and the United States complete two weeks of military exercises ... A spokesman for the North Korean foreign ministry: 'Our position is that we should resume after the dust of the war exercises settles down' ... [When the six-party talks] recessed in Beijing on 7 August ... [parties] agreed to sit down again this week ... Foreign minister Paek Nam Sun of North Korea: '[The talks might begin] before the end of September. It things are going well, mid-September is also possible ... [The resumption of talks] depends on the United States, actually' ... [There is speculation in South Korea that] the North might want to wait until after the planned visit to the United States by President Hu Jintao of China next week. (www.iht.com, 29 August 2005; *IHT*, 30 August 2005, p. 2)

Paek Nam Sun: 'That [US and South Korean military exercises] is the total responsible [factor] for the delay of the six-party talks' (*FT*, 30 August 2005, p. 7).

After talks with foreign minister Ban Ki Moon of South Korea, US officials indicated last week that they might consider allowing the North a civilian nuclear programme. But they insist that such a programme is purely 'theoretical' and a 'practical impossibility' for many years until after the North joins the Nuclear Non-proliferation Treaty and complies with UN nuclear inspections. Both Seoul and Washington reconfirmed that North Korea must first tear down all its nuclear facilities. US diplomats and North Korean envoys to the United Nations had tried to sort out differences before the six-party talks resume. (www.iht.com, 29 August 2005)

4 September 2005.

Two members of the US Congress ... Tom Lantos, Democrat of California, and Jim Leach, Republican of Iowa ... returned from a [four-day] visit to North Korea ... Leach said that the North Koreans had told him and Lantos that they had resumed construction work for two graphite-moderated reactors ... [that had been] suspended years ago in return for a light-water reactor ... The two reactors that the North said it was building, once operational, could produce weapons-grade plutonium. (www.iht.com, 4 September 2005)

'James Leach ... said Sunday [4 September] that the North Koreans had told him that they were building two more graphite-moderated reactors' (www.iht.com, 6 September 2005).

6 September 2005.

North Korea offered a significant clarification on Tuesday [6 September] of its position ... insisting that it would not dismantle its nuclear reactor – considered the country's main source of weapons-grade plutonium – unless the United States and its allies built a nuclear power plant to replace it. The remarks Tuesday were the first time North Korea had publicly articulated its stance since the six-party disarmament talks adjourned on 7 August without a breakthrough. The demand runs counter to the US insistence that the country must first dismantle all of its nuclear facilities before even considering a civilian nuclear programme ... It appears that North Korea is essentially seeking to revisit a 1994 agreement. (www.iht.com, 6 September 2005; *IHT*, 7 September 2005, p. 8)

'[It is reported] that North Korea had proposed to China that the talks resume next Tuesday [13 September]' (www.iht.com, 6 September 2005).

9 September 2005.

[It has been reported that] South and North Korea have agreed to dispatch a single sports team to the summer Asian games that will be held in Qatar next year [2006]. In the past the two Koreas have formed unified teams for individual sports and have marched together at the opening ceremonies of the Olympics. But this would be the first time they would participate in a large international competition as a unified team. (*IHT*, 10 September 2005, p. 6)

'North Korea is interested in reviving a \$4.6 billion project that involves building two light-water reactors' (www.iht.com, 12 September 2005).

12 September 2005.

Pakistani President Pervez Musharraf ... [said] that he believed that North Korea had obtained 'probably a dozen' centrifuges – key equipment required to enrich uranium – from a proliferation ring headed by ... A. Q. Khan ... However, hundreds of centrifuges are required to

enrich enough uranium for a bomb, and some experts have said North Korea has acknowledged researching how to enrich uranium to lower levels that can be used to generate power and remedy its electricity shortages. Musharraf also said the results of nearly two years of interrogations of A.Q. Khan ... did not yield any evidence that Khan gave North Korea a Chinese-originated design to build a nuclear weapon. (www.iht.com, 13 September 2005)

‘US officials say that ... a dozen centrifuges ... would have enabled North Korea to copy the design and build their own (*IHT*, 14 September 2005, p. 2)

13 September 2005. The six-party talks resume. (See Postscript.)

3 The economy

Economic background

In the 1930s the area now constituting the North was more rapidly industrialized, especially in terms of heavy industry, than the South (Suh 1983: 199). In 1943 80 per cent of the North's gross industrial production was classified as heavy (Van Ree 1989: 54). In 1945 the North's share of total Korean production was as follows: heavy industry 65 per cent; light industry 31 per cent; agriculture 37 per cent; commerce 18 per cent (Halliday 1987: 19). In 1946 agriculture contributed almost 60 per cent of national product (Yoon 1986: 61), while more than 90 per cent of industrial establishments were nationalized (Chung 1986: 189).

One of the world's dramatically successful newly industrialized countries (NICs), South Korea vividly illustrates the relative inertia and technological lag experienced by socialist economies in general and their desperate need to attract foreign capital and technology. This is not to underestimate North Korea's achievement, especially its industrial development, compared with that of other socialist countries, after substantial destruction in the Korean War. In 1985 a 220 per cent increase in industrial output was reported for the period 1977–84. National income increased 1.8 times over the period 1978–84. (Dae-Sook Suh, *Asian Survey*, 1986, vol. XXVI, no. 1, p. 84)

A [South Korean] report spells out how North Korea, once the peninsula's industrial showcase, is now an industrial wasteland ... In 1945 industrial development was concentrated in the north ... North Korea can [now] boast industrial equipment with a value of \$2 billion, according to the Bank of Korea, South Korea's central bank. By contrast, the same industrial inventory in South Korea is worth \$489 billion. (www.iht.com, 29 April 2004)

Natural resources

Energy needs are dominated by coal (75 per cent), backed up by hydroelectric power (15 per cent), with a deliberately low importance attached to

oil (10 per cent), which the country lacks (figures quoted by Halliday 1987: 30). Minerals include coal, iron ore and non-ferrous metals such as gold, silver, zinc and lead.

Coal provides 70 per cent of energy consumption (EIU, *Country Report*, 1993, Second Quarter, p. 38).

Coal provides 50 per cent of electricity (*Asian Survey*, 1993, vol. XXXIII, no. 9, p. 866).

Coal is currently responsible for almost 70 per cent of energy ... Between 1985 and 1997 coal production almost halved ... Crude oil volume in 1998 was a fifth of that in 1990. There are hopes though that further offshore petroleum development might ease the problem. However, even though exploration licences were issued to Australian, Swedish and British companies during the 1990s, there has been no commercial discovery (Keun-Wook Paik, *The World Today*, 2001, vol. 57, no. 2, pp. 22–3).

‘North Korea is a land rich in minerals such as coal, iron ore and tungsten’ (*Foreign Policy*, November–December 2003, p. 46).

‘Only a fifth of its mountainous territory is fit for crops and farmers are driven to plant on ever steeper and more precarious surfaces’ (*The Times*, 3 August 2004, p. 11).

The forests in North Korea are depleted, its rivers and streams are filled with runoff [of waste] from factories and the country’s reliance on coal energy has created severe urban air pollution, the United Nations said on Friday [27 August 2004] in its first report on the communist nation’s environment. The evaluation, by the UN Environment Programme, was completed late last year [2003] with the help of the North Korean government. But its release was delayed until a delegation from the North visited the agency’s headquarters in Nairobi, to sign an agreement on Thursday on future co-operation to protect the environment. In releasing the report the agency acknowledged that there was a ‘paucity of research and data on which to base reliable environmental assessments’. North Korea’s forests have fallen victim to its fast-growing population – estimated at over 24 million – and their energy needs, along with natural disasters and efforts to convert forests to farmland, the report said. Pollution of rivers and streams has become severe ... The UN Environment Programme said farmers should expand the use of restorative practices, including tree planting and use of organic fertilisers. (www.iht.com, 27 August 2004)

[The UN report] said the search for food and fuel had led to the felling of a tenth of the country’s trees since 1990, threatening the habitats of rare species and increasing the risk of soil erosion and flooding. Although ... much of the information is old and incomplete, the study and its publication – both done with the co-operation of the North Korean authorities – is hailed as a breakthrough ... The halving of the country’s output between 1992 and 1996 has closed countless factories. But the report points out that the search for fuel, power and farmland has forced many

of the 24.4 million people into the hills in search of firewood ... The population [is] expected to grow to 29 million by 2020 ... Although 80 per cent of the land is still forested, most of the remaining trees are on inaccessible slopes ... Other problems reported include the pollution of rivers with sewage, leading to the spread of water-borne disease, and air pollution, partly caused by the heavy reliance on coal. (*Guardian*, 28 August 2004, p. 15)

National income and *per capita* income: a comparison of North Korea and South Korea

The dearth of official statistics makes any real assessment of economic performance in North Korea very difficult. (See the section on economic performance, below.)

There are various estimates of national income *per capita*:

The Economist (18 April 1992, p. 62) estimated that as late as 1973 *per capita* GNP in North Korea may have been higher than in South Korea. In the mid-1980s the World Bank described North Korea as a lower middle-income economy, with a \$900 *per capita* income, well above that of Vietnam (\$150) and China (\$300).

'*Per capita* GNP in the two Koreas may have been equal as late as 1975. Between 1975 and 2003, however, South Korea's *per capita* output nearly quintupled' (Nicholas Eberstadt, *FEER*, March 2005, p. 31).

The EIU (*Country Report*, 1988, no. 1, p. 38) estimated that *per capita* GNP was \$2,296 in South Korea, compared with only \$860 in North Korea, in 1986.

The official North Korean figure for national income per head in 1986 was \$2,400 (EIU, *Country Report*, 1989, no. 1, p. 40) and in 1990 \$2,530 (Rhee Sang-Woo, *Asian Survey*, 1992, vol. XXXII, no. 1, p. 58).

A later estimate by *The Economist* (18 April 1992, p. 62) put North Korea's *per capita* GNP in 1990 at \$1,064, compared with South Korea's \$5,569, while the *FT* (Survey on Korea, 27 May 1992, p. iv) cited an estimate for the North for that year of \$27.3 billion for total GNP and \$1,273 for GNP per head.

In 1989 North Korea's GNP was \$21.1 billion and *per capita* GNP \$987, compared to South Korea's \$210.1 billion and \$4,968 respectively (Rhee Sang-Woo, *Asian Survey*, 1991, vol. XXXI, no. 1, p. 72). Rhee Sang-Woo (*Asian Survey*, 1992, vol. XXXII, no. 1, p. 58) cited Jeong Kap-young's estimate of \$1,082–\$1,620 for North Korea's *per capita* GDP in 1989.

Per capita income was \$1,038 in 1991 (\$6,498 in South Korea) (EIU, *Country Report*, 1992, no. 3, pp. 5, 35; First Quarter 1993, pp. 5, 35);

Per capita income in North Korea was \$1,064 in 1991 (*Asian Survey* 1993, vol. XXXIII, no. p. 347);

Per capita income in North Korea was \$904 in 1993 (*Guardian*, 18 June 1994, p. 14).

In 1993 GDP per head was \$859 in North Korea and \$8,479 in South Korea (*The Economist*, Survey on South Korea, 3 June 1995, p. 9).

In 1994 *per capita* GDP was \$11,270 in South Korea and \$920 in North Korea (*IHT*, 5 March 1997, p. 6).

In 1995 *per capita* income in North Korea stood at \$957, compared with \$10,076 in South Korea (*FEER*, 27 June 1996, p. 71).

In early February 1997 North Korea claimed a *per capita* income of \$790 (*IHT*, 4 February 1997, p. 1). In 1996 *per capita* GDP in South Korea was \$10,800. 'The official North Korean government figure for *per capita* GDP is \$790, but the actual figure is only a fraction of that amount' (*IHT*, 1 September 1997, p. 22).

'In rare official data given to the United Nations Development Programme last year [1998] Pyongyang claimed that *per capita* income had halved in three years to just \$481 in 1996' (Aidan Foster-Carter, *The World Today*, 1999, vol. 55, no. 3, p. 11).

The South Korean central bank estimates that in 1997 North Korea's *per capita* income was \$741, about one-thirteenth of South Korea's (*FEER*, 2 July 1998, p. 63). In 1997 GDP per head was \$9,500 in South Korea and \$741 in North Korea (*The Economist*, Survey, 10 July 1999, p. 14).

In 1998 GDP *per capita* was \$8,600 in South Korea and only \$570 in North Korea (*FT*, 16 June 2000, p. 13). In 1998 GDP per head was \$6,823 compared with \$573 in North Korea (*The Economist*, 1 July 2000, p. 83).

In 1999, according to South Korea's central bank, North Korea's *per capita* GDP was \$714, only a twelfth of that of South Korea (*FT*, 21 June 2000, p. 10).

According to Seoul's Korea Development Institute, *per capita* income in North Korea is below \$400 (*FEER*, 22 June 2000, p. 20).

In South Korea *per capita* income is nearly \$10,000. In North Korea it is \$757 (*IHT*, 22 January 2002, p. 2).

'Economic output plunged 32 per cent in 1990–9, reducing *per capita* income to \$714 a year, according to the Bank of Korea' (*FEER*, 20 March 2003, p. 46).

South Korea's *per capita* income in 2002 was \$10,013 compared with North Korea's \$762 (*FT*, 6 June 2003, p. 12).

'South Korea's *per capita* income of \$10,000 is thirteen times that of North Korea's \$770' (*IHT*, 23 August 2003, p. 5).

'North Korea's *per capita* income has fallen to 8 per cent of that of South Korea' (www.iht.com, 3 June 2004).

'North Korea's *per capita* income reached \$818 last year [2003]' (www.iht.com, 8 June 2004). '[The figure] of] \$818 [amounts to] a sixteenth of South Korea's' (*FT*, 9 June 2004, p. 11). (These are estimates by South Korea's central bank.)

'[South Korea's] *per capita* GDP has leapt from \$249 in 1970 to \$12,646 in 2003' (*FEER*, 2 September 2004, p. 16).

'[North Korea's] *per capita* income rose to \$914 in 2004 ... less than one-fifteenth the \$14,162 posted by South Korea ... [according to] the central bank of South Korea' (www.iht.com, 31 May 2005).

There are various estimates of total national income in North Korea:

In 1989 North Korea's GNP was \$21.1 billion, compared to South Korea's \$210.1 billion (Rhee Sang-Woo, *Asian Survey*, 1991, vol. XXXI, no. 1, p. 72).

National income was \$22.9 billion in 1991 (\$280.8 billion in South Korea) (EIU, *Country Report*, 1992, no. 3, pp. 5, 35; First Quarter 1993, pp. 5, 35).

National income was \$23 billion in 1992 (\$297 billion in South Korea) (*The Economist*, 28 May 1994, p. 24).

National income was \$20.3 billion in 1993 (*The Times*, 11 June 1994, p. 14); \$20.5 billion (*FT*, 14 July 1994, p. 6).

In 1994 total GDP was \$508 billion in South Korea and \$21.3 billion in North Korea (*IHT*, 5 March 1997, p. 6).

North Korea's economy is now only one-twentieth the size of South Korea's (*IHT*, 16 September 1996, p. 17).

In 1997, according to the International Institute for Strategic Studies, North Korea's GNP was \$18 billion compared with South Korea's \$443 billion (Smith 2000: 599).

In 1998 total GDP was \$398.8 billion in South Korea and only \$12.6 billion in North Korea (*FT*, 16 June 2000, p. 13).

In 1999, according to South Korea's central bank, North Korea's GDP was \$15 billion, only one twenty-fifth of that of South Korea (*FT*, 21 June 2000, p. 10).

North Korea's annual economic output was \$23 billion in 1990 and \$16 billion in 2000 (*FT*, 21 February 2002, p. 10).

'The South has a GDP approaching a half-trillion dollars ... while the North's estimated GDP is some \$15 billion' (*IHT*, 6 January 2003, p. 8).

'North Korea has ... a GDP that is 4 per cent of that of South Korea' (*IHT*, 12 March 2003, p. 3). In 2002 GDP in South Korea was \$505 billion. In North Korea the figure was \$15 billion (*IHT*, 28 July 2003, p. 2).

'The North's nominal national income [in 2003] was the equivalent of \$18.8 billion, about 3 per cent of that of South Korea' (www.iht.com, 8 June 2004).

'The North, with a population of 22.5 million, had a Gross National Income of \$20.8 billion in 2004 ... [according to] South Korea's central bank' (*FT*, 1 June 2005, p. 9).

Economic planning and reforms prior to the summer of 2002

The economic system prior to the summer 2002 economic reforms

North Korea opted for a Soviet-type economic system (the nature of which is dealt with in Appendix 1), and reforms prior to the collapse of communism in Eastern Europe and the Soviet Union in and after 1989 looked familiar in many ways. But there were variations, such as the greater reliance on rationing (which lasted until the summer of 2002). China, of course, has also influenced North Korea, both in the past (such as extensive rationing and some of the policies adopted during China's Great Leap Forward of 1958–60) and today (China's strategy of gradual/partial market-orientated economic

reforms and of a greater role for the private sector in the context of a Communist Party that maintains political control). North Korea has also studied other countries, including Vietnam and Mongolia. (The various paths to economic transition, including China's, are dealt with in Appendix 2.)

North Korea had a rigid command economy, with economic plans containing very detailed output targets for each industrial enterprise (Pak 1983: 214). The 'unified and detailed planning' system introduced after 1964 increased central control. Rationing was, in fact, more common than in the traditional Soviet-type economic system in more normal times, with the workshop and residential areas used as means of distributing highly subsidized basic commodities (e.g. rice). As regards manpower, moral incentives were stressed, and school leavers were allocated in groups to particular jobs. Income tax was abolished in 1974. In 1958 a sort of Chinese-style Great Leap Forward was begun, involving a mass mobilization of people inspired by moral rather than material incentives (Jeffries 1990: 264).

In February 1973 the 'Three Revolution Teams' (ideological, technological and cultural) were initiated. Teams of young people were sent to enterprises to encourage workers to greater effort and to teach them new techniques (Kang Suk Rhee, *Asian Survey*, 1987, vol. XXXVII, no. 8, pp. 899-900).

Campaigns and the accompanying exhortations were features of economic decision-making. A campaign to save materials began in 1986 (EIU, *Country Report*, 1989, no. 3, p. 34). In 1974 there was a 'seventy-day battle', in 1980 a 'hundred-day battle' and between 20 February and 9 September 1988 a 'two-hundred-day battle', the last concentrating on major construction projects in energy, the metal industry and chemicals. Another 'two-hundred-day battle' ran from September 1988 to April 1989. Electricity, coal and steel were seen as the key to the successful fulfilment of the Third Seven Year Plan (1987-93), and agricultural success involved increased irrigation, electrification, mechanization and chemicalization (the so-called four 'technical revolutions') (EIU, *Country Report*, 1988, no. 2, p. 37; B. Koh, *Asian Survey*, 1989, vol. XXIX, no. 1, p. 40). Kim Il Sung's new year address for 1990 called for a new 'speed of the 1990s' (a 'work harder' campaign) in production, involving e.g. the speedy completion of large projects (EIU, *Country Report*, 1990, no. 2, p. 35), and for emphasis on light industry (Kong Dan Oh, *Asian Survey*, 1990, vol. XXX, no. 1, p. 75). In 1990 electricity, coal, steel and foodstuffs were stressed (Rhee Sang-Woo, *Asian Survey*, 1991, vol. XXXI, no. 1, p. 73). A 'hundred and fifty day campaign' related to lead and zinc production started in August 1991 (EIU, *Country Report*, 1991, no. 3, p. 38).

The First Five Year Plan actually ran from 1957 to 1960 and the First Seven Year Plan from 1961 to 1970. The Six Year Plan covered the period 1971-6. Between the seven-year plans for 1978-84 and 1987-93 no annual economic plans were launched. The Third Seven Year Plan emphasized light industry and agricultural modernization (Kie-Young Lee 1990: 4), and greater efficiency in general.

There were periodic ministerial reorganizations. The late 1950s saw amal-

gamations, while in the latter half of the 1980s there was a reverse process. In January 1990 the Mining Industry Commission was divided into a Ministry of the Coal Industry and a Ministry of the Mining Industry, while the previous July saw a new Ministry of Local Industry established.

In 1961 an economic management system called the 'Tae-an (Dae-an) Work System' was put into operation (Kang 1989: 204–5; EIU, *Country Report*, 1988, no. 2, pp. 294–5). This was first applied to an electrical engineering enterprise. The industrial enterprise was run by a Factory Party Committee rather than an individual manager. The committee normally comprised twenty-five to thirty-five members, with managers, engineering staff and workers equally represented. Its executive board of six to nine people carried out day-to-day operations, and was dominated by the party secretary and managers. The party secretary's decision was final.

The 1960s saw a strengthening of material incentives, especially in agriculture (EIU, *Country Profile*, 1987–8, p. 57).

Some modest enterprise reforms were introduced in late 1984, with greater emphasis on economic accounting, some increased decision-making autonomy and an increased role for material incentives (Kang 1989: 206). Increased decision-making autonomy includes greater powers to fix bonus rates and other incentives; to decide the share of profits to reinvest; and to allocate manpower, equipment and materials. Material incentives are boosted by the power to devote up to 50 per cent of excess profits (compared with 20 per cent previously) to increasing output and welfare and other benefits (EIU, *Country Report*, 1985, no. 3, p. 34, and 1986, no. 2, p. 39). The enterprise success indicators include physical production, exports, profits, costs and inputs, but physical indicators have top priority, followed by exports (Kang 1989: 206).

Labour compensation consists of the basic wage, bonuses and prizes (Kang 1989: 206–7; Kie-Young Lee 1990: 4). The basic wage takes account of factors such as job evaluation, length of service and technical ability. Bonuses, paid to work teams, depend on over-fulfilment of plan targets (e.g. cost reductions), while prizes can also be paid to individuals as well as used for collective incentives. The EIU (*Country Report*, 1985, no. 3, p. 34) noted that, within some enterprises, teams of four to six workers plan their own work schedules and determine their bonus rates.

Kang (1989: 202) reported some spread of the 'associated enterprise system', there having been experiments since 1975. The experiments involved linking geographically adjacent and related enterprises in order to save time and transport costs (Kie-Young Lee 1990: 4). The EIU (*Country Report*, 1986, no. 2, p. 39) described the 1985 reforms as akin to the former GDR combines, in the sense that enterprises in related areas of activity (e.g. supplier–user) are encouraged to co-ordinate their operations in a formal manner, thus easing the materials supply system. The regionally based complex reports to the provincial party committee, while the vertically integrated complex has a central party committee to answer to (EIU, *Country Report*, 1989, no. 4, p. 35).

Each enterprise paid a depreciation allowance and a capital charge (Kang 1989: 206).

Some enterprises were allowed to export their own products and import the necessary materials with the foreign exchange so earned (Kie-Young Lee 1990: 6).

Harrison (1987: 38) considered that there had been a rejection of a Chinese-style decentralization of decision-making to the managers of industrial enterprises.

Rhee (*Asian Survey*, 1987, vol. XXXVII, no. 8, p. 889) reported the August 1984 mass movement to increase basic consumer goods production by teams of part-time workers from locally available inputs such as waste and by-products. According to Lee (*Asian Survey*, 1988, vol. XXVIII, no. 12, p. 1268), small groups of workers in industrial enterprises, in co-operative farms and at home produce basic necessities for direct sale to consumers in markets. The EIU (*Country Profile* for 1988–9) noted that provinces were responsible for consumer goods production, receiving no central investment but having to transfer tax revenue (p. 72).

In January 1984 Kim Il Sung expressed a interest in expanding links with ‘friendly’ Western states (Rhee 1987: 888), a call repeated at the DPRK’s fortieth anniversary celebrations some four years later. Kim Jong Il called for a stricter implementation of an ‘independent accounting system of enterprise’, a gradual increase in the managerial independence of state enterprises, greater use of economic criteria in decision-making and improved worker incentives, although there was no notable decline in party influence’ (Koh 1988: 63).

The half-hearted attempt in the 1980s to reform the state-owned sector – in which managerial incentives were improved and enterprises were ‘depoliticized’ – not only failed, they backfired. To counter severe information asymmetry problems, the authorities decided to strengthen centralization of the information flow and resource allocation. Steps taken to grant greater autonomy to SOEs [state-owned enterprises] did not also credibly harden their budget constraints and only led to hoarding of material resources and labour. (Junki Kim, *Transition*, April 1998, vol. 9, no. 2, p. 20)

A major theme of the Third Seven Year Plan (1987–93) was a revitalization of the economy through automation, computers and robots. An especially important target was electricity. Significant technical assistance was hoped for from the GDR, whose scientific and technological achievements North Korea had always sought to emulate (Sungwoo Kim, *Asian Survey*, 1993, vol. XXXIII, no. 9, pp. 865–6). As a partial remedy for the shortage of consumer goods, the regime introduced the ‘Third of August People’s Consumer Goods Programme’. This involved the use of local industrial wastes and by-products to produce consumer goods for local consumption. Its success was shown by the fact that more than 10 per cent of the country’s total consumer needs came to be supplied in this way (p. 869).

Kim Il Sung, in remarks made in mid-September 1993 to a visiting legislative delegation from China, praised China's 'tremendous success' in reform and opening up to the outside world (*Asian Survey*, 1994, vol. XXXIV, no. 1, p. 14).

A communiqué issued by the Central Committee on 9 December 1993 publicly acknowledged North Korea's economic difficulties: 'the internal and external situation remains grim and complex'. Reference was made to 'the grave situation and grim trials during the third Seven Year Plan period [1987–93]', when industrial output grew at an average annual rate of growth of 5.6 per cent compared with a target of 10 per cent (electric power, steel and synthetic fibres in particular experiencing difficulties). North Korea had had to 'divert a large proportion of the economy to national defence'. A period of economic adjustment lasting up to three years was needed, when priority would be given to agriculture, light industry and exports (Jeffries 1996a: 735).

In his New Year's address made on 1 January 1994 Kim Il Sung called for an overhaul of the economy and suggested that North Korea would have to change dramatically in order to develop foreign markets (*IHT*, 3 January 1994, p. 5). The 1994–6 period was to be one of adjustment to implement 'agriculture-first, light industry-first and foreign trade-first policies' (cited in *Asian Survey*, 1995, vol. XXXV, no. 1, p. 25).

On 25 December 1995 Kim Jong Il warned of the threat to socialism represented by reform-minded politicians. In an article in the party newspaper *Rodong Sinmun*, purportedly written by Kim Jong Il, economic reformers and ideological revisionists were described as 'obsolete and reactionary traitors'. Communism collapsed in other countries because of the 'traitorous acts' of people in leading party positions (*The Times*, 27 December 1995, p. 8; 6 April 1996, p. 19).

Events [on 9 September 1998] marking ... the fiftieth anniversary of the founding of the state were accompanied by some changes in the constitution ... The revised constitution allows the introduction of a market economy, although at a primitive level. Farmers will be allowed more freedom to sell their produce. Private companies and co-operatives will be allowed to own land, farm machinery, boats and production equipment, but not buildings. People will also be allowed to keep income from subsistence farming and small businesses. Rights of inheritance will also be legally guaranteed. Some of the changes are seen as a way of trying to attract foreign investment. (*The Economist*, 12 September 1998, p. 79)

'The North's regime has formally recognized the farmers' markets, and now the concepts of "profit" and "loss". Last year [1998] it sent some 120 North Koreans abroad to study economics, compared with about ten a year in the past' (*The Economist*, Survey, 10 July 1999, p. 13).

On 29–31 May 2000 Kim Jong Il paid a visit to China. 'The North's leader praised China's "great achievements" in its reforms and opening to the outside world' (*FT*, 9 June 2000, p. 23). 'He [Kim Jong Il] noted the "great

achievements” of “opening up the country” and said North Korea supported “the reform policy pursued by the Chinese side” ... “Opening up to the outside world is correct” (*IHT*, 13 June 2000, p. 8).

Pyongyang ... has stopped criticising Beijing as a ‘revisionist renegade’ for forging ahead with economic reform and expanding commercial ties with South Korea ... Kim Jong Il ... congratulated it on the success of its reforms and praised what he called the ‘successful experiment in socialism with Chinese characteristics’. (*FEER*, 22 June 2000, p. 16)

Kim Jong Il paid another visit to China on 15–20 January 2001. At first an attempt was made to keep it secret.

Kim Jong Il has returned from a secretive visit to China after giving the strongest signals yet that he hopes to begin opening his country’s isolated, controlled economy to outside investment and market forces. Mr Kim spent nearly all the visit, his second to China since May, touring companies and discussing economic issues in Shanghai ... In a meeting with President Jiang Zemin on Saturday [20 January] in Beijing, Mr Kim fully endorsed the pro-market policies that have transformed China over the last twenty years, according to Chinese accounts. ‘Mr Kim stressed that the big changes that have taken place in China, and Shanghai in particular, since China began its reform and opening-up have proved that the policies pursued by the Chinese Communist Party and the people are correct,’ said ... a foreign ministry spokesman. Mr Kim specifically asked to visit Shanghai on this trip, where he toured joint venture enterprises of General Motors and of a Japanese semiconductor manufacturer as well as the stock exchange, the Pudong commercial development zone and other companies. (*IHT*, 22 January 2001, p. 6)

‘Mr Kim spent four of a secrecy-shrouded six-day visit in [Shanghai]’ (*IHT*, 24 January 2001, p. 2).

On a 15–20 January visit to Shanghai and Beijing ... Kim Jong Il pronounced China’s reform programme ‘correct’ ... On his last trip to Shanghai, in 1983, Kim criticised China’s fledgling policy of economic reform as a dangerous departure from socialist doctrine. This time, according to China’s official Xinhua news agency, ‘Kim stressed that the big changes that have taken place in China, and Shanghai in particular, since China began the reform and opening-up drive, proved that the policies ... are correct’. Kim reached that conclusion after touring foreign joint ventures, a technology park and other capitalist ventures ... The United Nations recently warned that due to poor harvests last year [2000] the government-run food distribution system will cease all food provision ‘in most parts of the country’ by the end of January. (*FEER*, 1 February 2001, p. 15)

Beijing announced after the visit: ‘Kim stressed that the big changes that have taken place in China, and in Shanghai in particular, since China

began the reform and opening-up drive prove the policies of the Chinese Communist Party are correct' ... Radio Pyongyang gave an unusually detailed account of the trip, quoting Kim Jong Il's amazement at the 'cataclysmic change' in modern Shanghai ... Three top military men were part of Kim Jong Il's delegation. (*FEER*, 8 February 2001, pp. 26–7)

Kim Jong Il's interest in high technology is a common theme in the new atmosphere he has created. He visited Legend Computer in Beijing in May last year [2000] and in October [2000] Marshal Jo Myong Rok stopped off in San Francisco. Escorted by former defence secretary William Perry, Jo visited Silicon Valley ... In a series of editorials since 1 January [2001] Pyongyang has given new emphasis to the economy. A 16 January editorial in the party daily *Rodong Sinmun* in effect said the way to fulfil the 'military first' policy was now through building economic strength ... On 4 January the party paper blasted 'the old backward way of thinking' among party cadres. 'In the new millennium when we require new measurements to approach our problems, we need to resort to new ways of thinking to solve them,' it said.' (Nayan Chanda, *FEER*, 8 February 2001, p. 27)

The June 2000 North–South summit meeting raised expectations of a relaxation of economic policy along Chinese lines in North Korea.

Kim is cautiously breaking loose from his ideological shackles, pursuing a carefully calibrated policy that might be described as reform by stealth. During the [1995–6] famine, for example, the government's food procurement and distribution machinery broke down and private farm markets mushroomed in the North Korean countryside. Instead of closing them down by force Kim chose to look the other way ... Since then foreign aid administrators have reported direct evidence of more than 300 private markets dealing in consumer goods as well as farm produce ... Kim has permitted more than 150 foreign food aid administrators to live in Pyongyang and monitor distribution in 163 of the country's 210 counties ... When foreign advisers have suggested innovations in agricultural policy, he has signalled quick acceptance, overriding bureaucratic opposition. During [Madeleine] Albright's [October 2000] visit to Pyongyang Kim Jong Il told her that he has been studying alternative economic systems for North Korea, referring specifically to 'the Swedish model' ... Kim Jong Il has assigned North Korean officials to study international law and the workings of capitalism in training programmes arranged by the World Bank and the United Nations Development Programme. (Harrison 2001: 68–9)

(In one of the many conversations with Mrs Albright ... Mr Kim said he was examining alternatives to the communist economy. Specifically, he said, he liked the Swedish model': *IHT*, 26 October 2000, p. 6.)

A series of reforms have been adopted since the mid-1980s. Reforms in the external sector were more significant than in the domestic sector ...

A major problem with past reforms is that they were only partial ... [and] did not tackle fundamental structural problems.' (United Nations, *World Economic and Social Survey 2001*, p. 101)

The measures include the following:

- 1 'The extension of industrial associations in 1985 ... These are giant groups of firms based on vertical integration and were first introduced in 1973' (p. 101).
- 2 'The transformation of co-operative farms into state farms in 1994' (p. 101).
- 3 'The improvement of material incentives in team units in 1996' (p. 101).
- 4 'The decentralization of trade management in 1984 and in the early 1990s' (p. 101).
- 5 'The introduction of a joint venture law in 1984 and the establishment of the Rajin–Sonbong free-trade zone in 1992' (p. 101).

Since September 1998 there have been signs of new thinking about the process of opening up the economy ... The main elements of the new reforms include abolishing the industrial associations ... allowing special economic zones (SEZs) in multiple locations and the second-round 'Chunrima' movement ... a mass movement originally introduced in 1958. Its method is to increase labour productivity through the use of non-material incentives ... By January 2000 forty-four industrial associations had been dismantled and individual firms had been put under the de facto direct control of the cabinet ... [But] since September 2000 ... [North Korea] has restored more than twenty large industrial associations in heavy industry ... letting the associations handle not only production but also distribution and trade of their products ... [North Korea] reformed its trade management system in late 1998. It sharply reduced the number of trade companies, which were under the local government, and placed them under the direct control of the cabinet. (United Nations, *World Economic and Social Survey 2001*, pp. 101–2)

During the economic crisis in the 1990s the spread of private entrepreneurs was a distinctive phenomenon ... The food crisis in the mid-1990s ... especially ... contributed to their burgeoning ... Those who cultivated profit-seeking practices in the second half of the 1980s sharpened their entrepreneurial skills ... particularly those involved more in commercial practices such as distribution. (Kim 2003: 20–1)

[It has been estimated that] approximately one in thirty people are private entrepreneurs of some kind ... The scope of entrepreneurial activities is increasing, illegal and illicit activities get tacit approval from local governments, the variety of products becomes more diverse than before, and these activities range from simple trade and exchange to production making use of private as well as public resources. (p. 20)

Despite the lack of statistical figures to compare the value of output between public enterprises (both state-owned and collective) and private

entrepreneurs, it seems that the latter have supplanted significant parts of the former during the economic crisis. In particular most consumer goods are now produced and provided by the private sector. In a sense the private sector has taken advantage of the devastated public sector. (p. 11)

Since most of the small and medium-sized local enterprises stopped their operations just as large state-owned enterprises did, craftsmen in the local enterprises have had a chance to siphon off facilities and materials owned by their workplace . . . to produce items such as shoes, furniture and alcohol to obtain more profit in the market. (p. 21)

(‘A recent estimate [by Doowon Lee and Sang Jin Hang] has put the size of the informal or shadow economy in North Korea at about 12 per cent of the formal one . . . Others have suggested that it is much larger’: Introduction: p. 6.)

Agriculture

In the March 1946 agrarian reform land was redistributed to the tillers. Land was confiscated without payment from landlords who leased land to tenants (62.1 per cent of total arable land confiscated, itself 54 per cent of total arable land); landlords owning more than 5 hectares (23.8 per cent); Japanese (11.3 per cent); the church (1.5 per cent); and national traitors and expatriates (1.3 per cent). Those benefiting were landless peasants (61.5 per cent), small land-owning peasants (35.2 per cent), agricultural employees (2.3 per cent), and landlords who returned to farms (1.0 per cent). The land reform took less than a month to complete (Pak 1983: 216–17). Large landlords were allowed to own the same size of farm as the rest on condition that they moved to another district; most, however, went to the South (Halliday 1987: 22).

Collectivization spanned the period 1954–8, moving Chinese-style through three types of co-operatives. There were increasing degrees of co-operative activity, ranging from the pooling of labour and some collective use of implements and animals to the distribution of income based solely on work contribution. Co-operatives were designated ‘collectives’ in 1962, and each collective was broken down into work brigades (specializing in activities such as crops, livestock and machines) and these in turn into work teams (‘specialized’, ‘mixed’ or ‘all-purpose’) (Pak 1983: 217–19). According to the EIU (*Country Profile*, 1988–9, p. 66), there are now ‘sub-work teams’, where three or four families are allocated a piece of crop land and the necessary implements.

In 1970 land used by the collective farms accounted for 94 per cent of all arable land, while the state farm figure was 4 per cent. Note that all natural resources and forests were nationalized in 1947. There are still agricultural machine stations (Pak 1983: 222).

Private plots are 0.02 of an acre (0.008 ha) at most (before 1977, 0.04 of an acre or 0.016 ha), but peasants were, until recently, only allowed to consume the produce themselves and not to sell it on markets (EIU, *Country Profile*,

1987–8, p. 59). The EIU (*Country Report*, 1988, no. 1, p. 38), however, states that farmers' markets are now held two or three times a month, for an hour or so, for the sale of produce grown on the tiny plots (some 200 square metres each) and household goods manufactured by 'sideline work teams'. Urban workers help at harvest time. B. Koh (*Asian Survey*, 1988, vol. XXVIII, no. 1, p. 64) detects no measurable increase in the sphere of individual initiative, while official rhetoric still underlines the need to convert co-operatives into state farms. The increase in agricultural output is to be attained not through greater incentives but via an increase in cultivable land, mechanization and the use of chemical fertilizers.

Economic policy has, in general, given priority to heavy industry, but light industry and agriculture have been developed together. Industry provides support for agriculture in order to industrialize it. Intensive farming is practised, especially involving the use of fertilizers and mechanization, and there are large infrastructural schemes – irrigation to protect against the effect of drought, and land reclamation, including land from the sea. Moral incentives have been stressed. The *Chollima* ('flying horse') movement, which began in 1958, mimicked the Chinese Great Leap Forward in that it was designed to increase productivity by means of stress on ideological incentives to work hard. After the middle of the 1960s the work brigade was stressed. (Pak 1983: 223–4)

'The *Chongsalli* method of managing co-operative farms, started in 1960, stressed party direction of agriculture, strong one-man management, and ideological motivation, and established work brigades and teams' (p. 224).

Harrison (*FEER*, 3 December 1987, p. 38) sees retrogression in policy. For example, he argues that there has been a recent decline in the autonomy enjoyed by co-operative farms: this has the aim of turning over control of co-operative property to the state in order to end the class differences between workers and farmers.

Aidan Foster-Carter (*FEER*, 29 November 1990, p. 35) too sees a move to full state ownership during the next few years, with workers being paid a wage. The national agriculture conference held 10–13 January 1990 stressed the 'superiority of the socialist agricultural system', while calling for a more efficient use of resources (*IHT*, 16 January 1990, p. 15).

About 37 per cent of the work force is still employed on the land, compared with 15 per cent in South Korea (Philip Bowring, *IHT*, 11 July 1994, p. 6).

The transformation of co-operative farms into state farms [took place] in 1994 ... The improvement of material incentives in team units [took place] in 1996 ... Farmers were allowed to own simple farming tools and cattle in 1998 ... The free disposal of excess production by team units [was introduced] in 1996. (United Nations, *World Economic and Social Survey 2001*, pp. 101–2)

North Korea's economic problems have also led to the emergence of primitive capitalism in the form of black markets. The government allows those

with small garden plots to sell vegetables at the informal markets to help relieve growing food shortages. (John Burton, *FT*, 16 May 1995, p. 18)

Several open-air markets have been established along the Chinese border, where North Koreans are engaged in unsupervised barter trade now that China is becoming an important source for food (John Burton, *FT*, 3 November 1997, p. 7).

'In the face of widening food shortages the government is also backing off its once-rigid opposition to private farming' (Shim Jae Hoon, *FEER*, 10 October 1996, p. 30). An analyst is cited who reckons that Pyongyang now allows each civilian household 30 pyong (a pyong equals 3.3 square metres) of backyard cultivation. For a soldier's family the limit is 100 pyong (p. 30). Reports indicate that black markets are flourishing. 'But the black economy is not the only alternative to a state rationing system in collapse.' In June 1997 Kim Jong Il 'approved the setting up of open-air free markets in major cities along the border with China'. For example, a free market was permitted in the border town of Wonjong on 6 June 1997 which is open three times a week and where North Koreans barter fish products and scrap iron for Chinese grain. The use of Chinese renminbi and US dollars as well as North Korean won has been authorized. China and North Korea have agreed to waive cross-border tariffs on transactions worth up to 5,000 renminbi.

But since the free markets are restricted to the northern border region, demand elsewhere can only be met by the sprouting underground markets. They provide everything from food and clothing to medicine and home appliances . . . Corruption pervades all levels of the party and military, say defectors. (Shim Jae Hoon, *FEER*, 10 July 1997, p. 75)

Farm policy was modified slightly after the 1995 floods to allow individual farmers to cultivate small patches of land. But as peasants spend time on their own plots, output at the collectives is falling, according to a cited South Korean specialist (Shim Jae Hoon, *FEER*, 27 May 1999, p. 24).

Farmers are now allowed to 'freely dispose' of 10 per cent of their harvest once they have met state targets (*Guardian*, 31 December 1996, p. 11).

North Korea 'now tolerates private markets in many areas'. There are accusations that North Korea is operating opium farms and is engaging in drug trafficking (Nicholas Kristof, *IHT*, 22 November 1996, p. 6).

There are allegations that North Korea is dealing in drugs and has opium farms (*FEER*, 5 December 1996, p. 29).

'In response to the food shortage, Kim Jong Il is making announced and unannounced changes in agricultural policy similar to those adopted by China and Vietnam in the early stages of their movement toward market reforms.' Until recently co-operative farmers were organized in work teams comprising as many as twenty-five members, with the benefits of increased output enjoyed by all.

Under the new system work teams will consist of eight members, which will put pressure on the laggards to produce. Each team will be permitted

to keep up to 30 per cent of what it harvests, with the amount retained dependent on the extent to which it meets or exceeds production targets.

What makes this apparently modest reform more significant is that it has been accompanied by 'an unannounced decision by some local authorities to permit private markets where work teams can sell or barter their surplus and individual farmers can sell or barter food grown on their household plots.'

In selected experimental areas ... the government has also introduced contract farming. Individuals or families may enter into fifteen-year agreements to lease land under which they must sell a fixed amount of food to the state but can dispose of the rest in private markets. (the three quotes above are from Harrison 1997: 66–7)

In 1996 there were indications of flourishing unofficial markets at which a wide variety of goods were bought or bartered. 'Traditionally draconian controls have been relaxed, and truckloads of grain were reported to be entering from China in the northeast, free to roam and sell at rates the market will bear.' Chinese agricultural sources report that for the past three years there have been quiet experiments with a 'family contract system'. Modelled on China's reforms, the system provides farming households with incentives to produce and sell their surplus by transferring rights of cultivation from state farms and collectives directly to the families (David Satterwhite, *Asian Survey*, 1997, vol. XXXVII, no. 1, p. 16).

Farmers in the hard-hit northern provinces, particularly near the Chinese border, have been told to fend for themselves, allowing them to trade privately with China. With help from the UN Development Programme, there have been a few scattered experiments with 'micro-credit', providing money to individual households to buy chickens or goats and allowing them to sell the eggs or milk on the open market. (Keith Richburg, *IHT*, 20 October 1997, p. 4)

At a two-day conference in Geneva organized by the UN Development Programme North Korea agreed to allow small farmers to sell some of their crops in a free market (*IHT*, 5 June 1998, p. 4). Small-scale farmers would be able to sell some of their crops under a deal on agricultural decentralization signed by North Korea and the UN (*FEER*, 18 June 1998, p. 16).

There is no evidence that Pyongyang took steps in 1998 to adopt meaningful economic or agricultural reforms that would address the structural causes of its food programme. Those seeking evidence of modest reform point in part to the continuation of changes in the agricultural work team system and the expansion of the role of rural markets at which teams can sell over-quota production ... As Pyongyang has not been able to provide adequate grain through the public distribution system, it has eased some controls to allow communities greater leeway to cope with shortages. Aid monitors report that Pyongyang has made state land available for planting and taken other steps to expand the cultivation of

marginal land. At a roundtable in May [1998] under UN Development Programme auspices Pyongyang described a two-year programme for restoring grain production primarily through improved agricultural techniques and increased inputs. The programme received a tepid response, in part because it gave no evidence of significant agricultural reform. Traditional mobilization techniques remained important ... In July Kim Jong Il issued a telegraphic order commending the army for its assistance in rice transplanting and calling on the people and army to weed diligently ... North Korea ... in 1998 appears to have had a relatively good harvest ... [But] North Korea would remain well below the World Food Programme estimated minimum grain requirement of about 4.8 million tonnes. The regime will remain dependent on humanitarian aid. (Brown 1999: 127–8)

‘Farmers’ markets ... emerged despite the regime, not in response to reform’ (*The Economist*, Survey, 10 July 1999, p. 14). ‘The North’s regime has formally recognized the farmers’ markets’ (p. 13).

North Korea’s most radical and promising economic reform is being implemented with little fanfare. The government is reversing its long-standing policy of replacing collective with state farms in which farmers earn wages like factory workers in favour of a system by which small teams cultivate a plot of land and keep any surplus after meeting their state quota. The prototype of this “small work team method” was first introduced in the mid-1960s, with teams of ten to twenty-five individuals. The method seemed to have languished only to reappear in the wake of the 1995 famine. In its 1990s reincarnation work teams reportedly consist of eight to ten workers, often comprising a family unit. To encourage farmers, who face almost insurmountable difficulties owing to a lack of fertilizers, pesticides, good seeds and mechanized farm equipment, state production quotas have been lowered. Farm units may sell their surpluses, along with locally manufactured goods and household possessions in the people’s markets that have sprung up throughout the country. These markets, which are tacitly accepted by the authorities, originally conducted business on the eleventh and twenty-first of every month, these being farmers’ holidays. The markets now operate daily in many cities and towns ... The government accepts these markets on a temporary basis, pending the country’s return to economic health and its resumption of the march toward communism. (Oh and Hassig 1999: 292–3)

North Korea is now in its sixth year of a food crisis which has cost the lives of at least 1 million people. Flood and drought may have been the catalyst, but the root of the problem remains the disastrous mix of rigid planning and the whim of leaders, where pet projects get the lion’s share of resources while less favoured regions and sectors are deprived. The projects that paved the way for the food crisis included years of the

overuse of physical and chemical damage to soil; poorly planned hillside terracing; and the tearing down of forests to plant maize in the mountains. All this on top of the follies of collective farming, restricting private plots and markets ... Informal markets are the only thing standing between most North Koreans and starvation ... The follies continue ... Land rezoning [is] a project, more or less, to bulldoze North Korea flat and turn it into farmland. As the official Korean Central News Agency describes it, this is 'a grand nature-harnessing work, to level at least 400,000 patches and remove 30,000 kilometres of ridges between rice fields which had been handed down through generations, and repartition them into standardized fields, each covering 1,000–1,500 pyong' (3,300 to 4,950 square metres). In Kim's plan 100,000 ha are due for flattening; 27,000 ha have already been flattened ... On 5 April [2001] prime minister Hong Song Nam made clear the plan was central to the coming year's priority to 'develop agriculture to solve the food problem of the people'. The policy was first carried out in marginal farming areas ... Kim delivered a speech on the plan in January last year [2000] ... The policy has now spread to Hwanghae, the rice-basket province in the south-west ... The theory: the creation of larger fields will allow the mechanization of agriculture ... and Kim admits that ... 'the soil must be enriched by the application of rich organic fertilizer through a mass movement' ... In fact, Kim has another motivation ... 'The plain has been completely transformed ... It would be impossible now for a former landowner to find his land, if he were to come with his land register to take his land back' ... Intriguing that the Dear Leader thinks the landlords who fled in the 1940s, or their children, might come back and claim their own. (Aidan Foster-Carter, *FEER*, 10 April 2001, pp. 26–7)

During the [1995–6] famine ... the government's food procurement and distribution machinery broke down and private farm markets mushroomed in the North Korean countryside. Instead of closing them down by force Kim chose to look the other way ... Since then foreign aid administrators have reported direct evidence of more than 300 private markets dealing in consumer goods as well as farm produce ... Kim has permitted more than 150 foreign food aid administrators to live in Pyongyang and monitor distribution in 163 of the country's 210 counties ... When foreign advisers have suggested innovations in agricultural policy, he has signalled quick acceptance, overriding bureaucratic opposition. (Harrison 2001: 68)

'Farmers' markets ... sprouted a few years ago when food shortages were at their worst. The party at first tolerated them and then institutionalized them' (John Larkin, *FEER*, 17 May 2001, p. 62).

Farmers' markets ... are supposed to be small state-controlled outlets at which farmers can sell produce they grow themselves in the tiny plots of land around their houses. They have been around since the 1950s, but

since the mid-1990s they have proved particularly useful in providing city dwellers with extra food to supplement their state rations. The demand for food is so great that the state can no longer control prices at these markets. They have become the only part of the economy driven mainly by supply and demand, rather than diktat ... [There is] a lack of fertiliser. (*The Economist*, 27 July 2002, pp. 26–8)

‘Farmers are allowed their own small gardens and farmers’ markets are now referred to simply as “markets”, because, as well as food, they sell consumer goods ... These markets have been given official approval’ (*The Economist*, 11 October 2003, pp. 67–8).

‘Price reforms and salary hikes began in July [2002]. The regime also announced rules allowing collectives to work marginal land for their own benefit rather than the state’s’ (*FEER*, 23 January 2003, p. 16).

Farmers are among the winners: they can sell any surpluses on the open market. But two out of three North Koreans live in the towns and cities, and only 18 per cent of the country is suitable for agriculture ... Huge but unknown numbers of workers have been moved into farming, even though every scrap of available land is already cultivated. The extra workers are needed because there is virtually no power for threshing and harvesting and no diesel for farm vehicles. This requires more work to be done by hand. Ox-carts are a common sight. (*The Economist*, 13 March 2004, p. 64)

‘While farmers still have to meet their grain quotas, they can also make money on the side ... They can sell their surplus, or a wheat farmer might sell his chaff to a pig farmer as animal feed’ (www.iht.com, 18 August 2004).

In his New Year message [for 2005] Kim Jong Il listed increased agricultural production as a priority ... Pyongyang has urged North Koreans to grow more potatoes and improve irrigation systems, and it has been reported that North Korea will expand a pilot project allowing households greater production freedom across the country. Collective farming units are expected to be split into two or three households and will be able to grow more food for themselves in addition to their quotas. (*FT*, 6 January 2005, p. 5)

Kim Jong Il: ‘The whole nation should exert all its efforts for agriculture in 2005, which marks the Workers’ Party’s sixtieth anniversary ... Rice is our gun’ (*Guardian*, 17 February 2005, p. 17).

(For recent developments. see also the section on rationing and prices, below.)

More recent thinking on economic reform in general

‘North Korea has dispatched a delegation of central bank officials to study China’s financial system and commercial banking’ (*FT*, 28 August 2002, p. 8).

'[When it started its reforms China] was 80 per cent rural, while North Korea is at least half urban, so policies favouring farmers (who remain collectivized) are politically more dangerous. The North cannot afford food shortages' (*IHT*, 5 August 2002, p. 6).

'When China began its reforms over 70 per cent of the population was in agriculture. North Korea has perhaps half that share' (*FEER*, 24 October 2002, p. 29).

Over the past year North Korea has sent three economic fact-finding missions to Vietnam. Some analysts say that Pyongyang is following that nation's slow move to open markets . . . The market economy may have got a boost in September [2003] with the appointment of Pak Pong Ju as prime minister, a post with power over economic affairs. Last year [2002], as chemicals industry minister, Pak led a group of North Koreans on a tour of semiconductor plants in South Korea. (*IHT*, 24 November 2003, p. 12)

North Korea held parliamentary elections in August [2003]. Those elected – 687 deputies for the eleventh session of parliament, known as the Supreme People's Assembly (SPA), and 26,650 persons for local parliaments – will serve for the next five years . . . These elections were followed by a major cabinet reshuffle noted for its generational change and infusion of reform-minded technocrats. The SAP appointed technocrat Pak Pong Ju, a former minister of the chemical industry, as premier, replacing the much older Hong Song Nam. Pak emphasized in his inaugural speech a 'fundamental innovation in economic programmes' as one of the most important responsibilities for the cabinet . . . There were significant changes to the economic team, with five of its members newly recruited. Three from this economic team, including the new premier, visited Seoul in November 2002 for a two-week tour of South Korea's industrial facilities. (Park 2004: 144–5)

North Korea has ordered its economic officials to increase trade with the outside world and focus on making business profitable, signalling acceleration in the country's market reforms. Pak Pong Ju, North Korea's premier, told the country's Supreme People's Assembly that the economy must make 'leaping progress' this year [2004] by increasing exports, raising output and absorbing foreign technology . . . Mr Pak referred to 'modernization' of the economy in his address to last week's annual meeting of parliament. He said the 'changed environment' required greater economic co-operation with the outside world. 'All units of the national economy should wage a mass movement to build their own strong export base [and] expand and develop foreign trade' . . . North Korea has made a series of market reforms over recent months. (*FT*, 29 March 2004, p. 9)

'North Korea is slowly moving toward a mixed economy' (Selig Harrison, *FT*, 4 May 2004, p. 9).

North Korea took its first tentative steps away from old-style central planning in July 2002, with what it called 'economic adjustments' ... [rather than] 'reforms' ... In private conversations North Korean officials toe the party line, saying they will 'remain faithful to the socialist system' and rejecting the Chinese model, which is seen as being far too liberal. Change may be outrunning rhetoric. (*FEER*, 13 May 2004, pp. 16, 18)

'In March [2004] Jang Song Thaek, Kim Jong Il's brother-in-law and de facto number two, lost his job, apparently for opposing the new market-orientated policy' (www.iht.com, 29 April 2004).

'On Monday [31 May] a delegation of seven North Korean economic officials completed a weeklong tour of Chinese special economic zones, in Shanghai and in Shenzhen' (www.iht.com, 3 June 2004).

Nambaryn Enkhbayar, prime minister of Mongolia ... said in an interview last week that the North Korean officials he met during a trip last autumn [2003] to Pyongyang: 'were very interested in how Mongolia was transforming itself. They see the shift to markets as inevitable. They want to study our experience, our mistakes. They understand that it is very difficult to control.' (www.iht.com, 3 June 2004)

'It is very gratifying that this plant has abided by the principle of profitability,' the Korea Central News Agency on Wednesday [2 June 2004] quoted Kim Jong Il as saying on a recent visit to a machine tools plant. He urged workers and managers 'to thoroughly ensure profitability in production'. The factory ... the Kosong Machine Tool Factory, has become a showcase for the country's new economic plan ... The lathe factory, with its 1,000 workers, has increased productivity and exports, largely because of incentives through which hard working employees can earn more money and chances at a promotion. (www.iht.com, 3 June 2004)

'Officials from Pyongyang's Central Bank of Korea and the Academy of Social Science have received training in international finance at banks in China and Vietnam ... North Korean officials have been to Ireland to study its economic development' (*FT*, 6 January 2005, p. 5).

President Roh Moo Hyun of South Korea said in a speech in Los Angeles last autumn [2004] that: 'The North Koreans have accommodated market economics to the extent that they obviously cannot reverse course any more' ... Roh compared it to ... China and Vietnam. (www.iht.com, 8 February 2005)

Mongolia has been quietly using its non-threatening status to open a dialogue with the North Korean government and woo its leaders toward change. The two nations have signed a friendship treaty and reopened once-closed diplomatic relations ... The friendship treaty was signed in August 2002. This led to North Korea reopening its embassy in Ulan Bator, which had been closed in 1999 ... They are also working together

on a range of industrial, agricultural and commercial projects ... [The] countries are collaborating on large infrastructure and construction projects and on an ambitious agricultural development project ... The primary tool Mongolians are using to engage the North Koreans is the story of Mongolia's own successful transition from an isolated Stalinist state to a free-market democracy ... In the past two years Mongolia has arranged numerous meetings and conferences with North Korea. (Jehangir Pocha, www.iht.com, 17 March 2005)

Specific aspects of the reforms that began in the summer of 2002

The reforms involve rationing and prices, the won, the functioning of state enterprises, and the private sector of the economy.

Rationing and prices

North Korea is transforming its economic policy to answer the realities of chronic shortages ... According to diplomatic reports circulating in Beijing and Tokyo, the system under which North Koreans learn how much food and other necessities they are to get from government shops is being abolished. The switch follows pressure from Beijing over an influx of North Koreans fleeing into China to escape poverty. (*IHT*, 20 July 2002, p. 7)

'As food prices will rise faster than wages the changes will in theory encourage rural production ... and create monetary incentives for enterprises to exceed plan targets' (*IHT*, 5 August 2003, p. 6).

After a half century of economic controls so complete that even cash had fallen into disuse, North Korea has begun introducing the most dramatic liberalization measures since the start of communist rule ... The new measures centre on very large wage increases for workers and even larger increases in prices for everything from food and electricity to housing. There are also reports that food rationing coupons are being eliminated ... The government of Kim Jong Il has issued no major statements explaining the changes. But according to Western diplomats who live in Pyongyang, North Korean workers confirm that they have received as much as a twenty-fold increase in their wages, while prices for commodities, including rice, have increased by as much as thirty times since the measures were introduced in July ... An [anonymous] Western diplomat ... [said that] 'There were deep scarcities, but the government provided for most needs for free, and when they wanted to increase production of something they would rely on banners and slogans, not rewards' ... 'North Korea has essentially functioned without a currency for the last twenty-five years,' said Nicholas Eberstadt [an American economist]. (*IHT*, 10 August 2002, pp. 1, 4)

'Pyongyang raised the price of rice 550 times, raised average prices thirty times and increased workers' salaries twenty times' (*IHT*, 19 September 2002, p. 6). 'The government of Kim Jong Il in July 2002 announced a cut in food rations and began paying its workers according to the quality and quantity of products made' (www.iht.com, 8 June 2004).

North Korea yesterday [10 June 2003] signalled further reform of its crumbling economy when it announced an expansion of the country's private sector and asked other nations to help it implement the changes ... An expanded range of consumer goods and industrial goods could now be bought and sold in the so-called 'farmers' markets' that serve as North Korea's de facto private sector. The statement marked the first time that the North Korean government had expressed approval of the farmers' markets ... renamed 'district markets' ... which operate in parallel with the country's socialist distribution system. (*FT*, 11 June 2003, p. 11)

North Korea has scrapped its system of rationing goods and widened the use of cash, in a policy shift hailed by analysts as a step towards reform ... Pyongyang has increased wages – by between ten and seventeen times the previous level – to allow workers to buy goods using the North Korean currency, the won ... [There are reports] that the regime had this month [July 2002] abolished government-issued coupons that people used to buy goods such as food and clothes ... Discussions about the reforms [apparently] began after Kim Jong Il returned from visits last year [2001] to Moscow and Shanghai. (*FT*, 20 July 2002, p. 7)

'Prices have been lifted between ten- and thirty-fold to match black market levels ... [The] use of cash [has been] widened to replace ration coupons' (*FT*, 12 August 2002, p. 18). 'Pyongyang raised prices and wages in July to increase productivity and combat a growing black market' (*FT*, 15 August 2002, p. 7). 'Rice prices ... jumped fifty-fold in July as ration coupons used for decades were scrapped and the government boosted prices closer to levels seen on its black market. People face paying rent for the first time and up to seventy times as much for staple goods' (*FT*, 23 August 2002, p. 7). 'In July ... wages and prices [were increased] eighteen-fold in line with black market values ... Enterprises were given more independence and charges were introduced for utilities and housing, which had previously been free' (*FT*, 8 November 2002, p. 20).

North Korea is abandoning its ... food rationing system. Reports from Pyongyang yesterday [19 July 2002] said the government has been allowing food to be sold at market prices ... The ... regime has promised to raise wages to compensate for the price increases ... The decision is believed to have been taken in March [2002] when the Supreme People's Assembly agreed that Pyongyang would have to 'reset' the foundations of the economy. (*Telegraph*, 20 July 2002, p. 11)

In a country where the private sector accounts for less than 4 per cent of the economy ... it is the most radical change in policy since ... Kim Jong Il assumed power in the mid-1990s ... Mr Kim [announced] that the country would reorient itself to 'pursuing the maximum practical benefits while adhering steadfastly with socialist principles' ... [Although price rises began] at the start of July, workers will begin receiving higher pay only from today [1 August]. To achieve this Pyongyang is printing money. (*Telegraph*, 1 August 2002, p. 13)

'[North Korea] may be scrapping its decades-old rationing system ... Diplomatic sources say the new system was introduced beginning in June, prompting sharp wage and price increases ... There has been no official word about such a change' (*FEER*, 1 August 2002, p. 11).

[North Korea] is phasing out the food rationing system that has been a pillar of its monolithic economy. Households will have to pay for food, rent and utilities rather than depend on state largesse ... It has been hailed as the most radical blueprint for pro-market reform in North Korea's fifty-four-year history ... [But] at the moment Kim's tinkering with the system ... looks like a desperate bid to shore up his power by reining in a booming black market that had eroded his legitimacy ... Abolishing food rationing ... is a belated acknowledgement that rationing has collapsed. In its place farmers' markets have mushroomed and now represent the source for more than half of national grain consumption, according to South Korea's central bank ... Recent weeks have seen the start of a phased abandonment of the ration coupons that citizens have for decades exchanged for food according to reports that aid workers in Pyongyang say have been confirmed by North Korean officials. The government will start purchasing staples from farmers at near-black-market prices, much higher than former levels. Citizens will then buy goods from public food distribution centres at the higher prices ... Workers' wages will be hoisted dramatically: by between ten- and thirty-fold, according to some reports ... Kim rewarded key allies like soldiers and coal miners by making sure they got some of the biggest pay rises. Their wages will increase faster than prices ... North Korea has tinkered with wages and prices before, but to little effect ... To increase wages it [the government] will have to print money ... North Koreans began shunning banks in the early 1990s, preferring to hoard most foreign currency at home. Most of that finds its way into the black market. With so much cash denied to the official economy, the central bank has to print money to pay wages. (*FEER*, 8 August 2002, pp. 18–19)

'North Koreans hoard cash rather than put it in the banks. And the age-old way for governments to expropriate such wealth is by printing money and debasing the currency' (p. 6).

Lim Dong Won, special adviser to ... [South Korea's president] Kim Dae Jung ... confirmed reports that North Korea was in the midst of

sweeping reform of its socialist system. Lim ... said North Korea is doing away with rationing and instituting free markets and wage increases ... Lim said ... Kim Jong Il ordered changes of the North Korean system last November [2001] ... [Lim Dong Won warned that] 'Socialism controls people through the public distribution system. It is not possible for a socialist government to abolish such a system. The North wants to maintain the system, especially for providing goods for people in high positions in the armed forces and government.' Nonetheless, he said, 'while maintaining such a system for a privileged people, North Korea will expand a new market system through which ordinary people will be able to buy goods from state-run shops'. (*IHT*, 26 July 2002, p. 3)

Official newspapers have yet to mention the massive adjustments of wages and prices that began on 1 July [2002] ... [A] bureaucrat says that housing, once provided for almost nothing, will start costing around 10 per cent of his massively increased salary ... [Price rises have affected such items as] rice ... electricity, fuel and transport ... Some citizens have been able to buy extra food, at vastly higher prices, from officially authorized 'farmers' markets' or from unauthorized peddlers in the side-streets. This month's changes mean the official price of rice is now close to the free-market one ... If rationing continues, prices would be expected to soar in the markets ... Peasants make up about 40 per cent of the population ... [A co-operative farm was] informed by the government on 30 June that, from the next day, the government would pay forty times more for the grain it buys from the farm ... Farmers' markets ... are supposed to be small state-controlled outlets at which farmers can sell produce they grow themselves in the tiny plots of land around their houses. They have been around since the 1950s, but since the mid-1990s they have proved particularly useful in providing city dwellers with extra food to supplement their state rations. The demand for food is so great that the state can no longer control prices at these markets. They have become the only part of the economy driven mainly by supply and demand, rather than diktat ... [There is] a lack of fertiliser ... Shops in Pyongyang remain, as usual, almost empty of merchandise and customers, except for those using foreign currency or the special won notes that are given in exchange for it ... In May the aid shortfall forced the World Food Programme to suspend handouts to the elderly and secondary-school pupils. (*The Economist*, 27 July 2002, pp. 26–8)

'Rationing of basic goods is to go' (*The Economist*, 17 August 2002, p. 49).

Farmers are allowed their own small gardens and farmers' markets are now referred to simply as 'markets', because, as well as food, they sell consumer goods ... These markets have been given official approval ... One immediate effect of the reforms is that there are now products available for hard currency, such as video players and movies ... Mobile-phone services have been started ... Recently plans [have been]

announced to develop broadband internet capabilities to improve the business environment. The plan is to link the domestic intranet ... to the internet ... There is even an internet café in Pyongyang, though at \$10 per hour it is affordable only to the few tourists, diplomats and journalists who visit the city ... The leadership recently gave its approval for a South Korean company that assembles cars in North Korea to launch a marketing campaign there ... Price and wage increases [in 2002] saw prices rise ten- to twenty-fold and wages rise by twenty times or more ... But the increases have not been matched by measures to boost output, so inflation has spiralled out of control. The price of staple foods, for instance, has risen by as much as 400 per cent. Many factories – all of which under the reforms have to pay their own way – have been shut down, leaving people without jobs and therefore no money to buy food. (*The Economist*, 11 October 2003, pp. 67–8)

The UN officially regards ... the economic reforms ... as a step in the right direction, but there are fears that they are a last-ditch effort which could worsen the crisis if they come unstuck ... The only public reference to them so far was a speech by ... Kim Jong Il on 26 July in which he said the government must 'give full play to the creativity of the lower units' ... Not all city dwellers, who rely on a ration system, received wage increases immediately to compensate [for price increases], though they were said to have been offered loans ... Aid agencies are running out of supplies to feed 6 million people ... At the end of April the World Food Programme ... [suspended] food aid to about 1.5 million of the 6.4 million people being assisted ... They included 675,000 secondary school children, 350,000 elderly people and 144,000 carers in hospitals and other institutions ... Pyongyang has agreed to a nutritional survey by WFP and the UN Children's Fund. The last one, in 1998, showed that 62 per cent of children under seven suffered from stunting ... The UN is banned from some areas on the grounds of national security. It is not allowed to bring in Korean speakers to work on its behalf ... Life expectancy has fallen from 66.8 years in 1993 to 60.4 years. (*Guardian*, 6 August 2002, p. 13)

'One in four ... depend on international food and fuel aid' (*Guardian*, 5 December 2002, p. 21).

[In July 2002 the] government increased wages by as much as twenty-to-thirty fold. Soon after food rationing was partly abandoned and prices were raised by twenty-to-forty fold on staples like rice, corn and pork. The result ... has been hyperinflation – at least in the small sector of the economy that runs on money ... Last summer ... the government printed a new top-denomination bill, the 1,000 won note ... In October it added a 10,000 won note. Aid ... dried up and the home-grown incentives stalled. The United Nations has forecast that harvests will not respond measurably this year [2003] to the new price incentives. With

most potential farmland under production, any big lift for crops would have to come from more electricity for irrigation and more imported fertiliser ... North Korean officials are imposing a food-price shock on a population that increasingly seeks the advantages of life in towns and cities. (*IHT*, 12 March 2003, p. 3)

On 1 July 2002 workers suddenly saw their wages increase twenty-fold. At the same time the official price of rice rocketed to 550 times the old nominal price. The rationing system, for years central to workers' survival, shrank. Bills for rent and utilities – until that time paid by the state – suddenly arrived on their doorsteps ... Schooling, medical care and child care will still be free. The authorities said that they would continue the food ration distribution system for families without wage earners, which now amount to a significant number in a country where hundreds of thousands have died from starvation ... The half measures worsened rather than improved the situation. Because they were unmatched by supply-side measures to boost output, the drastic price and wage increases of last July are proving inflationary ... Inflation has boosted the price of staple foods by as much as 400 per cent ... Salary increases promised by the government in July ... have not arrived. (*Transition*, 2003, vol. 14, nos 1–3, pp. 2–5)

Up until now virtually all goods in North Korea – from food products to clothing – could be obtained only after presenting special ration cards; only then could payment be made in cash, which was of secondary importance ... At the same time the authorities permitted the operation of relatively free peasant markets, where food was sold at high market prices ... But now all goods in the North are being sold for money only ... The North Koreans have also begun paying for housing, water and other municipal services that used to be 'free'. (*Rossiskiyaya Gazeta*, 20 July 2002, p. 7; *CDSP*, 2002, vol. 54, no. 29, p. 17)

Refugees say North Korea's economic decline has quickened since economic reforms effective from last July [2002] lifted price controls and promised wage rises to offset the high prices that resulted ... Salary hikes promised by the government last July have not happened. (*FEER*, 6 March 2003, pp. 14, 16)

'Economic reform introduced by Kim Jong Il last July [2002] only succeeded in stoking inflationary pressures in recent months' (*FEER*, 20 March 2003, p. 46).

North Koreans are facing new obstacles to travel within their own country, due mainly to the failure of economic reforms introduced last July [2002] ... A permit system is now rigorously enforced for journeys outside the traveller's home province. The system was relaxed in the mid-1990s as famine forced huge numbers of people to leave home in search of food. It was reintroduced once the worst of the food shortages

ended in the late 1990s and has been reinforced since the July reforms ... Price is another barrier to travel ... the cost of train tickets [having been pushed up] ... The price of a ticket to Pyongyang from the north-east city of Rajin has jumped more than twenty-fold ... Buses run intermittently due to fuel shortages ... Pyongyang's response has been to exhort people to walk for better health, in an effort dubbed the '10,000 Step Exercise Campaign'. (*FEER*, 3 April 2003, p. 9)

North Korea took its first tentative steps away from old-style central planning in July 2002, with what it called 'economic adjustments' ... [rather than] 'reforms' ... The key decision was allowing prices and wages to rise. Wages used to be almost the same for all and goods were acquired from state-run centres in exchange for coupons. The old coupon-based public distribution system still exists, but now consumers have to pay cash. Wages increased depending on occupational categories and individual output. (*FEER*, 13 May 2004, pp. 16–17)

North Korea plans to issue its first government bonds for fifty years ... Mun Il Bong, North Korea's finance minister, unveiled the bond scheme at the annual session of the Supreme People's Assembly on Wednesday [26 March]. No details about the bonds were given, but analysts assumed it would be a domestic issue aimed at households and enterprises ... The issue appears to be linked to last July's [2002] decision to increase prices and wages sharply ... However, the reforms fuelled inflation by increasing the amount of cash swilling round the economy ... The bonds are designed to mop this up. (*FT*, 29 March 2003, p. 11)

The reforms have created the opposite of the monetized economy they were supposed to foster. Banks outside Pyongyang have virtually ceased to function ... The price of one kilo of rice has gone up from 0.8 won before 1 July 2002 to 80 won in November 2002 and 190 won in March [2003] ... Wages in parts of the country outside Pyongyang have risen much less slowly than prices ... [Some people are] not receiving anything for official employment, a common occurrence in much of the country. (*FT*, 23 April 2003, p. 17)

'The economy has been reduced to little more than trade in absolute necessities' (*The Economist*, 3 May 2003, p. 31).

Take the price of rice, North Korea's staple. Before the reforms the state bought rice from state farms and co-operatives at 82 chon per kilo (100 chon make one won, worth less than a cent at the official exchange rate). It then resold it to the public through the country's rationing system at 8 chon. Now the state buys at 42 won and resells at 46 won. North Korea's rationing system is called the Public Distribution System (PDS). Every month they are entitled to buy a certain amount of rice or other available staples at the protected price. Thus most North Koreans get 300g (9oz) of rice a day, at 46 won a kilo. According to the World Food Programme

(WFP), that is not nearly enough. Anything extra has to be bought in the market. In theory even in the market the price of staples is limited. Last week the maximum permitted rice price was marked on a board at the entrance to [Pyongyang's] Tongil [market] as 240 won per kilo. In fact it was selling for 250. (*The Economist*, 13 March 2004, p. 63)

What about earnings? Before the 2002 reforms most salaries lay in the range of 150–200 won per month. Rent and utilities, though, were virtually free. Food, via the PDS, was virtually given away. Now pay is supposed to be linked to output, though becoming more productive is not easy for desk-bound civil servants or workers in factories that have no power, raw materials or markets. Rents and utilities have gone up, though not by crippling amounts. A two-bedroom flat in Pyongyang including electricity, water and heat costs just 150 won a month – that is, about a tenth of a Euro. Earnings have gone up much more ... The prices of food and other necessities, to say nothing of luxuries, has gone up much more than rent has. According to the WFP, some 70 per cent of the households it has interviewed are dependent on their 300 gram PDS ration, and the WFP itself is targeting 6.5 million vulnerable people out of a total population of some 23 million ... Civil servants in Pyongyang get double food rations from the PDS ... The losers include civil servants, especially outside Pyongyang who do not get double food rations and have no way to increase their productivity. Factory workers have it the hardest. A large proportion of industry is obsolete. Though Pyongyang has electricity most of the day, much of the rest of the country does not ... The country is not connected to the internet, though some high-ups do have access to email service. In the east of the country lies a vast rustbelt of collapsing manufacturing plants ... Markets are everywhere. But this does not mean that there is enough food everywhere. In Pyongyang, where there are better off people to pay for it, there is ever-increasing supply. Outside the capital shortages are widespread ... An unknown number of people receive money from family abroad. (pp. 63–4)

Continuing the radical price and wage reforms begun in July 2002 North Korea undertook further changes ... For the first time since 1950 it decided to sell government bonds (with a ten-year maturity) in an effort to mobilize hoarded capital circulating in unofficial markets and channel it into the official sector to finance Pyongyang's ambitious economic programmes. As the public distribution system has increasingly malfunctioned unofficial sectors such as farmers' markets have expanded. Some observers estimate that there is twice as much money floating in the unofficial market as in the government's annual budget. Mobilizing money from the public has become a recourse from the failure to draw capital from the international community, and also an attempt to prevent inflation that could be touched off by the previous price and wage reforms. Bonds carry no interest and will be redeemed in instalments,

unless a holder draws lucky numbers in lotteries, which are to be held regularly. (Park 2004: 145)

North Korea's economic reforms have passed the point of being reversible but have not yet rescued the impoverished and isolated state ... Marcus Noland said Wednesday [7 April 2004] ... [He] said that wage and price increases implemented in July 2002 had boosted household economic activity but had yielded 'disappointing' results in the decrepit industrial sector. 'North Korea is stuck in a netherworld where they have not managed to successfully reform, but they are going to have difficulty going backwards,' he said ... Double-digit or greater increases in prices and wages have legitimized small food markets and other 'coping behaviour' that North Korean households used to survive a severe economic crisis and the famine of the 1990s, Noland said. But as for the industrial sector, he added, North Korea resembles the 'Soviet Union or the Eastern bloc before it reformed' more than China and Vietnam do, although they are the purported reform models for the North ... South Korea should build up fiscal reserves for the possibility of a North Korean failure. Under one scenario he has calculated that absorbing a failed North Korea could cost South Korea \$600 billion over ten years. (www.iht.com, 7 April 2004)

The jury is still out on the economic impact of price and wage reforms that have rewarded farmers with higher prices and given higher wages to groups critical to the regime's power – notably miners, some industrial workers and the armed forces. Politically, the higher prices have stabilized Kim Jong Il's support in the countryside. In the more populous urban areas, however, the wages of white collar workers have not been increased enough to keep pace with inflation, including government bureaucrats. Many resident diplomats say that unless North Korea can attract large-scale foreign aid to rebuild its infrastructure, especially its electricity, water and transport, its economic problems will remain serious. The economic potential of the reforms will not be realized and their net social and political effects could be destabilizing. (Selig Harrison, *FT*, 4 May 2004, p. 9)

North Korea has set up about 300 markets where food and clothing are bought and sold, including ten in Pyongyang ... Selig Harrison [after a visit to the Tongil market in Pyongyang]: 'There are price limits, but people bargain quite a lot. It is very competitive. Everyone is concerned about making money, getting money.' (www.iht.com, 3 June 2004)

Kathi Zellberger of the Catholic aid organization Caritas said ... North Korea is slowly changing and an entrepreneurial spirit is developing but ... 'at present we are definitely in a stop phase; the government is reassessing the steps they have taken' ... North Korea experts say the authorities are monitoring the scope of the reforms they introduced in July 2002 by freeing many prices and raising wages ... [Kathi Zellberger]

said food aid still had a crucial role to play because chronic malnutrition had replaced famine and runaway inflation had put the farmers' markets beyond many. (www.iht.com, 16 November 2004)

'North Korea has revised its criminal code . . . in what appeared to be an effort to deter anti-state activities. The revisions also reduced sanctions against North Koreans who left the country for economic reasons' (www.iht.com, 8 December 2004).

Restaurants and computer cafés are springing up in Pyongyang . . . Pyongyang now has twenty-four-hour stores and about six or seven PC *bangs* (rooms) providing computer access . . . The capital also has about 350 restaurants and 150 bars, with Karaoke and pool halls open well into the night . . . The price of rice has risen 550-fold from 0.08 won (\$0.04) in July 2002 to 44 won at present. (*FT*, 6 January 2005, p. 5)

'Pyongyang has largely removed money from the economy, meaning that many transactions have to be accomplished using barter (a situation still true despite the limited reintroduction of money via the consumer sector through the so-called "July 2002 reforms")' (Nicholas Eberstadt, *FEER*, March 2005, p. 32).

One city dweller told of how the government had engineered the introduction of new banknotes for the won, as part of the economic changes. With little explanation except a vague discussion of addressing social inequality, people were ordered to turn in their old won for new ones, the woman said. She said: 'No matter how much of the old money you turned in, each family was given 4,500 new won. You did not dare complain. If you did you would be denounced as an enemy of the people. (www.iht.com, 28 March 2005)

The won

The 15 July 1992 currency decree specified that existing won notes were to be replaced by new notes at par within five days. One possible aim was the curbing of black market activities generated by food shortages in the official network. An exchange limit was set of 500 won per family, but this apparently led to riots in several cities. The government then reportedly promised to raise the ceiling to 900 won, exchanges taking place on three occasions over a period of months (i.e. 300 won on each occasion) (Jeffries 1993: 499).

'In June [2001] the convertible won, with an official rate of 2.1 to the US dollar, was scrapped because the government was losing out to a black market price of at least seven to the US dollar, businessmen say' (*FEER*, 27 December 2001, p. 20).

North Korea's currency is ludicrously over-valued at 2.2 won to a single US dollar. On the black market the exchange rate is more like 200 won against the dollar. The latest reforms have spurred talk of an official

currency devaluation ... or at least abolition of the special convertible won specifically for use by foreigners. (*FEER*, 8 August 2002, p. 19)

'Reports from diplomats in Pyongyang yesterday [14 August 2002] said North Korea had sharply devalued its currency, the won' (*FT*, 15 August 2002, p. 7).

'Shops in Pyongyang remain, as usual, almost empty of merchandise and customers, except for those using foreign currency or the special won notes that are given in exchange for it' (*The Economist*, 27 July 2002, pp. 26–8). 'Officially the North Korean won is worth 46 cents; on the black market it is worth less than half a cent' (*The Economist*, 27 July 2003, p. 2002, pp. 26–8). 'The official value of the won has just dropped from 46 cents to just two-thirds of a cent, close to its black-market rate of half a cent' (*The Economist*, 17 August 2002, p. 49).

The Euro will receive a dubious vote of confidence when North Korea introduces it as its official foreign exchange currency next month [December], replacing the US dollar ... Banks ... have instructed all international organizations and embassies operating in Pyongyang that from 1 December they will be expected to use the Euro as legal tender for all transactions. Ordinary North Koreans are asked to do likewise ... Local residents [have been instructed] to change all their US dollars ... The dollar will no longer be legal tender domestically ... The move raises fears that fake Euros will flood into Europe ... [North Korea] is believed to be the biggest producer of counterfeit dollar notes. The North Korean government is also reported to manufacture large quantities of heroin and amphetamines to finance its weapons programmes ... The government is trying ... to show its displeasure at the hostile stance of the US government in recent months ... Pyongyang may also be trying to force up to \$1 billion in private savings into circulation. (*The Times*, 26 November 2002, p. 17)

North Korea has ordered its citizens to exchange any dollars they hold for Euros – a move believed by some to be aimed at flushing out secret hoards of the US currency ... The switch must be made by [1 December] ... South Korea's central bank said the measure was most likely designed to flush out hundreds of millions of dollars secretly hoarded by North Koreans. Dollars are smuggled in by Chinese traders and used widely in the country's black market ... Pyongyang hoped to ease the state's economic crisis by forcing people to deposit privately held dollars in cash-strapped public banks ... [It is] estimated that North Koreans are holding about \$960 million of foreign currency, about 70 per cent of it in dollars ... [The bank's spokesman said] 'North Korea wants to take advantage of these dollars by bringing them into the state financial system, where it will be held in Euros' ... The withdrawal of dollars could also be intended as a snub to the United States ... Another explanation could be that North Korea is attempting to diversify its meagre

foreign currency reserves following this year's weakening of the dollar. (*FT*, 30 November 2002, p. 8)

'The North Korean won now trades at around 700 won against the US dollar, compared with an unofficial rate of around 200 won just after the reforms' (*FEER*, 6 March 2003, pp. 14–16).

The won has been in freefall. From a rate of forty-five won to one renminbi last November [2002], it fell to 117 won in late March [2003] and is now thought to be trading on the black market ... at about 150 won ... [One] result of the won's slide has been that people inside North Korea cannot afford to engage in border trade, one of the mainstays of the economy in the northern part of the country. (*FT*, 23 April 2003, p. 17)

'The North Korean won now trades unofficially at around 700 won to the dollar' (*Transition*, 2003, vol. 14, nos 1–3, pp. 2–5).

The North Korean won now trades privately around 700 to the US dollar. Last summer [2002] ... the country devalued the won to a rate of 151 to the dollar. As the won became increasingly worthless, the government ordered in the autumn that all dollars be swapped for Euros, a quixotic decree that was ignored in this resort region [of Kumgang]. (*IHT*, 12 March 2003, p. 3)

'The black market rate ... of the North Korean won ... is now rumoured to be closer to 800 ... to the dollar' (*The Economist*, 3 May 2003, p. 31).

'Moving towards a free exchange rate, Pyongyang banks now pay around 900 won for a US dollar, near the black market rate and far above the fixed rate of 2.10 won to the dollar of eighteen months ago' (*IHT*, 24 November 2003, p. 12).

Brilliance banking, a North Korean bank owned by the government, plans to establish an office in Seoul, a signal that Kim Jong Il may be serious about opening his reclusive nation to the outside world. Brilliance, jointly owned by the Chinese and North Korean central banks, is making 'active preparations' to become the first North Korean company to open an office in South Korea ... The bank is the only North Korean lender authorized to deal in the Chinese yuan and already has offices in Beijing, Singapore and Macau ... The South Korean central bank ... estimated that North Koreans had held about \$960 million in foreign currencies as of 2001. Workers employed by the handful of overseas companies operating in North Korea are paid in dollars. North Koreans may also receive some foreign currency through clandestine channels from relatives who have fled to South Korea and China. Brilliance offers services like individual and corporate deposits in yuan, credit lines, settlement of trade loans and other transactions in foreign currencies ... North Korea has increasingly turned to sales of weapons and drugs to earn foreign exchange Western analysts have said. The bank, which was

founded in 1997, will need South Korean government permission to open an office in Seoul. (www.iht.com, 17 February 2004)

North Korea fixed the official rate at 900 won to the dollar, down from 150 won in 2002 and from 2.2 won the previous year. Devaluation represents North Korea's efforts to close the gap between official and black market rates and to absorb US dollars being circulated on the black market. Pyongyang also adopted floating exchange rates. (Park 2004: 145–6)

The won's international value is adjusting. Since December 2002 the Euro has been North Korea's official currency for all foreign transactions. In North Korean banks one Euro buys 171 won. In fact, this rate is purely nominal. A semi-official rate now exists and the price of imports in shops is calculated using this. Last October [2003], according to foreign diplomats, a Euro bought 1,030 won at the semi-official rate. Last week it was 1,400. A black market also exists, in which the Euro is reported to be fetching 1,600 won – which implies that the won is approaching its market level. It also means, however, that imported goods have seen a big price hike. For domestically produced goods, like rice, prices may well go on rising for a good while longer. (*The Economist*, 13 March 2004, p. 63)

'In December 2002 North Korea decided to use the Euro for all foreign currency transactions ... The Euro now fetches 172 won officially and up to 1,500 won in the open market' (*FEER*, 13 May 2004, p. 18).

'North Korea's won trades at an official rate of about 160 won per Euro or 130 won per dollar, and unofficially at about 2,000 won per Euro' (www.iht.com, 18 August 2004).

The value of the US dollar on the black market has doubled in the past five months to about 2,400 won from 1,200 won at the end of last year [2004] ... North Korea's official exchange rate is 139 won per dollar, compared with 2.1 won per dollar in July 2002. (www.iht.com, 31 May 2005)

'Foreigners are supposed to pay for everything only in foreign currency' (www.iht.com, 17 July 2005).

The functioning of state enterprises

According to one foreign diplomat, factories will no longer get subsidies from the state. They will have to find money for the wage increases and higher input costs from their own budgets ... The diplomat estimates that North Korean industries are running at 10 per cent to 15 per cent of capacity. (*The Economist*, 27 July 2002, pp. 26–8)

As food prices will rise faster than wages the changes will in theory encourage rural production ... and create monetary incentives for enter-

prises to exceed plan targets ... [But] incentives for industry will be worthless if there are fuel and raw materials shortages. (*IHT*, 5 August 2002, p. 6)

'There are reports that ... subsidies for many failing industries have been halted' (*IHT*, 10 August 2002, pp. 1, 4).

State-run businesses will be forced to pay their own way ... The vague plan to make state enterprises pay their own way is a hopeful sign that North Korea's policy czars realize they must spur production ... But ending subsidies will be a death sentence for many state enterprises, which often run at only 20 per cent of their capacity with industrial plant that is useless or obsolete. (*FEER*, 8 August 2002, pp. 18–19)

Many factories ordered to pay their own way under the reform mandate have been shut down, leaving hordes with no way to buy food. With no raw materials, petrol or oil, much of what remains of North Korea's industrial infrastructure is grinding to a halt, say Chinese officials.' (*FEER*, 6 March 2003, p. 16)

'Under the new system farmers and other enterprises will no longer be funded by the state but instead collect revenue [in cash] from customers' (*FT*, 12 August 2002, p. 18). 'Limited electricity is available for only two hours a day, meaning that factories are almost always idle and cannot support a payroll' (*FT*, 23 April 2003, p. 17).

Factory managers will have more decision-making authority, though overall planning will remain in the hands of the central government. How enterprises could pay higher salaries if they cannot make a profit is not clear, especially considering the depleted infrastructure, the limited availability of electricity, the broken transportation systems, and the exhausted and unfertilised farmland. Even if enterprises wanted to take advantage of new market opportunities, they were unable to produce more goods ... Many factories ordered to pay their own way under the reform mandate have been shut down, leaving thousands of people with no way to buy food. With no raw materials, gasoline or oil, much of what remains of North Korea's industrial infrastructure is grinding to a halt. (*Transition*, 2003, vol. 14, nos 1–3, pp. 2–5)

'State-owned factories no longer receive subsidies to cover their losses and are encouraged to find their own markets for their products, trade with each other and keep and reinvest any profits' (Selig Harrison, *FT*, 4 May 2004, p. 9).

'Factories getting machinery and subsidies from the state were told that they would now be expected to make a profit and make quality products, not just meet quotas set by the government' (*FEER*, 13 May 2004, p. 17).

In private conversations North Korean officials toe the party line, saying they will 'remain faithful to the socialist system' and rejecting the

Chinese model, which is seen as being far too liberal. Change may be outrunning rhetoric. A directory published recently by the North Korea government lists nearly 200 new trading companies that appear to be small versions of South Korea's chaebols, conglomerates that export and import a variety of goods. Although state-owned, they are autonomous and make their own deals with foreign business partners. (p. 18)

Diplomats and aid workers say many new enterprises seem to have opened over the last year. Nominally they are state owned, but sometimes they have a foreign partner, often an ethnic Korean from Japan. The majority are in the export–import business. Some have invested in restaurants and hotels and some in light industry. Thanks to the 2002 reforms these firms have a degree of autonomy they could not have dreamt of before. (*The Economist*, 13 March 2004, p. 64)

‘It is very gratifying that this plant has abided by the principle of profitability,’ the Korea Central News Agency on Wednesday [2 June 2004] quoted Kim Jong Il as saying on a recent visit to a machine tools plant. He urged workers and managers ‘to thoroughly ensure profitability in production’. The factory ... the Kosong Machine Tool Factory, has become a showcase for the country’s new economic plan ... The lathe factory, with its 1,000 workers, has increased productivity and exports, largely because of incentives through which hard working employees can earn more money and chances at a promotion. (www.iht.com, 3 June 2004)

The private sector of the economy (before and after the summer of 2002)

In 1985 individuals were allowed to engage in small private handicraft production such as in knitting (EIU, *Country Report*, 1985, no. 3, p. 34). There are also a few street food and drink vendors, for example. The dominance of state and collective enterprises in the economy can be seen in the figures given by Suh (1983: 199) for 1946 and 1956, respectively: national income, 14.6 per cent and 85.8 per cent; manufacturing, 72.4 per cent and 98.7 per cent; agriculture (1949), 3.2 per cent, and 1956, 73.9 per cent.

North Korea yesterday [10 June 2003] signalled further reform of its crumbling economy when it announced an expansion of the country’s private sector and asked other nations to help it implement the changes ... An expanded range of consumer goods and industrial goods could now be bought and sold in the so-called ‘farmers’ markets’ that serve as North Korea’s de facto private sector. The statement marked the first time that the North Korean government had expressed approval of the farmers’ markets ... renamed ‘district markets’ ... which operate in parallel with the country’s socialist distribution system ... Pyongyang had until yesterday tolerated but never endorsed the private sector, which

represented 3.6 per cent of North Korea's economy in 2000, according to research by South Korea's central bank ... Rules had recently ... three weeks ago ... been changed to make it easier for foreign companies and traders to do business in the country. (*FT*, 11 June 2003, p. 11)

Pyongyang's growing tolerance for private property is evident in North Korea's unofficial private sector, which has been allowed to grow to 3.6 per cent of the country's \$16.79 billion GDP. 'In rural areas you see people trading by the road side, selling rice, shoes, pigs' ... [says a UK diplomat in Pyongyang]. (*FT*, 22 July 2002, p. 22)

'The private sector accounts for less than 4 per cent of the economy' (*Telegraph*, 1 August 2002, p. 13).

This year [2003] large market halls have been built in Pyongyang and in most of the major cities and towns. There people buy and sell vegetables, grain, shoes, clothes and cosmetics at largely free-floating prices. The markets legalize what was a flourishing black market and make up for the state's inability to maintain its food and clothing rationing system. Increasingly, farm managers choose their crops, and individuals now make money repairing bicycles and renovating apartments, according to Kathi Zellweger of the Catholic Charity Caritas ... 'Small family-size businesses or co-operatives are now providing services or producing goods hinting at the start of a bottom-up process,' [she said] ... In North Korea this year government-run companies won more freedom to invest their foreign exchange earnings in production. Private groups are increasingly leasing from the state restaurants, hotels and shops. (*IHT*, 24 November 2003, p. 12)

'Three months ago the first government sanctioned market opened ... Pyongyang's Tongil Market' (*Guardian*, 3 December 2003, p. 16).

'A further sign of economic reform came when consumer and industrial goods, not only agricultural products, were allowed to be traded in the public market' (Park: 2004 146).

The showcase of this change ... North Korea is slowly moving toward a mixed economy ... is the Tongil market in central Pyongyang, where about 2,200 vendors sell everything from farm produce to television sets. Twenty similar indoor markets are now under construction throughout Pyongyang and more are planned. Some of the food in these markets comes from rural co-operatives that are now permitted to sell any surplus they produce over the government quota, and some is grown in private plots. But much of the food and some of the consumer goods are imported from neighbouring Manchuria by a network of officially sanctioned Korean and Chinese middlemen. (Selig Harrison, *FT*, 4 May 2004, p. 9)

Diplomats and aid workers say many new enterprises seem to have opened over the last year. Nominally they are state owned, but

sometimes they have a foreign partner, often an ethnic Korean from Japan. The majority are in the export–import business. Some have invested in restaurants and hotels and some in light industry. Thanks to the 2002 reforms these firms have a degree of autonomy they could not have dreamt of before. An unknown number of people also receive money from family abroad, but there are still no North Korean-owned private companies. (*The Economist*, 13 March 2004, p. 64)

The nation is still teetering on the brink of disaster. Food shortages, chronic malnutrition and decaying infrastructure prevail . . . [There is] an acute shortage of electricity and a rapidly crumbling infrastructure outside Pyongyang . . . Coal is the main source of energy . . . But small signs of change are evident. Individual enterprises are appearing along the city streets – an elderly woman selling farm goods from a bicycle or an elderly man repairing shoes. Simple cardboard kiosks have popped up throughout the city, selling drinks, cigarettes and sweets. The kiosks, like the stalls at the Tongil market [in Pyongyang: population 2.2 million], are run by small trading companies, workers’ and farmers’ organizations and co-operatives, which are subordinate to the state. But prices are determined by the market, not the state; customers pay with cash, not coupons; and salespeople appear determined to make a profit . . . Last December [2003] Pyongyang got its first advertisement: billboards with pictures of a new car called Huiparam, or ‘the whistle’. Made with Italian Fiat components imported to South Korea and then to the north, it is assembled at a plant in the port city of Nampo, as part of an inter-Korean joint venture with South Korea’s Pyeonghwa Motor Company. The car cost Euro 8,000 (\$9,520) . . . Second-hand Japanese and Chinese cars still dominate Pyongyang traffic . . . Since changes were introduced in July 2002 an increasing number of cars and bicycles are filling the streets. (*FEER*, 13 May 2004, pp. 14–15)

‘Over the past twelve months brand new Mercedes and mobile phones have become a regular occurrence on the streets of Pyongyang’ (*Independent Review*, 8 July 2004, p. 3).

With its first graduates having just received their diplomas, the privately run Pyongyang Business School is setting its sights on offering a Master of Business Administration . . . The business school [is] funded by the Swiss government’s Development Corporation Agency . . . Lecturers are flown in from companies including ABB, the engineering group, and SKF, the ball-bearing maker, as well as several international banking firms and other well-known global companies. (*FT*, 19 August 2005, p. 16)

Foreign trade

General aspects

The policy of 'self-reliance' extended also to Comecon, where North Korea had only observer status, preferring industrialization and rejecting integration and specialization in minerals. It relied on the Soviet Union and China, however, for machinery, oil, coal and modern arms. The Soviet Union also built plants in exchange for a percentage of the output. In contrast, Vietnam changed strategy after the 1975 reunification and China after the Cultural Revolution (Jeffries 1990: 267).

Despite a policy of 'self-reliance', and in order to modernize its capital stock, North Korea purchased Western technology, machinery, equipment and even whole plants on a grand scale in the early 1970s. In the period 1970–82, 80 per cent of imports and 48 per cent of exports were with capitalist countries (quoted in Rhee, *Asian Survey*, 1987, vol. XXXVII, no. 8, p. 901).

In 1984 it was decided to pay greater attention to foreign trade, although three years later foreign trade totalled only \$4 billion as compared with \$88 billion for South Korea (*FT*, 21 March 1989, p. 4).

The stress on self-reliance has been modified over time, with the foreign trade-income ratio 20 per cent in 1954–60, 19.2 per cent in 1961–70, 21.9 per cent 1971–7, and 21.4 per cent 1978–84 (Kie-Young Lee 1990: 12).

In 1986 North Korea opened up to tourists (except those from Japan – ban lifted in July 1987 – the United States, Taiwan, Israel and South Africa) in the drive to earn convertible currencies, and two years later (in October) South Korea lifted its trade embargo and allowed northern goods in duty-free. The United States followed with a slight easing of its trade embargo, imposed in 1950, allowing North Korean purchases of humanitarian items such as medicines (Jeffries 1990: 268, 270).

Total foreign trade fell from \$3.09 billion in 1990 to \$2.72 billion in 1991, i.e. by 16 per cent (*FEER, Asia 1994 Yearbook*, 1994, p. 149).

In 1992 Kim Jong Il introduced the 'new economic regime'. It allowed provincial governments greater autonomy to conduct foreign trade and gave state enterprises greater freedom to set their own production priorities for export-orientated goods. This relatively unknown policy is said to have boosted border trade with China (two-way trade with China, ranked number one, amounting to \$700 million in 1993) (Shim Jae Hoon, *FEER*, 4 August 1994, p. 50).

Trade accounts for 13 per cent of North Korea's GNP of \$20.5 billion (*FT*, 14 July 1994, p. 6).

The Soviet Union's share of North Korea's foreign trade rose from around a quarter in the early 1980s to about 55 per cent in 1985. Non-ferrous metals, including gold, are important exports, especially for earning hard currencies. In 1987 work was being carried out on fourteen major Soviet-assisted industrial projects, including a plan to build a nuclear power station. Sixty-four

major industrial projects have already been undertaken in the past forty years with Soviet aid (Koh, *Asian Survey*, 1988, vol. XXVIII, no. 1, p. 64). Van Ree (1989: 57) estimates that over the period 1957–76 the Soviet Union may have provided, on average, more than 10 per cent of total industrial investment in the form of grants and credits; aid from the communist countries in total may have brought this figure up to 25 per cent. The long-term programme for economic and technical co-operation to the year 2000 sees North Korea providing labour in particular for construction and food production in the Soviet Far East (Sophie Quinn-Judge, *FEER*, 8 December 1988, p. 22). The 28 April 1991 trade agreement with the Soviet Union talked about a ‘transition’ to payments in convertible currency at world prices, which implied a Soviet concession regarding the 1 January Comecon rule (EIU, *Country Report*, 1991, no. 2, p. 39). But trade with the Soviet Union fell dramatically in 1991. According to Rhee Sang-Woo (*Asian Survey*, 1992, vol. XXXII, no. 1, p. 59), imports from the Soviet Union in the period January–end July were only 1.2 per cent of the volume in the same period of 1990. China became the only country providing economic assistance to North Korea (p. 59). North Korea’s trade with the Soviet Union fell from \$2.57 billion in 1990 to \$470 million in 1991. The figures for oil imports from the Soviet Union were 440,000 tonnes and 40,000 tonnes respectively (Sungwoo Kim, *Asian Survey*, 1993, vol. XXXIII, no. 9, p. 867).

There were marked changes in the importance of trade with the other communist countries over time, falling from 99.6 per cent in 1955 to a low of 60.6 per cent for exports in 1975 and a low of 45.9 per cent for imports in 1974 (Chung 1986: 84).

In terms of commodity structure exports during the 1950s consisted of more than 70 per cent mineral ores and during the 1960s and 1970s manufactured goods (mainly metals and pig iron), and inedible raw materials such as mineral ores and silk, more than 60 per cent. Among imports during 1970 machinery and transport equipment were the biggest items, followed by mineral fuels and food (Suh 1983: 208).

North Korea depends on imported oil for 10 per cent of its energy needs (*IHT*, 22 November 1993, p. 6). Oil imports fell from 2.54 million tonnes in 1990 to 1.35 million tonnes in 1992 (*FEER*, 29 April 1993, p. 9).

North Korea now relies heavily on missiles, drugs (such as heroin and amphetamines) and counterfeit money as sources of hard currency.

‘North [Korea] is believed to be the biggest producer of counterfeit dollar notes’ (*The Times*, 26 November 2002, p. 17).

‘In Seoul a foreign intelligence analyst estimated that North Korea has earned \$50 billion to \$100 billion a year in the last five years from the export of missiles to countries including Pakistan, Libya, Iran and Iraq’ (*IHT*, 12 December 2002, p. 4). ‘Missile exports worth about \$560 million a year have become North Korea’s biggest source of foreign currency’ (*FT*, 12 December 2002, p. 10). ‘According to US government analysts, North Korea raised \$560 million from weapons sales in 2001 alone’ (*The Times*, 30 December 2002, p. 10).

US military officials in South Korea say missile sales play a vital role in propping up the Pyongyang regime, with exports of \$560 million in 2001 alone. That is a substantial figure for a country with an estimated GDP of just around \$17 billion. Kim Dok Hong, a defector who ran a company involved in the arms trade, reckons the sales make up as much as 40 per cent of North Korea's exports. (*FEER*, 13 February 2003, p. 13)

The United States has accused North Korea of operating a multi-million-dollar narcotics industry, with diplomats used to sell heroin and amphetamines overseas ... Washington was convinced North Korea was mass-producing narcotics worth an annual \$100 million and selling them in Japan, Russia, China, Taiwan and South America ... North Korea had become the world's third largest producer of opium – after Burma and Afghanistan – and the sixth largest producer of heroin. Chemical-based drugs, such as amphetamines, were also made in the country ... Drugs had become one of North Korea's most valuable export items ... Missile exports worth about \$560 million a year were the country's biggest fundraiser ... In July [2002] Taiwanese authorities seized 79 kg of heroin that they thought had been delivered to local smugglers by a North Korean naval boat. A North Korean fishing boat sunk in a gun battle with Japan's coastguard last December [2001] was also suspected of involvement in drugs trafficking. (*FT*, 4 December 2002, p. 11)

'In Seoul a foreign intelligence analyst estimated that North Korea has earned \$50 billion to \$100 billion a year in the last five years from the export of missiles to countries including Pakistan, Libya, Iran and Iraq' (*IHT*, 12 December 2002, p. 4).

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According to the Pacific Forum of the Centre for Strategic and International Studies, Pyongyang has directed North Korean farmers to produce opium poppies since the late 1970s, with cultivation areas expanding exponentially in recent years. These farms are thought to produce as much as 40 tonnes of opium annually. Government-subsidized factories process the opium into heroin, which is then distributed through companies and diplomatic conduits. According to some sources, North Korea now ranks among the world's largest opium and heroin suppliers ... A 2003 report from the Congressional Research Service cited nearly fifty arrests or drug seizures involving North Koreans in more than twenty countries since the early 1990s, with at least eleven documented cases involving North Korean diplomats or intelligence agents. In the last five years both Russian and German police have detained North Korean diplomats on counterfeiting or heroin smuggling charges. And from 1999 to 2001 more than one-third of all drug seizures

by Japan and China were methamphetamines en route from North Korea . . . North Korea's illicit activities have been further spurred by US efforts at taking customers like Pakistan, Iraq, Yemen and Libya off North Korea's sales roster, which has cut the North's revenues in this area to one-tenth of their usual volume. (www.iht.com, 4 June 2004)

The main destinations of exports in 1991 were the Soviet Union (40.1 per cent), Japan (20.2 per cent), South Korea (11.7 per cent), other Asian countries (6.4 per cent), Western Europe (6.4 per cent) and China (6.1 per cent). The main origins of imports in 1991 were the Soviet Union (37.2 per cent), China (22.7 per cent), Japan (9.7 per cent), Hong Kong (5.4 per cent), other Asian countries (4.3 per cent) and Western Europe (2.8 per cent) (EIU, *Country Report*, Second Quarter 1993, p. 5).

Thailand is emerging as one of North Korea's most important foreign trade partners . . . The two-way trade between the two countries totalled \$265 million in 2003, up from \$216 million in 2002 and \$130 million in 2001, which makes Thailand North Korea's fifth largest foreign trade partner after China, Japan, South Korea and the EU. In 2003 Thailand exported \$212 million worth of goods to North Korea, mainly machinery, electronic components, fuel oil and rice, while it imported fertiliser, optical equipment and some chemicals with a total value of \$53 million. The fertiliser is believed to be part of a barter deal. Thailand produces enough for its own needs, but a Thai company can accept fertiliser as payment and then resell it to a neighbouring country such as Laos or Burma. Thailand's growing commerce with North Korea can partly be explained by a continuing drop in trade between North Korea and Japan, which in recent years has introduced measures aimed at preventing Pyongyang from importing hi-tech goods. This has prompted North Korea to turn to other countries such as Thailand for such goods. (*FEER*, 12 August 2004, p. 8)

In 1993 Japan was the second largest trading partner, with an estimated volume of \$480 million (*FT*, 22 March 1994, p. 6).

North Korea has established a trade-company office in Taiwan (John Merrill, *Asian Survey*, January 1993, vol. XXXIII, no. 1, p. 52).

The Times (18 March 1993, p. 12) reported on trade between the USA and North Korea. US exports to North Korea had been all but forbidden under the Trading with the Enemy Act, owing to the lingering technical state of hostility since the end of the Korean War in 1953 and the fact that North Korea is on the list of countries allegedly supporting international terrorism. In 1989, however, the first Bush administration quietly changed the regulations to allow commercial shipments of humanitarian items such as food and medical equipment. President George Bush (the father of George W. Bush) hoped to influence North Korea's attitude towards international terrorism and nuclear weapons. (See the entries for 21 October 1994 and 9 January 1995.)

According to a visiting European parliament delegation ... North Korea ... has been in contact with the WTO [World Trade Organization] secretariat about observer status ... enabling it to participate in meetings but not in decision-making ... The WTO said yesterday [16 July 2005] said it had not received any application from North Korea ... [North Korea's] goods-based trade amounted to \$2.86 billion last year [2004], with imports – mainly aid from Seoul – accounting for \$1.84 billion of the total, according to South Korea's central bank. This meant North Korea's trading volume was only 1/167th of the size of the South's ... North Korea's most famous exports [are] counterfeit dollars, fake Viagra, heroin and, if the United States is correct, fissile material. (*FT*, 16 July 2005, p. 8)

Trade between North Korea and South Korea

Economic links with South Korea were largely severed and the commission set up in 1985 to deal with the re-establishment of commercial links became bogged down by intense rivalry. Nevertheless, the two countries have started to trade (albeit indirectly via third countries) on a small scale, with no duties on the North's imports into South Korea (*FT*, 17 January 1989, p. 6; *IHT*, 2 February 1989, p. 1, and 3 February 1989, p. 2; EIU, *Country Report*, 1989, no. 1, p. 31).

The cumulative total of inter-Korean trade amounted to only \$88.25 million in the two and a half years following its restart in October 1988; direct trading agreements began to be signed in December 1990 by enterprises from the North and South (EIU, *Country Report*, 1991, no. 2, pp. 40–1).

It was not until 27 July 1991 that North Korea actually officially recognized that direct trade had taken place (the first since 1948), specifically an exchange of southern rice for northern coal and cement (Shim Jae Hoon, *FEER*, 22 August 1991, p. 21); two-way trade volume was \$23.34 million in 1989 and \$25.61 million in 1990 (p. 24). In 1991 the volume of North–South trade was \$192 billion, only 0.1 per cent of South Korea's total trade (*The Economist*, 4 July 1992, p. 75).

There were a number of estimates of the value of North Korea–South Korea trade in 1992: \$210 million, \$198.8 million of northern exports and only \$11.4 million of imports (EIU, *Country Report*, 1993, no. 1, p. 38); \$213 million, compared with \$192 million in 1991 (*IHT*, 10 April 1993, p. 8); \$174 million, with South Korea accounting for 6 per cent of North Korea's trade (*IHT*, 16 March 1993, p. 7).

South Korea's trade with North Korea amounted to \$180 million in 1993 (*FT*, 4 June 1994, p. 3). In 1993 North Korea's exports to South Korea amounted to \$178 million (mostly gold, zinc, cement and copper), while its imports from the latter came to only \$8 million. South Korea ranked fourth in trade terms behind China, Japan and Russia; North Korea's total trade was \$2.6 billion in 1993 (*FEER*, 4 August 1994, p. 50).

North–South trade amounted to about \$200 million in 1994 (Bridges 1995: 106); \$194 million (*FT*, 4 July 1995, p. 4).

In 1997 North–South trade amounted to \$308.3 million, much of it in textiles going to North Korea where workshops turned them into clothing for sale in South Korea (*IHT*, 20 June 1998, p. 11).

Inter-Korean trade amounted to \$221.94 million in 1998 (*Asian Survey*, 2000, vol. XL, no. 1, p. 161).

‘Last year [1999] inter-Korean trade amounted to \$333.5 million, its highest total since it began in 1989’ (*The Economist*, 15 April 2000, p. 22). ‘[In 1999] goods and services worth \$122 million moved from North to South, while \$212 million headed in the opposite direction’ (*IHT*, 15 April 2000, p. 9). Inter-Korean trade amounted to \$333 million in 1999, most of it humanitarian aid such as fertilizer and food (*FEER*, 22 June 2000, p. 20).

Existing South Korean regulations consider inter-Korean trade to be non-tariffed ‘domestic exchange’ (David Satterwhite, *Asian Survey*, January 1999, vol. XXXVIII, no. 1, p. 18).

In 2001 inter-Korean trade was \$223.4 million (*Asian 2001 Yearbook*, *FEER*, December 2000). ‘[In 2002] inter-Korean trade should hit \$600 million, about 50 per cent higher than in 2001’ (*IHT*, 31 December 2002, p. 6).

‘Inter-Korean trade reached \$406 million in the first eight months of 2003, up 45 per cent from the 2002 total’ (Park 2004: 146).

‘Inter-Korean trade grew by one-eighth in 2003 to \$724 million ... South Korea’s shipments of food and other relief goods to the North totalled \$435 million’ (www.iht.com, 8 June 2004).

In a policy that started 14 May [2004] the South Korean government will reimburse half of all financial losses incurred by South Korean companies trading with the North. Designed to promote inter-Korean trade, the policy affects 480 companies and sets an annual \$421,000 limit per company. (*IHT*, 25 May 2004, p. 5)

Trade between the two Koreas totalled \$453 million in the first six months of this year [2005] ... 40 per cent up on the same period in 2004. The South imported \$142 million from the North, a 23 per cent rise, while the South recorded exports to the North of \$311 million in the same period. The vast majority of the flow of goods northwards, however, was aid rather than commercial transaction. (*FT*, 8 August 2005, p. 20)

Trade between China and North Korea and Chinese aid to North Korea

‘China announces [29 December 1992] that as of 1 January 1993 trade with North Korea will be conducted in hard currency cash transactions rather than barter’ (*IHT*, 30 December 1992, p. 2).

The former Soviet Union in 1990 and China in 1993 demanded that North Korea pay standard international prices for goods and that it pay

in hard currency rather than through barter trade ... Petroleum imports ... declined from 506,000 tonnes in 1989 to 30,000 tonnes in 1992. (*FEER*, 25 October 2001, p. 63)

China had announced that all trade with North Korea was to be on a cash basis from the start of 1993, but China continued to supply some oil and grain on 'friendship terms' (*EIU, Country Report*, 1993, no. 1, p. 37). At least two-thirds of trade with China is in the form of barter; in 1993 China provided 72 per cent of food imports and 75 per cent of oil imports (Ed Paisley, *FEER*, 10 February 1994, p. 23). About 65 per cent of oil comes by pipeline from China on concessionary terms; about 40 per cent of grain is imported, a good portion from China (*IHT*, 13 June 1994, p. 2). North Korea imports anything from 25 per cent to 75 per cent of its oil from China, according to widely differing estimates (*IHT*, 17 June 1994, p. 4).

The volume of trade between China and North Korea was only \$566 million in 1995, compared with \$899 million in 1993 (*FT*, 19 February 1997, p. 6).

Two-way trade with China, ranked number one, amounted to \$700 million in 1993 (Shim Jae Hoon, *FEER*, 4 August 1994, p. 50).

According to Heather Smith and Yiping Huang ... the present food crisis in North Korea was caused by the disruption in trading ties with former communist allies in the late 1980s. The former Soviet Union ceased providing aid in 1987 ... The former Soviet Union in 1990 and China in 1993 demanded that North Korea pay standard international prices for goods and that it pay in hard currency rather than through barter trade ... Petroleum imports ... declined from 506,000 tonnes in 1989 to 30,000 tonnes in 1992. (*FEER*, 25 October 2001, p. 63)

'China is North Korea's largest trading partner ... In 2001 ... two-way trade was \$740 million, accounting for about one-quarter of North Korea's trade' (*IHT*, 10 January 2003, p. 6).

[On 9 February 2003 US Secretary of State Colin Powell said that] 'Half their [referring to China] foreign aid goes to North Korea. Eighty per cent of North Korea's wherewithal, with respect to energy and economic activity, comes from China' ... The exact size of Beijing's aid is unclear but is estimated by aid agencies and foreign governments at 1 million tonnes of wheat and rice and 500,000 tonnes of heavy fuel oil each year. This is believed to be about 90 per cent of Pyongyang's fuel imports and about one-third of food imports. Since the United States in December [2002] cut off fuel shipments ... China has probably been supplying almost all of Pyongyang's oil. China is also North Korea's biggest trade partner ... [According to the] South Korean government ... China accounts for about 33 per cent of North Korea's overall trade ... Many Western military analysts are also convinced that China still plays a major role in assisting Pyongyang's massive military forces with weapons supplies, technical assistance and spare parts ... There is widespread

suspicion in the West that China is directly or indirectly contributing to Pyongyang's quest for ballistic missiles and nuclear weapons. (*FEER*, 6 March 2003, pp. 13–14)

China's oil supplies amount to about 70 per cent of North Korea's consumption China's food and other aid also play a big role . . . Unlike food donated by capitalist countries through the World Food Programme, China's large offerings are not monitored to see who ends up enjoying them. (*The Economist*, 3 May 2003, p. 31)

'China . . . provides some 70 per cent of North Korea's needs and a third of its food' (*IHT*, 12 June 2003, p. 8). 'Beijing is believed to provide at least 70 per cent of North Korea's oil and more than a third of its food aid' (*FT*, 8 July 2003, p. 11).

'[China provides] upwards of half the 1 million tonnes to 1.5 million tonnes of grain that Pyongyang needs to import every year . . . Chinese deliveries of fuel oil take care of about a third of North Korea's energy needs' (*FEER*, 7 August 2003, p. 26).

'China cut back on oil supplies provide at low interest rates after Pyongyang stopped payments' (*Transition*, 2003, vol. 14, nos 1–3, p. 5).

According to South Korean analysts, in 2002 China supplied 31 per cent of North Korea's imports and accounted for 37 per cent of its exports. In addition, each year Beijing gives several hundred thousand tonnes of food aid and, now that the United States and Japan have suspended their oil shipments, provides the preponderance of its fuel.' (*IHT*, 28 November 2003, p. 4)

China cut off oil supplies to North Korea for three days . . . to punish its oldest ally for the nuclear standoff with the United States, diplomats said yesterday [31 March] . . . Diplomats said the oil pipeline from China's north-eastern province of Liaoning to North Korea was shut for three days in early March, soon after Pyongyang fired a missile into waters between the peninsula and Japan . . . China is North Korea's main source of fuel . . . The Chinese reportedly told the North Korean government that the suspension was necessary for technical reasons, but it also served as a warning . . . diplomats said . . . However . . . the cut in oil supplies might also have been a punishment for non-payment of bills. (*Guardian*, 1 April 2003, p. 16)

'China and North Korea conducted trade last year [2003] that amounted to \$1 billion, much of it Chinese aid. In contrast, China's trade last year with South Korea totalled \$58 billion' (www.iht.com, 29 April 2004).

'China . . . provides roughly half of North Korea's energy and one-third of its food supplies' (www.iht.com, 12 May 2005).

'China supplies about 70 per cent of the North's oil and one-third of its food' (www.iht.com, 25 July 2005).

Trade between North Korea and Russia

The former Soviet Union ceased providing aid in 1987 ... The former Soviet Union in 1990 and China in 1993 demanded that North Korea pay standard international prices for goods and that it pay in hard currency rather than through barter trade ... Petroleum imports ... declined from 506,000 tonnes in 1989 to 30,000 tonnes in 1992. (*FEER*, 25 October 2001, p. 63)

According to Heather Smith and Yiping Huang ... the present food crisis in North Korea was caused by the disruption in trading ties with former communist allies in the late 1980s. The former Soviet Union ceased providing aid in 1987 ... The former Soviet Union in 1990 and China in 1993 demanded that North Korea pay standard international prices for goods and that it pay in hard currency rather than through barter trade ... Petroleum imports ... declined from 506,000 tonnes in 1989 to 30,000 tonnes in 1992. (*FEER*, 25 October 2001, p. 63)

In 1995 trade between Russia and South Korea amounted to around \$3 billion (*IHT*, 4 July 1996, p. 1).

Russian foreign minister Igor Ivanov visited North Korea on 9 February 2000 and signed a friendship treaty. The treaty replaced a Soviet mutual aid accord and omits previous provisions that made the two countries political and military allies (*IHT*, 10 February 2000, p. 5). The treaty pledged 'to strengthen friendship and increase co-operation', but says that this should not 'infringe on their new relationships with other countries and omits all reference to military support in a future conflict. The Soviet Union established full diplomatic relations with South Korea in 1990 (*Telegraph*, 10 February 2000, p. 19).

Annual trade between Russia and North Korea amounts to no more than \$15 million, and the main subjects of consultation and discussion are a few thousand North Korean loggers in the Amur region, a pointless dispute over seventy economic facilities built in Korea by the Soviet Union, and a hopelessly irrecoverable Korean debt to our country of about 3.2 billion so-called foreign-currency roubles. (*Vremya Novostei*, 20 July 2000, pp. 1–2; *CDSP*, 2000, vol. 52, no. 29, p. 20)

[Russia] revealed late last month [July 2001] that 90 per cent of North Korea's 'exports' to Russia in 2000 consisted of 'manpower' ... The *Moscow Times* quoted an unnamed [trade] ministry official saying that the workers are either unpaid or get 'an insignificant salary'. (*FEER*, 23 August 2001, p. 6)

[There are an] estimated 10,000 North Koreans working on contracts in the Russian Far East ... Korea's modern presence in this region dates to the 1860s, when Korean emigration controls weakened and Korean farmers started moving into Russian lands. By 1917 100,000 Koreans were in Primorye and were the largest non-Russian group, with their own

schools, newspapers and churches. After the Soviet Union fought a brief border war here with Japan in 1938, though, Stalin deported most of the border region's Koreans to Central Asia. Today 40,000 ethnic Korean Russians live in Primorye and another 40,000 on the neighbouring island of Sakhalin. (*IHT*, 8 December 2003, p. 2)

Kim Jong Il visited Russia on 26 July–18 August 2001. (He paid another visit on 20–23 August 2002.) 'Russia agreed to help rebuild power stations and factories in exchange for the settlement of outstanding debts estimated at \$5.5 billion. It also pledged to work on a rail corridor linking the Korean peninsula to the Trans-Siberian network' (*FT*, 6 August 2001, p. 1).

North Korea is to repay loans worth billions of pounds sterling to Russia by sending thousands of workers to toil in logging camps in eastern Siberia . . . In order to service a \$5.5 billion Soviet-era debt he [Kim Jong Il] will enlarge a [barter] scheme . . . Pyongyang's barter of labour for loans dates from the 1960s and had produced an archipelago of labour camps in some of Russia's most remote forests . . . about 90 per cent of . . . debt to Moscow was serviced with 'free' labour last year [2000] . . . Labour represented \$50 million in debt-service payments to Moscow last year . . . Mr Kim intended to repay his outstanding debt in the same way over the next thirty years . . . The first detailed claims of abuse in one of the least studied corners of the Russian camp system did not emerge until . . . 1994 . . . Despite such reports the loans-for-labour scheme was formally renewed in 1995. (*The Times*, 6 August 2001, p. 12)

'Russia's economy ministry estimates bilateral trade with North Korea to be worth \$100 million [a year] . . . Pyongyang has been at default on debt since 1987' (*FT*, 7 January 2003, p. 7).

'Trade with Russia has dwindled to \$115 million a year' (*IHT*, 23 August 2003, p. 5).

'Russia this week made its first donation of wheat to North Korea, 35,000 tonnes from the Black Sea area' (www.iht.com, 7 July 2004).

'A delivery [was made] yesterday [2 August 2004] of 37,700 tonnes of wheat . . . valued at \$10 million . . . from Russia – its first ever food donation to North Korea' (*The Times*, 3 August 2004, p. 11).

Trade between South Korea and China

In 1992 two-way trade between China and South Korea amounted to \$8 billion, up 39 per cent on the 1991 figure and more than double the 1990 level (*IHT*, 7 April 1993, p. 15). In the first half of 1994 China–South Korea trade amounted to \$4.96 billion (a 59.5 per cent increase on the same period of 1993), while China–North Korea trade fell by 21.9 per cent to \$336 million (*IHT*, 1 November 1994, p. 6).

South Korea's seventh largest trading partner in 1993, China advanced to third position in 1994. Two-way trade increased rapidly from \$4.4 billion in

1991 to \$9.08 billion in 1993 and possibly over \$12 billion in 1994 (Chong-Sik Lee and Hyuk-Sang Sohn, *Asian Survey*, 1995, vol. XXXV, no. 1, p. 35).

Trade between South Korea and China amounted to \$11.66 billion in 1994 and an estimated \$15 billion in 1995 (*IHT*, 14 November 1995, p. 4).

In 1995 the actual volume of trade was \$17 billion (*IHT*, 15 November 1996, p. 19). Two-way trade between China and South Korea amounted to \$19.9 billion in 1995 (*FT*, 19 February 1997, p. 6).

In 1999 South Korean exports to China reached \$143.7 billion, far above China's \$119.7 billion in exports to South Korea (*IHT*, 8 July 2000, p. 5).

Displacing the United States as South Korea's largest trading partner, China saw its two-way trade with South Korea jump by about 20 per cent last year [2002], heading over the \$100 billion mark ... South Korea is expected to invest \$1 billion in China this year [2003], about half its [South Korea's] total overseas investment ... South Korea is now the fifth largest investor in China, after the United States, Japan, Taiwan and Singapore. South Korea, with a population of only 43 million, is now China's third largest trading partner ... These numbers [compare] with less than \$500 million in trade and negligible investments between China and North Korea as of the end of 2002. (*IHT*, 3 January 2002, pp. 1, 5)

'China and North Korea conducted trade last year [2003] that amounted to \$1 billion, much of it Chinese aid. In contrast, China's trade last year with South Korea totalled \$58 billion' (www.iht.com, 29 April 2004).

'[In 2003] China overtook the United States to become South Korea's largest trading partner and export market' (*The Times*, 24 August 2004, p. 12).

Trade between South Korea and Russia

'Soviet-South Korean trade amounted to around \$150 million in 1987' (*IHT*, 2 February 1989, p. 1).

Russian-South Korean trade turnover increased from \$859 million in 1992 to \$1.58 billion in 1993 (Tsuneo Akaha, *Asian Survey*, 1995, vol. XXXV, no. 1, p. 107). In June 1994 Yeltsin said that Russia would let the 1961 Treaty of Friendship, Co-operation and Mutual Assistance with North Korea expire at the end of 1996 (p. 108). (Moscow had already reinterpreted the treaty to stress that assistance would be given only if North Korea were to be attacked and not if North Korea committed an act of aggression.)

In 1995 trade between Russia and South Korea amounted to around \$3 billion (*IHT*, 4 July 1996, p. 1).

President Putin of Russia visited South Korea on 26-28 February 2001. 'Russia's debt to South Korea ... has grown to \$1.8 billion' (*IHT*, 27 February 2001, p. 4).

An intergovernmental memorandum signed in Seoul establishes arrangements whereby a portion of the debt will be repaid in the form of

Russian military equipment. According to unofficial reports, \$700 million could be repaid in this way; the entire debt, including interest, stands at \$1.9 billion. (*CDSP*, 2001, vol. 53, no. 9, p. 17)

Foreign debt and aid

North Korea defaulted in 1976, the causes including the fall in mineral exports after 1974 and the difficulties in exporting manufactured products (Suh 1983: 209).

At the end of 1976 hard currency debt was \$1.4 billion, with a further \$1 billion owed to the communist countries (Jeffries 1990: 270).

At the end of 1986 \$2.23 billion was owed to the West and \$1.83 billion to the communist countries, mainly to the Soviet Union. Officially the hard currency debt is estimated at only \$1 billion (Harrison, *FEER*, 3 December 1987, p. 38). The United States imposes a ban on loans to North Korea.

Several debt reschedulings and delayed payments for imports made North Korea a poor credit risk. Between March 1984 and June 1988 North Korea paid neither interest nor principal, but even before the former date interest payments were irregular (the last before that being in 1979) and principal repayments were non-existent. In September 1986 Japan's Ministry of International Trade and Industry compensated domestic firms for their trade losses with North Korea (B. Koh, *Asian Survey*, 1988, vol. XXVIII, no. 1, p. 64), and in August of the following year Western commercial bank creditors declared a formal default. This allowed the seizure, in that case by Swiss and British courts, of North Korean assets in the West such as gold and property. The debts were consolidated into two bank syndicates. North Korea was forced into a reopening of rescheduling talks in September 1988. A scheme suggested by one of the syndicates in June 1988 involves the following (a token initial repayment of \$5 million was made on 1 July): a new loan of \$900 million, with a formal North Korean government guarantee; a separate schedule of payments on the so-called settlement loan (30 per cent of the \$900 million), on which a fixed interest rate of 8 per cent is payable, with a final payment due on 15 December 1991. If this repayment schedule is maintained, the remaining 70 per cent will be written off; otherwise the whole \$900 million will fall due. The scheme, however, led to disagreement between the bank syndicates (Fidler 1988: 25).

In 1991 total debt amounted to \$9.3 billion, of which \$3.5 billion was owed to industrialized countries (Sungwoo Kim, *Asian Survey*, 1993, vol. XXXIII, no. 9, p. 87).

Foreign banks are owed \$1.6 billion (*FT*, 14 July 1994, p. 6).

The sum borrowed from Western banks is \$1.2 billion (*The Economist*, 12 November 1994, p. 107).

The principal owed to international banks amounted to \$747 million, but this has doubled because of interest (*FT*, Survey, 23 June 1994, p. iv).

'According to the Bank of Korea, North Korea's foreign debt totals \$12.3

billion and Pyongyang's credit rating is the lowest in the world' (*FEER*, 25 October 2001, pp. 62–3).

Settlement of Mongolia's debt with Russia, under a deal announced yesterday [1 January 2004], means that for the first time in eighty years the country will not be in debt to its northern neighbour. Mongolia is paying Russia less than \$300 million to clear 11.4 billion in convertible roubles of debt accumulated during the Soviet era. (*FT*, 2 January 2004, p. 7)

'[The deal] marks the largest debt forgiveness by Russia of loans provided by the former Soviet Union. Mongolia was third behind Cuba and Syria in debt obligations to Russia' (p. 17). 'Russia also has to resolve Soviet-era loans with Cuba, which owes Russia about \$19 billion, Syria \$13.23 billion, Afghanistan \$9.6 billion, Iraq \$8.4 billion, North Korea \$6.6 billion and Libya \$3.2 billion' (*FT*, 2 January 2003, p. 7).

'South Korea's central bank . . . said that \$360 million in foreign aid to feed the North's starving population helped boost economic growth, with the aid figure accounting for 70 per cent of the North's hard currency revenues in 1999' (*FT*, 21 June 2000, p. 10).

Norbert Vollertsen [a German doctor] spent eighteen months in North Korea, from July 1999 to December last year [2000] with a German emergency medical aid agency . . . [He became] convinced that much of the aid donated by the outside world was not saving the lives it was intended to save. Instead, he believes much of it is padding the pockets of ruling-party officials . . . Vollertsen was forced by the authorities to leave North Korea on 30 December [2000] . . . He has declared opinions that have . . . set him at odds with much of the international aid community. He says international aid agencies are acting like 'slaves' of Pyongyang by failing to confront North Korean authorities about patchy monitoring of aid deliveries and rampant human rights violations . . . He says United Nations agencies, in particular the World Food Programme, are too worried about getting expelled to risk annoying their hosts. (*FEER*, 25 January 2001, pp. 62–3)

Anxious not to get kicked out of the country the UN's agencies usually avoid public criticism of Pyongyang's recalcitrance so that they can work behind the scenes. In fact, the aid community can be divided into the majority who refrain from strong criticism of Pyongyang and those who choose to confront it. The latter included Médecins Sans Frontières, Oxfam and US agency Care, which have pulled out of the country complaining of curbs on monitoring . . . David Morton, the World Food Programme's resident representative in Pyongyang . . . admits that the WFP has always been dissatisfied with the controls placed by Pyongyang on monitoring food aid, which include prior notification of inspection visits. In 1998 the WFP cuts its aid programme by 60,000 tonnes to protest against such restrictions . . . [He] insists that the WFP does what it can to

monitor deliveries ... and does not believe aid is diverted to the army. (John Larkin, *FEER*, 25 January 2001, pp. 63–4)

‘The World Food Programme runs basic “food for work” schemes and has also started to provide “non-food items”. These consist of shovels, axes, hoes and such like, and personal items such as boots, shoes and gloves’ (*Guardian*, 11 May 2001, p. 16).

[In June 2001] a report emerged that Pyongyang may be withholding international food aid from regions with anti-government protests. According to the *South China Morning Post*, there are claims that the North’s population has been officially divided into ‘useful’ and ‘non-useful’ people. The latter get no food aid. (*FEER*, 5 July 2001, p. 8)

Kim Jong Il ... bought 300 million pounds sterling [\$425 million] worth of weapons from Russia at the weekend [4–5 August 2001] ... The public distribution system on which three-quarters of the population depends for food, only provides rations on important dates, like the birthdays of Kim Il Sung or Kim Jong Il ... North Korea receives one of the largest allocations of food aid in the world – almost 1 million tonnes annually. This food, mostly channelled through the UN World Food Programme (WFP), supposedly targets 8 million of the most vulnerable North Koreans ... Yet refugees from the hard-hit northern provinces where WFP concentrates its aid say they never received this food ... No one knows ... what is happening to the food aid ... because the North Korean government does not allow aid agencies the access necessary to ensure that aid is reaching those for whom it is intended. All aid is channelled through the government-run public distribution system ... Aid agencies are permitted to ‘monitor’ the aid, but must announce monitoring visits one week in advance; no random visits to households, kindergartens or schools are allowed. Aid workers have little contact with ordinary North Koreans as a government translator accompanies them wherever they go, and questions deemed controversial are left untranslated ... The government fabricated whatever they wanted aid workers to see ... With no possibility of directing aid to those in most need, Médecins sans Frontières withdrew ... Although they label their aid humanitarian, donor governments and aid organizations keep North Korea on life support for political, economic and diplomatic reasons. The USA, Japan and South Korea are pursuing a ‘soft landing’ policy aimed at avoiding an implosion of the regime which could trigger military action or refugee flows into China and South Korea. Food aid is aimed at opening dialogue and trust to pave the way for controlled reunification ... While political and diplomatic engagement provides the only real means to influence the regime, using food aid to do so in a country beset by famine is reprehensible. The purpose of humanitarian aid is to save lives. By channelling it through the regime responsible for the suffering, it has become part of the system of repression. (Fiona Terry, researcher for Médecins sans Frontières, *Guardian*, 6 August 2001, p. 16)

The UN World Food Programme last month [December 2003] began an appeal for \$171 million to feed an estimated 6.5 million people, out of a population of 22 million, in 2004. But the agency admits that the exact number of people in need is simply unknown, just like the number it feeds . . . All the United Nations has to do is to stand firm on basic principles – to insist on clear, simple rules of accountability to ensure that aid goes where it is intended: children, pregnant and nursing women and the elderly. That is hardly the case at the moment . . . The World Food Programme accepts North Korea's demands as to how the food is handed out and oversight of this operation. Kim Jong Il's regime insists that foreign aid is distributed by its own officials. If the World Food Programme wants to inspect how the food is being dished out it has to give five days' notice . . . The World Food Programme is failing to convince donor countries that its operations are being administered efficiently and fairly in North Korea. Last year [2003] the United Nations rustled up less than \$130 million, compared with a target of \$225 million, and the outlook in 2004 is equally poor . . . The agency should link aid to the right to gather its own information, to distribute the food itself or have guarantees of independent scrutiny that meet universal norms. (Catherine Field, *IHT*, 14 January 2004, p. 6)

'Kim has permitted more than 150 foreign food aid administrators to live in Pyongyang and monitor distribution in 163 of the country's 210 counties' (Harrison 2001: 68–9).

Anthony Banbury (the World Food Programme's regional director for Asia):

The World Food Programme does monitor its food aid. The agency has more than forty international staff in six offices around North Korea, who conduct more than 500 monitoring visits each month. Regrettably, the government requires us to agree the week before on a monitoring plan identifying the districts and types of institutions to be visited. But it is only on the day of the visit that we decide which school or home will actually be visited – leaving little time for the government to move commodities around or coach beneficiaries . . . Child malnutrition has decreased substantially since our first survey in 1998. (*IHT*, 21 January 2004, p. 6)

Amnesty International last month [January] released a report . . . that accused the North Korean regime of using food as an instrument of political and economic control, by distributing supplies according to three classes of loyalty to the state. It estimated that several million children had chronic malnutrition. (*FT*, 10 February 2004, p. 10)

(See further details in the section on economic performance, famine and international aid, below.)

Foreign direct investment

Foreign direct investment is still very limited.

In September 1984 a joint venture law was promulgated in order to attract Western capital, technology and know-how, but with limited success to date.

Harrison (*FEER*, 3 December 1987, p. 38) estimates that fifty joint ventures are under way (forty-four with Japanese-Koreans). Koh believes that only one involves a non-Korean resident in Japan (1988: 64). The North Korean International Joint Venture General Company was founded in August 1986 in partnership with Japanese Koreans. This is a sort of holding company which both establishes and acquires other enterprises (Lee, *Asian Survey*, 1988, vol. XXVIII, no. 12, p. 1264).

Kie-Young Lee (1990: 7) thinks that the partners are mostly pro-North Korea businessmen in Japan (the Chongryun organization represents Korean residents in Japan; also known as Soren, the General Association of Korean Residents in Japan) and Korean residents in the USA; in the first half of 1985 there were almost seventy and by the end of 1987 100.

Minerals and high technology are the areas favoured, but actual examples include hotel construction (France), clothing, food processing, car components, construction materials, chemical products, and department stores (Japan – mostly Japanese-Koreans) (Rhee, *Asian Survey*, 1987, vol. XXXVII, no. 8, p. 888). For example, the Rakwon (Paradise) department store is operated by Japanese-Koreans. Purchases, however, are restricted to hard currency spenders such as foreign diplomats and privileged North Koreans who possess the 'red won' (a special form of currency with a red stamp), which can be converted into hard currency (Harrison, *FEER*, 3 December 1987, p. 37).

In early February 1989 it was announced that the first North–South Korean joint venture, situated in North Korea, had been agreed upon in principle, involving the development of a tourist area, a ship repair yard and a railway rolling stock plant. 'The South Korean government has vetoed, for security reasons, the proposed shipyard and rolling stock joint ventures, but has agreed to tourist schemes' (EIU, *Country Report*, 1989, no. 2, p. 33).

There were also joint ventures with communist countries, including a shipping enterprise with Poland, joint Soviet–North Korean timber projects in Siberia and four joint Chinese–North Korean power stations. A joint venture with the Soviet Union for the production of lathes in North Korea came into operation in 1989, while a sea-food joint venture with China was set up on North Korean soil in the same year. Joint ventures account for only around 1 per cent of exports (Sophie Quinn-Judge, *FEER*, 8 December 1988, p. 2, and 11 January 1990, p. 20). In January 1992 North and South Korea agreed to set up the first joint business ventures to manufacture textiles and other consumer goods (*IHT*, 27 January 1992, p. 7).

One hundred per cent foreign ownership is now permitted; the first three years constitute a tax holiday, with a possible extension; there is a 25 per cent net profit tax (Kie-Young Lee 1990: 6).

There are now 100 joint ventures in North Korea (plus thirty overseas), over seventy of the 100 involving Chongryun entrepreneurs (EIU, *Country Report*, 1991, no. 4, p. 40).

From 1984 to the end of 1990, 135 projects had been initiated, of which

seventy-seven were with Korean–Japanese companies (Rhee Sang-Woo, *Asian Survey*, 1992, vol. XXXII, no. 1, p. 59).

In July 1991 the UN Development Programme formally took up the idea which had been floating around of a special cross-border economic zone in the Tumen river estuary bordering China and the Soviet Union. A management committee was set up in October at a conference attended by North Korea, China and the Soviet Union as well as the UNDP itself. The 27–28 February 1992 meeting was attended by the UNDP, North Korea, South Korea, China and Mongolia. Russia and Japan also sent observers. A final development plan was hoped for by July 1993. A ‘zone of free economy and trade’ was created near the end of December 1991 in the north-east, including the ports of Najin and Sonbong; the city of Chongjin was also to have ‘free port’ status (EIU, *Country Report*, 1992, no. 1, p. 41).

Only about \$150 million in direct foreign investment flowed in over the period 1984–92 (*FEER*, 10 February 1994, p. 23).

Approved foreign investment amounts to about \$140 million (*FT*, 4 July 1995, p. 4).

A new foreign investment law went into operation in October 1992. It stated that: ‘The state encourages investments, above all, in sectors that require high and modern technologies, those which produce internationally competitive goods, sectors of natural resource development and infrastructure construction, and scientific research and new technology development sectors.’ During the first five years of operation, foreign-funded enterprises in these sectors would receive preferential treatment as regards, for example, tax and bank loans. Wholly foreign-owned enterprises were allowed in what were in effect special economic zones, where the corporate tax rate was 14 per cent, foreign companies were allowed to lease land for up to fifty years and tariff exemption generally applied. Compensation was to be given in the event of ‘unavoidable’ nationalization. The total capitalization of joint ventures to date was some \$100 million (*FT*, 21 October 1992, p. 6; *IHT*, 21 October 1992, p. 20).

Some further information is available on the October 1992 foreign investment law. Workers can be fired, although both hirings and firings have to be done through the competent labour department rather than by contracting directly with individual workers (EIU, *Country Report*, 1992, no. 4, p. 38). The (what in effect are) special economic zones are exempt from income tax for the first three years of profit; they are entitled to a further two years of reduced tax and the rate thereafter is 14 per cent (said to be a reduction on the rate prevailing elsewhere) (p. 38). The corporate profit tax rate is 25 per cent outside the zones (*Asian Survey*, 1993, vol. XXXIII, no. 9, p. 870). The government has approved legislation allowing foreign bank operations and foreigners to lease land and visit free-trade zones without visas (*FT*, 14 December 1993, p. 6).

Since 1991 the South Korean conglomerate Lucky Goldstar (and a few other South Korean companies) have sent materials (plus design specifications) to North Korea for processing into final products such as toys and

garments. The products have either been reimported or exported to China (*The Economist*, 16 July 1994, p. 20; 22 October 1994, p. 88). Lucky Goldstar has been asked to take over North Korea's largest steelworks (*The Economist*, 22 October 1994, p. 88).

John Merrill (*Asian Survey*, January 1993, vol. XXXIII, no. 1, p. 48) reports the following. Around 170 joint ventures have been established, e.g. garments, musical instruments and diamond-cutting. North Korea has pushed ahead with plans to develop a free-trade zone in the Rajin–Sonbong area and make Chongjin a free-trade port. North Korea seems determined to go ahead rather than wait for agreement on the Tumen River Development Programme (costing \$30 billion over a decade). North Korea wants South Korea to participate (the South Korean government has made progress on the nuclear issue a precondition for allowing any investment in North Korea: Aidan Foster-Carter, *Independent*, 28 June 1994, p. 18). In a later article (*Asian Survey*, 1994, vol. XXXIV, p. 16), John Merrill mentions new laws having been passed in 1993 on the leasing of land by foreigners. He also cites an estimate that by 1993 Korean residents in Japan had invested over \$100 million in 120 projects in North Korea.

The *FEER* (27 May 1993, p. 71) reports that China, Russia and North Korea have agreed in principle to lease out land for a twenty-year \$30 billion port and industrial project along the Tumen river. UN officials said that the land, which straddles all three countries, would be managed by an independent international corporation.

The Rajin–Sonbong free economic and trade zone is North Korea's contribution to the Tumen River development area. A meeting held in May 1993 decided to push the project forward. A private-sector corporation, the Tumen River Area Development Corporation, was scheduled to be registered. Headed by an American, the corporation is to oversee developments in the North Korean, Chinese and Russian zones (*FEER*, 30 September 1993, p. 72).

Special investment areas have been created, including a site at Nampo (near Pyongyang) and another near the border with China. Progress on the Tumen project has been slow. 'Most of the Japanese–Korean joint ventures have been failures' (*FT*, 23 June 1994, p. iv).

North Korea claims that foreign companies have already pledged \$200 million to the Rajin–Sonbong zone, of which \$40 million has been committed (*FT*, 29 April 1995, p. 3). 'So far next to nobody has invested there' (*The Economist*, Survey on South Korea, 3 June 1995, p. 9).

So far not much has been achieved in the way of attracting foreign investors to the zone (Bridges 1995: 105).

On 28 February 1995 it was announced that North Korea and a Hong Kong investment company were to set up a joint venture development bank to help finance the state's development projects (*IHT*, 1 March 1995, p. 15; *FT*, 1 March 1995, p. 7).

On 17 May 1995, for the first time, South Korea approved two joint ventures between North and South Korean firms, producing textiles and other

light industrial goods (the approval of North Korea still being needed). 'North Korea has adopted joint venture laws to attract foreign investment and has designated a free-trade zone, but no actual investment has been made so far' (*IHT*, 18 May 1995, p. 13).

The Rajin–Sonbong special economic zone proved to be a disappointment. But hopes for an improvement in the scale of investment were raised after the June 2000 North–South summit. For example, in late June 2000 Chung Ju Yung (the founder of Hyundai, South Korea's largest chaebol or conglomerate) and one of his sons visited North Korea. The visit resulted in plans to increase investment in the North, including the establishment of a North Korean 'Silicon Valley' in the Mount Kumgang region a few miles north of the Demilitarized Zone dividing the two Koreas. Hyundai has been developing the Mount Kumgang region as a tourist destination.

The Rajin–Sonbong free-trade zone was founded in 1991. North Korea says that investment commitments total only \$200 million to date, of which \$20 million has actually been spent. There is full freedom from import duties and firms enjoy a tax holiday for three years after a venture starts to make money (*FT*, 27 September 1995, p. 8). North Korea says that foreigners have committed only a tenth of the \$200 million they planned to invest in the zone (*FEER*, 25 January 1996, p. 54).

On 30 May 1995 China, Russia and North Korea agreed to the establishment of the Tumen River Area Development Co-ordination Committee, whose task would be to boost trade and investment. South Korea and Mongolia joined the three in agreeing to a consultative commission with broad responsibility for developing trade, infrastructure, finance and banking (*FT*, 31 May 1995, p. 5). On 6 December 1995 North Korea, South Korea, China, Russia and Mongolia established an intergovernmental commission to allow consultation on infrastructure (especially transport) and on ways to enhance trade through the harmonization of customs regulations (*FT*, 6 December 1995, p. 8).

In the Rajin–Sonbong free-trade and investment zone foreign investors can establish fully foreign-owned enterprises, obtain a five-year tax holiday and a 14 per cent corporate income tax rate, and enter the zone without visas (Harrison 1997: 64).

On 28 April 1996 South Korea approved three joint ventures (worth \$19.2 million) frozen since the autumn of 1995. The proposed South Korean projects in North Korea were a \$7 million telephone switching system by Samsung Electronics, the production of consumer electronics by Daewoo Electronics worth \$6.4 million and the \$5.8 million development of bottled water by Taechang (*IHT*, 29 April 1996, p. 3; 3 May 1996, p. 4).

State-owned Samcholli General and Daewoo of South Korea have agreed to set up a first-ever joint venture in the Nampo Industrial Complex near Pyongyang. The partners would each invest \$5.25 million in the textile plant, which was to begin operating in May 1996 (*FEER*, 9 May 1996, p. 79). The first joint venture between North Korea and South Korea since the end of the Second World War began operating in the northern port of Nampo on 19 August 1996. Three plants began producing textiles for North Korea's

Samcholli General Corporation and South Korea's Daewoo in a 50–50 joint venture (*FT*, 20 August 1996, p. 5).

On 15 July 1996 a North Korean official appealed to Japanese businessmen to invest in the Rajin–Sonbong free-trade zone. He said forty-nine contracts with foreign investors, worth \$350 million, were 'in the implementation phase', e.g. Samsung's planned to invest about \$7 million in telecommunications (*IHT*, 16 July 1996, p. 4; 22 July 1996, p. 8).

A UN-sponsored investment and business forum was held in the Rajin–Sonbong free-trade zone on 13–15 September 1996. North Korea announced that deals worth \$282 million had been signed. Investors also initialled memorandums of understanding, bringing the total of proposed investment to \$840 million. South Korea pulled out of the forum after officials and journalists were excluded (*FEER*, 26 September 1996, p. 75). A senior North Korean official announced that contracts had been signed for six projects worth a total of \$270 million. There were also tentative deals for ten projects worth \$570 million. This came on top of about \$34 million invested so far (*IHT*, 20 September 1996, p. 13). In early February 1997 North Korea claimed that the zone had received foreign investments worth a total of \$100 million over a two-year period (*IHT*, 4 February 1997, p. 1).

North Korea offers a two-year tax holiday and a 14 per cent tax rate of net profit thereafter. North Korea claims it has received over \$100 million in foreign investment since setting up the Rajin–Sonbong zone (*IHT*, 1 September 1997, p. 22).

South Korea's investments in North Korea are worth \$52 million (*FT*, 3 January 1997, p. 3). North Korea has said that it will establish two production centres in the port cities of Nampo and Wonsan to supplement the Rajin–Sonbong zone. While the existing zone is isolated and surrounded by barbed-wire fences to restrict the entry of North Koreans, the new zones, specializing in the production and export of consumer goods by foreign companies, will be located near population centres. This amounts to an acknowledgement that the Rajin–Sonbong zone has failed to attract much foreign investment despite claims that \$2.9 billion, mostly from Chinese investors, has been committed to develop the area as a transport hub for north-east Asia. As many as 100 private stores are estimated to be operating in the Rajin–Sonbong zone, along with open-air markets to cater for the needs of foreign traders (*FT*, 3 November 1997, p. 7).

As of 1 April 1998 South Korean companies were allowed to invest freely in North Korea, except in defence and other strategic heavy industries. Until then South Korea had allowed piecemeal investment, with investment limited to so-called processing-on-consignment (under which materials and equipment were sent for assembly in North Korea). Among other things, the \$5 million ceiling on investment was lifted and the heads of major conglomerates were permitted to visit North Korea freely to explore investment opportunities (*IHT*, 28 March 1998, p. 15). On 1 May 1998 the South Korea government removed the \$5 million ceiling on investment in North Korea by South Korean companies and did away with the \$1 million limit on

machinery sent to build factories there. The new rules permit South Korean companies to engage in any type of business in North Korea except those classified as strategic defence industries, including electronics, aeronautics and computer science. The government also decided to grant multiple permissions to go to North Korea for South Koreans with business interests there (*IHT*, 2 May 1998, p. 9).

As part of an official policy, announced in March 1998, South Koreans can negotiate directly with North Korea about trade, investment or aid without obtaining their government's consent or mediation. They do not even need government consent any more to visit North Korea, an official invitation backed with a written guarantee of safe return being sufficient (Shim Jae Hoon, *FEER*, 11 June 1998, p. 30). In 1996 Daewoo went into business with a North Korean partner to make garments and plastic bags for export. 'So far Daewoo is the only company that has managed to break into the North' (p. 32).

Since the Rajin-Sonbong zone opened in 1991 hundreds of firms have signed agreements to set up factories or offices, but only six are doing business there now. Actual investment in the zone totals only about \$65 million, according to the United Nations Development Programme in Beijing. North Korea claims that 111 foreign contractors have promised to pour in about \$750 million (*IHT*, 15 September 1998, p. 16).

About 150 foreign companies, most of them Chinese, have opened offices or factories in the Rajin-Sonbong special economic zone (*FEER*, 29 April 1999, p. 13).

The only joint manufacturing venture between North Korea and South Korea is Daewoo's factory in North Korea, which makes things like shirts. 'It is an open secret in Seoul that the company has been struggling with it. The North is always asking Daewoo for money, and does not let Southern managers get close enough to the workers to run the business' (*The Economist*, Survey, 10 July 1999, p. 14).

After first-hand inspection of the opening of the Chinese economy to foreign investment, the Kims decided to open the North Korean economy on a limited basis ... Yet [despite] that year's foreign joint venture law and a series of subsequent laws covering foreign businesses ... foreign investment in North Korea totalled somewhat less than \$50 million from 1984 to 1997, primarily in the remote Rajin-Sonbong foreign trade area ... Rajin-Sonbong was chosen for North Korea's first (and still only) foreign trade and tourist zone because of its location far from the main population centres (to prevent contact with foreigners) ... Private ownership of stores by Koreans is permitted there and its exchange rate of 200 won to the dollar is more realistic than the official rate of 2.1 won in the rest of the country. (Oh and Hassig 1999: 293-4)

Hyundai, South Korea's largest conglomerate ... [has promised] industrial projects in what would be the largest outside investment in the isolated nation. The deal was sealed in a weekend meeting in Pyongyang

between Kim Jong Il ... and Chung Ju Yung, Hyundai's founder [who was born in what is now North Korea in 1915] ... The Hyundai's investments, which could total several billions of dollars, include development of a resort complex and exploiting possible offshore oil fields. Hyundai will pay \$906 million to North Korea for exclusive rights over the next six years to develop tourism projects in the scenic Diamond Mountain area, which lies near the border with the South and is famed in Korean folklore. In addition, the North will receive a 'tax' of \$300 for every tourist ... Hyundai has already leased two cruise ships to ferry passengers, with the maiden voyage scheduled for 18 November. It will later build hotels, golf courses, and skiing and hot spring facilities at the site. Mr Chung said Hyundai was interested in developing oil reserves that North Korea claims it has detected off its west coast. The North Korean leader promised that Hyundai could build pipelines that would deliver the oil to the South. The North also agreed to establish a special economic zone on the west coast, where Hyundai will assemble cars, repair ships and produce consumer products, while Hyundai may build a thermal plant and sports stadium in Pyongyang. (*FT*, 2 November 1998, p. 4)

(The trial cruise was undertaken on 15 November 1998, three days ahead of schedule.)

North Korea has given Hyundai exclusive rights to develop and operate tourist facilities in Mount Kumgang for the next thirty years (*FEER*, 11 November 1999, p. 54).

Hyundai group officials said Sunday [1 November] they were optimistic about business initiatives in North Korea, buoyed by a brief audience last week [30 October] with Kim Jong Il ... Back home on Saturday [31 October] Mr Chung stunned South Koreans by saying that Hyundai would lay pipelines across the inter-Korean border to receive oil from North Korea. (*IHT*, 2 November 1998, p. 15)

North Korea's first casino (a joint venture with a Hong Kong company) opened in the Rajin-Sonbong special economic zone in late July 1999 (*FEER*, 12 August 1999, p. 47).

In February 2000 the Pyonghwa Motor Corporation decided, with the South Korean government's approval, to launch a \$6.6 million joint venture with a North Korean company to repair and assemble cars outside Pyongyang. An additional \$44 million was to be spent in the following two years to build facilities to assemble Fiat cars for export to China and elsewhere. The plant would be expanded later on, with investment totalling \$300 million (*FEER*, 20 April 2000, p. 44).

'Southern firms send raw materials and sometimes machines to the North to be made up. Starting in textiles, this now extends to TVs and computers; there is even a joint venture to make cigarettes' (Foster-Carter 2000: 19).

Not one of the 135 southern [South Korean] companies operating in the North has ever turned a profit, according to Jo Dongho, a research fellow

at the Korea Development Institute [in Seoul]. But many are willing to write off their losses. The chairmen of some of the biggest investors in the North – such as the Kohap Group, Rinnai Korea and the Unification Church – are refugees who left families and homes behind when they fled south during the Korean War ... Others are putting patriotism before profits, trying to build up the North's shattered economy for eventual unification ... Because of strict minimum wage requirements, the average salary for an assembly-line worker is over \$150 a month, which is high compared with many other low-wage countries. The cost of shipping is another budget-buster ... because volumes have remained so small. (*FEER*, 22 June 2000, p. 20)

'The heads of the South's four largest chaebols or conglomerates – Samsung, LG, SK and Hyundai – accompanied the president to Pyongyang and pledged to invest between \$500 million and \$1 billion each in the next five to ten years' (*FEER*, 22 June 2000, p. 20)

[President] Kim's call to businesses to invest in North Korea is not finding many takers other than the bankrupt Hyundai. There is concern that [South] Korean taxpayers will eventually have to absorb the debts racked up by Hyundai's massive but uneconomical investments over the border. 'You cannot appeal for investment from us just on the strength of nationalism,' says Won Yong Deuk, head of Inter-Korean Economic Relations at the Federation of [South] Korean Industries. (*FEER*, 28 September 2000, p. 16)

A small mining company will announce today [23 August 2000] that it has become the first American group to conclude a joint venture inside North Korea ... to mine, process and export magnesia products from North Korea ... North Korea, the second largest producer of magnesia products after China, used to have a capacity of around 1 million tonnes a year, but this is thought to have declined recently ... North Korea has a rich supply of minerals, including gold. It used to be the world's largest producer of magnesia products, which are used in steel production and environmental clean-ups. (*FT*, 23 August 2000, p. 8)

In early April [2002] South Korean companies opened North Korea's first car assembly factory and North Korea's first internet lottery game. In May representatives of five South Korean communications companies plan to visit North Korea to compete for a half-billion-dollar cell-phone project ... Last year [2001] South Korean companies sent 203 technicians to North Korea to work on joint venture projects, more than double the number of 2000. (*IHT*, 30 April 2002, p. 1)

More than 200 South Korean companies have sub-contracting links with North Korean manufacturers. The South Korean partners provide raw materials and specialized equipment and pay for the finished products in dollars. The North Korean factories turn out consumer goods such as

apparel, golf bags and television sets, mostly for the South Korean market and partly for export to Europe, China and Russia ... At the same time Kim Jong Il is seeking selected equity investments, such as the one recently authorized at Nampo in which Italian carmaker Fiat and a South Korean partner plan to make 10,000 cars a year by 2003 for the Chinese market. He has also started to negotiate investment guarantees and double-taxation agreements with Seoul in hopes of attracting big investments in infrastructure. Emulating China he is setting up special investment zones where investors would get preferential tax treatment and easy access to energy resources and transportation. Hyundai has agreed to develop one of these zones at Kaesong and others are planned for Nampo and Wonsan.' (Harrison 2001: 71–2)

In Rajin–Sonbong ... there have been very few takers ['foreign capitalists'] apart from pro-Pyongyang ethnic Koreans from Japan ... There is only one major foreign investor in the entire zone: Hong Kong entrepreneur Albert Yeung Sau Shing, who controls the Emperor Group ... In October 1999 Yeung opened the \$180 million Seaview Casino Hotel in Rajin–Sonbong ... Locals are banned from entering the establishment ... Macau gambling tycoon Stanley Ho also opened a casino in North Korea, but in ... Pyongyang ... Ho's \$30 million Casino Pyongyang is located in the Yanggakdo Hotel, where his partner is [a] Macau businessman ... [A] Singapore company ... has concluded a joint venture agreement with North Korea [to produce trees for wood] ... but at a value of only \$23 million. (*FEER*, 25 October 2001, pp. 63–4)

'The introduction of a joint venture law [occurred] in 1984 and the establishment of the Rajin–Sonbong free-trade zone [took place] in 1992 ... Special economic zones [have been allowed] in multiple locations' (p. 101).

[In January 2003] bulldozers are to break ground on what is planned as the largest foreign investment in North Korea: a \$9 billion ... industrial park and new town ... at Kaesong, just north of the DMZ ... Last month [November 2002 saw the passage] of a law guaranteeing visa-free access and corporate tax incentives Since September [2002] North Korea has created three special economic zones: one in Sinuiji in the north to attract Chinese investment; one in Mount Kumgang to attract South Korean tourists; and the industrial park in Kaesong ... In the past five years about 36,000 South Koreans have visited Pyongyang ... and 500,000 have visited Mount Kumgang. (*IHT*, 31 December 2002, p. 6)

'The number of new projects approved by the South Korean government fell to three last year [2003], from thirteen in 1998. Of fifty-two Southern companies allowed to invest in the North, half have dropped out of the programme' (*IHT*, 12 March 2003, p. 3). 'While Western investors redline North Korea, South Korea labours to open the door, investing about \$1.5 billion over the last five years' (*IHT*, 23 August 2003, p. 5).

'North Korea has designated the north-western city of Sinuiju and

surrounding counties a special administrative region, allowing free trade across the border with China' (*IHT*, 20 September 2002, p. 12).

[On 23 September 2002 the government chose] a Chinese executive who made his fortune selling textiles to Poland to run a new free-trade zone ... North Korea will grant Yang Bin, thirty-nine, described by *Forbes* magazine as the second richest man in China, autonomy to manage the legislative, judicial and financial affairs of the Sinuiju region in north-western North Korea. (*IHT*, 25 September 2002, p. 12)

Yang Bin, a Dutch citizen ... made his fortune by building greenhouses in China [said]: 'It will be a totally capitalist region. It will have its own legislative, judicial and executive powers without any interference from central government' ... The zone will have tax and regulatory privileges and will be insulated from the rest of the country. Private property will be recognized for the first time by the communist regime through the issue of fifty-year leases in the zone ... The city's 500,000 residents will be forcibly expelled and a wall will be built around the development zone. It will then be repopulated with 200,000 skilled workers from other parts of the country. Permission will be sought from Beijing to recruit workers from nearby areas of China, and Japanese and South Korean firms will be wooed to start up enterprises in the zone. (*Telegraph*, 25 September 2002, p. 17)

North Korea ... has chosen one of China's most flamboyant capitalist entrepreneurs to head a proposed free-market enclave in the north-west of the country near the Chinese border ... [lying] opposite the Chinese border city of Dandong ... Yang Bin, an eccentric multi-millionaire, made his fortune in Liaoning province bordering North Korea. He has full authority to manage the legislative, judicial and financial affairs of the Sinuiju special administrative region [he said] ... Kim has agreed that 'no minister from the central government can interfere' with the running of the zone ... Yang said. Farming and port development are among the projects Yang plans to promote in the area, but it is not clear how the zone will be funded. In the mid-1990s Pyongyang ... opened the city of Rajin-Sonbong to market development, but the projects never took off ... One dramatic aspect ... is a plan to relocate Sinuiju's 200,000 people and replace them with 500,000 workers with specific technical and administrative training. (*FEER*, 3 October 2002, p. 15)

'Unlike the Chinese [Special Economic] Zones, the Sinuiju region would be run by a foreigner, use foreign currencies (American and Chinese), pay no tax to the central government, and have a separate legal system' (*The Economist*, 12 October 2002, p. 73).

Yang Bin said that, in addition to making the US dollar the special zone's official currency, all export-import duties would be abolished and a flat 14 per cent income tax would be established ... It was promised that ... the zone would have its own passports, flag and anthem, and that visa-

free entry and exit would be permitted for citizens of all the world's countries, except the Democratic People's Republic of Korea itself. (*CDSP*, 2002, vol. 54, no. 39, p. 16)

'Yang Bin was originally picked to head North Korea's new special administrative region but then dumped' (*FEER*, 14 November 2002, p. 12).

Yang Bin ... was detained by police in China. It was unclear why the police seized him or how long his detention would last. However, Mr Yang admitted this week that he owed 10 million renminbi [\$1.21 million] in back taxes to authorities in Shenyang, north-eastern China, where he was arrested yesterday [4 October] ... Yesterday's event added to growing doubts about the credibility of the Sinuiju plan ... Analysts said that without Chinese backing the project had little chance of success. (*FT*, 5 October 2002, p. 6)

Yang Bin, a Chinese with Dutch nationality ... had been summoned for questioning about "illegal business activities" ... [Mr Yang ... said on Thursday [3 October] he had discussed the issue with the authorities and would pay the taxes before the 12 October deadline. (*Independent*, 5 October 2002, p. 15)

'Beijing [has] reacted coolly to Pyongyang's announcement of the new zone' (*IHT*, 5 October 2002, p. 5).

Yang Bin, regarded as the second-richest man in China, was arrested and charged Wednesday [27 November] with fraud and other commercial crimes ... [He was] charged with fraudulent investment schemes and contracts, attempted bribery and illegal occupancy of farm land ... Yang was born in China and holds Dutch and North Korean citizenship. South Korean media reported that China was preparing to expel Yang and seize his assets. (*IHT*, 28 November 2002, p. 14)

Yang Bin, a former flower magnate once dubbed the nation's second richest man, [was sentenced on 14 July 2003] to eighteen years in prison on charges ranging from bribery to financial deception and misuse of agricultural land ... Mr Yang [is] a Chinese-born Dutch national with close ties to North Korea ... [He] won Dutch citizenship after claiming political asylum ... after the crushing of China's 1989 pro-democracy movement ... Mr Yang ... [was] appointed by North Korea as head of a proposed free-trade enclave on its border with China. (*FT*, 15 July 2003, p. 10)

'Yang Bin ... was ranked as China's second richest man by *Forbes* magazine in 2001' (*The Times*, 15 July 2003, p. 14). 'Yang's fortune was estimated by *Forbes* in 2001 at \$900 million ... Yang moved to the Netherlands in 1987' (*Independent*, 15 July 2003, p. 12).

His orchid and real estate empire collapsed when he was detained last October [2002] shortly before he was due to take up a post as head of a

special economic zone in North Korea. The Chinese leadership was apparently not notified in advance of Pyongyang's plans for Yang. (*FEER*, 24 July 2003, p. 26)

'[On 28 November 2002] North Korea passed laws that guarantee a free economy and private ownership at a Kaesong industrial complex to be developed by South Korea' (*IHT*, 29 November 2002, p. 14).

The regime's attempt to establish special economic zones to attract foreign investment has been a débâcle ... About four of the few foreign companies that set up shop in the first of such zones, Rajin-Sonbong, are in the process of pulling out ... That leaves the zone with the casino run by Hong Kong's Emperor Group as its main draw. The casino is popular with Chinese officials, who arrive with suitcases full of money ... Another scheme, the establishment of a Special Administrative Region in Sinuiju on the Chinese border, met an even more ignominious end after Yang Bin, the Chinese-born entrepreneur appointed to run it, ran into legal difficulties in China last year [2002]. (*FT*, 23 April 2003, p. 17)

The two Koreas held a ground-breaking ceremony yesterday [30 June 2003] to mark the start of work on an industrial park for South Korean businesses in the North ... South Korean manufacturers will be able to benefit from low corporate taxes and labour costs in the communist North. However, the site is not scheduled for completion until 2007 and few companies have expressed interest except the Hyundai Group, which is leading the project. (*FT*, 1 July 2003, p. 12)

'In August [2003] the North and South finally enacted four inter-Korean agreements, reached in December 2000 but delayed for more than two-and-a-half years, on investment guarantees, double taxation, procedures for settling business disputes, and the settlement of accounts' (Park 2004: 146).

A group of European investors has agreed to set up a capital company in North Korea ... International Development Capital, the proposed company, would help restructure North Korea's fragile financial system and act as a facilitator for foreign investment. The establishment of a bond market and credit card settlement system would be among the company's possible roles ... About twenty financial institutions, mostly from Europe, are involved in the scheme, under the umbrella of the London-based Northern Development Consortium. The consortium has signed a provisional agreement with Pyongyang and is awaiting final approval to set up the company jointly with North Korea's ministry of finance. (*FT*, 21 November 2003, p. 13)

A European chamber of commerce has opened in North Korea to help European business gain access to [the country] ... The organization is the first of its kind in the country ... The secretary-general of the Seoul-based European Union Chamber of Commerce said the opening of an office in Pyongyang reflected growing interest in North Korea among

European companies ... [The office] was set up to support trade and investment between North Korea and the EU and provide training to North Korean officials and students. (*FT*, 14 January 2004, p. 10)

In the first ten months of this year [2003] South Korea's trade with North Korea jumped 40 per cent ... South Korean companies are now building cars, roads, railroads and a huge industrial park ... During the first half of this year [2003] 427 South Korean companies took part in 557 projects producing \$340 million in bilateral trade ... That figure climbs to \$587 million with the addition of South Korean humanitarian aid projects, including two sets of cross-border railroads and roads, an industrial park and a meeting centre for divided families. South Korea is now the North's largest foreign investor and, after China, its second largest trading partner. South Korean companies make shoes, beds and television sets in the North ... More than 1,300 small and medium-size companies in the South have applied to set up factories in an industrial park that is to be built next year [2004] at Kaesong [in North Korea]. (*IHT*, 24 November 2003, p. 12)

The two Koreas agreed on Friday [5 March 2004] that factory construction would begin this summer [2004] in their first joint industrial complex, but the South ruled out any major investment until the North eases tensions over its nuclear weapons programmes. Negotiators for the two sides agreed to open an 8.1 acre, or 3.2 hectare, section of the industrial park by June. The complex is situated in Kaesong ... South Korean companies would start building factories as soon as the site was opened ... South Korea says it will eventually build hundreds of light manufacturing plants at Kaesong ... Hyundai-Asan, a South Korean company that is developing the Kaesong zone with the North Korean authorities, said that five shoe, sportswear and kitchen utensil factories would be the first to be built. The two sides said that more South Korean companies would move into Kaesong next year [2005] and that the industrial park ... could be expected to be about 2,600 hectares. Ground was broken for the project last June [2003], but construction stalled amid the international standoff over the North's nuclear weapons programmes. (www.iht.com, 5 March 2004)

A handful of South Korean companies will open factories in an industrial complex in North Korea at Kaesong, just north of the Demilitarized Zone separating the two Koreas. Meeting for the eighth time since a new era in inter-Korean relations began in 2000 with a historic summit, negotiators agreed to open the Kaesong complex by June [2004]. Among the South Korean companies that will begin building factories are expected to be several shoe, sportswear and kitchen utensil companies. (*FEER*, 18 March 2004, p. 15)

In 1991 North Korea set up a free economic and trade zone in the Rajin-Sonbong area in the north-east to link the country with emerging

markets in China and Russia. But apart from a casino run by a Hong Kong entrepreneur and a few small factories run by pro-Pyongyang ethnic Koreans from Japan, there is precious little economic activity to be seen there today. Also faring poorly are plans, announced in September 2002, for a Hong Kong-style capitalist paradise in Sinuiju, on the Yalu river that forms North Korea's border with China. (*FEER*, 13 May 2004, p. 16)

[There is] a new car called Huiparam, or 'the whistle'. Made with Italian Fiat components imported to South Korea and then to the north, it is assembled at a plant in the port city of Nampo, as part of an inter-Korean joint venture with South Korea's Pyeonghwa Motor Company. (p. 15)

Small and medium-sized South Korean companies are queuing up to join the latest experiment in prising open the North's economy: The Kaesong industrial park ... yet to be constructed ... Ten companies are due to be selected this month [May] to pilot the opening of the new special economic zone. Construction is due to start mid-year [2004]; by the year's end the pilot companies should start work ... Given North Korea's record of failure in establishing such special economic zones, there are doubts about whether it [the Kaesong project] will work. (p. 16)

North and South Korea have agreed to open their first road and rail link by October ... Authorities would open by October two north-south roads – one up the east coast, the other up the west coast. Also by October freight trains would make test runs on two north-south railroads that parallel the roads. The rail links are expected to open in 2005, five years after they were promised in [the June 2000 summit] ... Also by the end of this month the authorities are to establish a joint agency to administer an industrial park financed by South Korea and situated in Kaesong, just north of the Demilitarized Zone. The director is to be a South Korean and the first fifteen South Korean companies are to open factories in the park in coming months ... With the electricity, financing and most materials to come from South Korea, the main attraction is cheap labour ... Fifteen South Korean dump trucks, loaded with North Korean river sand, crossed into the South on Friday [4 June], the first cross-border import of construction materials, which normally move by sea. (*IHT*, 7 June 2004, p. 4)

South Korea's largest watchmaker and thirteen other companies on Wednesday [30 June 2004] broke ground for factories in North Korea in the first industrial zone created by the two neighbours ... Kaesong is the third zone North Korea has opened to try to attract overseas investment ... North Korea's two earlier industrial zones – Rajin-Sonbong on the Russian border and Sinuiju on the Chinese border – have not been successful, according to South Korean analysts. (www.iht.com, 30 June 2004)

Hyundai Asan is the South Korean company developing the industrial park in partnership with the South's state-run Korea Land Development ... Kaesong [is] the nearest North Korean city to Seoul ... Electricity will be supplied to the industrial park from the South because of chronic power shortages in the North ... Workers at Kaesong will be paid \$57.5 a month for a forty-eight-hour working week, about half the average in China's manufacturing sector ... Construction of factories is scheduled to start next month, with the first goods expected to roll off production lines before the year's end. ShinWon Corporation, a clothing company, and Romanson, South Korea's biggest watchmaker, are among the fifteen companies committed to the first phase of development ... The project has been mired in controversy since it was revealed that Hyundai secretly paid Pyongyang \$500 million for the rights to build the industrial park, funded by loans from a state-owned South Korean bank ... The United States supports the project but is talking to Seoul about measures to prevent the North importing weapons technology through the park. (*FT*, 26 August 2004, p. 7)

A successful young [Chinese] entrepreneur ... Zeng Changbiao ... plans to open a departmental store in Pyongyang ... asserting that economic reform efforts [in North Korea] have given people cash to buy Chinese-made consumer goods ... Zeng, who is thirty-five, has signed a deal to invest 50 million yuan, or \$6 million, in a ten-year lease on a five-story building next to Kim Il Sung Square in the capital. Once renovated the building is to house a shopping centre with a nine-floor office tower attached to it ... The departmental store is scheduled to open by the end of the year ... Zeng has been visiting ... [North Korea] since 1997 ... 'Because there were no consumable commodities available in the past, people saved all their money,' he said. His strategy is to entice North Koreans to take their savings out from under mattresses and begin to spend ... Zeng is from the south-eastern town of Wenzhou [in China] ... He is gathering 300 business executives from Wenzhou and each is to operate his own stalls within the department store. The sales counters will be managed by more than 3,000 North Korean employees, he said. 'Their wages are very low, only 70 or 80 yuan per month' [he said] ... Under Zeng's deal, which has the approval of the Pyongyang government, the store will pay a 5 per cent tax on sales and a 5 per cent import duty. 'The prices of the goods will be five times higher than in China, so our profits should be quite high,' Zeng said. In addition, Zeng intends to develop a two-way trade with North Koreans. 'We will import commodities such as gold, silver, copper and silk from North Korea,' Zeng said. (*IHT*, 16 August 2004, p. 11)

North Korea has allowed the establishment of the country's first private law firm [a joint venture] ... Hay, Kalb Associates opened its office on Kim Il Sung Square on 15 August ... So far there has been no official confirmation of the new firm by the North Korean government. The firm

has a dozen local lawyers and plans to focus on foreign companies seeking opportunities in North Korea ... Michael Hay said: 'We are looking at two main areas: the legal area for foreign investors, and transparent accounting, bookkeeping and repatriation of funds' ... Foreign companies seeking to do business in North Korea have previously had to rely on legal advisers provided by the government ... The secretary-general of the EU chamber of commerce in Korea, which maintains offices in Seoul and Pyongyang ... [said that] the most promising areas for foreign investors are agriculture, infrastructure and power generation ... [and that] areas where North Korea has core skills are animation and software, as well as textiles ... The establishment of a partly foreign-owned law firm in North Korea is a rare instance where the communist state is more open than ... South Korea [which] remains closed to all foreign legal entities ... Foreign lawyers working for South Korean firms are entitled 'legal consultants'. (www.iht.com, 7 September 2004)

Hay, Kalb & Associates ... has launched the first partly foreign-owned law and accounting firm to help international investors do business ... to help foreign companies navigate North Korea's Byzantine legal system and arrange overseas investors to repatriate profits ... Only a handful of foreign companies have so far entered the country, most of them South Korean and Chinese manufacturers operating small-scale assembly lines ... However, Michael Hay, its British co-founder ... said that for those prepared to accept the risks, North Korea offered investment opportunities in sectors as diverse as mining, energy, beer, textiles and tourism ... Until now all legal services were conducted within government ministries, making Hay, Kalb & Associates the first law firm to offer private advice to investors. (*FT*, 8 September 2004, p. 11)

Woori Bank, part of South Korea's third largest lender, said Thursday [9 September] that it has become the country's first bank to be given permission to open a branch in North Korea. Woori was chosen by the South Korean government to serve the country's companies operating in the Gaesong Complex industrial zone ... Gaesong is the third zone that North Korea has opened to attract overseas investment ... The unit of Woori Finance Holdings will offer full banking services including settlement and currency exchange. The Seoul-based lender beat Kookmin Bank, Korea Exchange Bank, Korea Development Bank and three others for the licence ... Korea Exchange Bank has a sub-branch in North Korea that offers restricted banking services to South Korean workers and companies involved in the Korean Peninsula Energy Development Organization's projects in North Korea. It is not allowed to offer settlement and currency exchange services. Export-Import Bank of Korea provides financial aid to companies wanting to do business in the Gaesong Complex. Romanson, South Korea's largest watchmaker, and thirteen other companies in June [2004] said they would become the first

South Korean company to build factories in the complex. (www.iht.com, 9 September 2004)

The Anglo-Irish oil company Aminex signed a twenty-year deal to develop North Korea's oil industry. The company said it will be permitted to explore and drill throughout the country and provide technical assistance. In return Aminex will receive royalties on all oil extracted in the country. A number of potential sites are close to some of China's most productive fields. (*FEER*, 30 September 2004, p. 12)

On Wednesday [20 October 2004] almost a quarter of South Korea's National Assembly members travelled by bus to Kaesong to inaugurate the Kaesong Industrial Park ... The inauguration [was closed] to foreign reporters ... From an initial kernel of thirteen South Korean companies – notably garment manufacturers, a shoemaker and a watchmaker – the plan is for Kaesong to expand over the next twenty years until it spreads over 25 miles, or 65 kilometres ... The initial thirteen companies have invested about \$50 million in the project ... About 130 South Korean companies are already on a waiting list to open factories there, and it is expected eventually to draw billions of dollars in investments and employ 730,000 North Koreans in more than 1,000 South Korean companies. Ultimately, the park would add \$600 million a year to North Korean coffers through wages and corporate taxes ... Economic strategists trying to pull South Korea out of its economic doldrums envision Kaesong, which has benefited from about \$322 million in infrastructure spending by the South Korean government, as playing a crucial role in igniting a new phase of South Korean growth ... Companies in the park are to pay a minimum wage of \$57.50 a month, far less than the \$100 to \$200 typical in China and \$449 in South Korea ... The workers in Kaesong will be paid \$50, most of their monthly wage, in dollars ... Corporate taxes in Kaesong will range from 10 per cent to 14 per cent, compared with 15 per cent in China and 23 per cent to 28 per cent in South Korea ... The Kaesong development is promoted by its two owners: the Hyundai Asan, a private company, and Korea Land, a government company ... To cut risks for investors South Korea's Export-Import Bank announced in September that it would reimburse South Korean companies in Kaesong for 90 per cent of losses incurred for such causes as war, confiscation of wealth or blockage of remittances. (www.iht.com, 20 October 2004)

'North Korea's officially registered trade with China jumped by 38 per cent last year [2003] to hit \$1 billion, mostly goods from China' (www.iht.com, 20 October 2004).

Under a scheme introduced last month [September 2004] South Korean companies receive government guarantees for part of any losses sustained due to 'forced expropriation' and 'non-observance of agreements' in their North Korean ventures ... North Korea [has only one] foreign car company ... Seoul-based Pyeonghwa [Peace] Motor, closely linked to

the Reverend Moon Sun Myung's Unification Church, is not troubled by the profit motive. 'No issue is greater than unification of our nation,' says a statement of company policy ... In 1999 Pyeonghwa started building a factory just outside Pyongyang to assemble a decade-old model of the Fiat Siena sedan. The first car, built mainly from parts manufactured by Fiat in Turkey, rolled off the assembly line in August 2002 ... Pyeonghwa has become the first and only company permitted to advertise its products ... Private citizens cannot buy cars in North Korea ... The Pyeonghwa Group, chaired by Moon, has investments in hotels, construction, import-export and tourism in North Korea. Its vehicle business includes a monopoly on the import of used cars from Japan ... The push into North Korea started in December 1991 when Moon, who was once jailed there, met ... Kim Il Sung in Pyongyang. The two agreed on a range of cultural and business exchanges between North and South Korea ... It was not until 1998 that Pyeonghwa Motors was founded with funds partly raised from Unification Church-affiliated enterprises inside and outside South Korea ... North Korea has tried building cars in the past with mixed success. The Victory Automobile Factory was established in 1961 to build mainly Russian designed trucks, jeeps and buses ... North Korea used to boast that it had produced a sedan ... but there are no independent witnesses to vouch that it ever existed ... There were trucks and buses ... Victory Automobile in recent times fell on hard times ... [It is claimed that] problems arose in the 1990s because people stole parts and machinery vital to keep production going. (*FEER*, 4 November 2004, pp. 54-6)

South Korea plans to open its first liaison office in North Korea next year [2005] ... an unprecedented move that would station officials in what is still technically an enemy state ... [North Korea] has big mineral deposits yet lacks cash and technology to exploit them ... Park Yang Soo (president of the [South] Korea Resources Corporation): 'To co-operate on economic development between South and North Korea, our state-run corporation plans to set up a liaison office or branch office for raw materials in Pyongyang next year ... Our liaison office in Pyongyang would be the first, different from the Kaesong industrial complex ... North Korea's raw materials are held by its military because it is strategic; key places are in the mountains and those mountains are controlled by the military ... We have capital and techniques, while North Korea has raw materials and labour forces. We will support North Korea technically such as with exploration, research and drilling if they want to develop raw materials by themselves' ... Park also said that his agency was planning to hire thousands ... 8,000 to 10,000 ... of North Koreans to work on bituminous coal deposits in Russia's East beginning in 2006 ... The corporation supports domestic mining and invests overseas to secure mineral resources for the South Korean economy ... South Korea has few raw material resources of its own ... [Park said] that the North has thirty

times the mineral reserves found in the South and that much of it was untapped. An initial \$5.1 million project to mine graphite would come on stream in May next year ... It will be shipped to the South. (www.iht.com, 3 November 2004)

Aminex, the oil and gas exploration company, has agreed to buy 10 per cent of Kobril, North Korea's state-controlled natural resources company ... The deal reflects the country's growing desire to develop its oil, gas and mineral assets. For its 10 per cent stake in Kobril, Aminex said it had agreed to pay new shares worth £200,000 to the North Korean company. Aminex would also pay a 5 per cent royalty on revenues from future oil and gas discoveries in the country. The first tranche of shares, worth £100,000 would be issued immediately ... The second £100,000 instalment to be paid in cash or shares would be issued after a licence or production sharing agreement is signed ... In September [2004] Aminex signed a twenty-year contract to help develop North Korea's oil industry and modernize its ageing petroleum assets. (*FT*, 6 January 2005, p. 19)

By the end of last year [2004] fifteen companies had been expected to be running ... [in the] Kaesong industrial complex ... [set up by] the two Koreas ... instead of two ... a semi-conductor-parts maker ... and [a kitchenware manufacturer] ... Thirteen South Korean companies are scheduled to follow [in 2005] ... By 2007 300 South Korean factories employing about 500 North Koreans each are expected to be operating [in the zone] ... The North Korean worker's monthly salary of about \$58 is about one-twentieth what a worker in South Korea earns. (www.iht.com, 8 February 2005)

The Kumsan gold company [is] a joint venture between North Korea and Singaporean and Hong Kong investors ... [As regards] IT they have voice recognition and animation software ... [Western] companies are outsourcing animation to North Korea. Beyond small-scale Chinese and European entrepreneurial activity, a handful of big-name international firms have also invested in North Korea, largely in services. The Hong Kong-based Emperor Group started its operations in North Korea in 1998 and sent an economic delegation to the country. Both the Emperor Group and the Sociedade de Turismo e Diversoes de Macau, controlled by Macau magnate Stanley Ho, operate hotels and foreigners-only casinos in North Korea. North Korea's mobile telecommunications was set up by the Thai company North East Asia Telecoms, though operations have been suspended since last May [2004], when an explosion at Ryongchong, in North Korea, was allegedly detonated by cellphone. Though the facts behind the Ryongchong incident remain unclear, cell-phones are still technically banned in North Korea. Last year [2004] the first foreign legal firm was established in Pyongyang. Courier firms, such as the UK-based TNT and DHL, also do business there ... Pyongyang last year [2004] cut monthly wages for workers at foreign companies to

\$38. North–South customs are another lure. Anything made in the North can be exported to the South duty-free. (www.iht.com, 2 March 2005)

‘The Emperor Casino in Rajin ... now lies empty ... [since] China banned its citizens from visiting on discovering that local officials were smuggling embezzled cash across the border ... Gambling is banned in China’ (*Telegraph*, 5 March 2005, p. 16).

‘Opened in December [2004] Kaesong uses South Korea-supplied power and telephone service and already employs nearly 2,000 North Koreans and several hundred South Koreans’ (*IHT*, 27 April 2005, p. 3).

Seoul-based Pyeonghwa Motors is building cars in North Korea ... The company, part of Reverend Moon Sun Myung Unification Church, has invested \$55 million in an assembly plant in Nampo, near Pyongyang, in a 70–30 joint venture with the government. There it assembles Fiat cars, which it asked Kim Jong Il to name ... Hyundai Asan has taken 820,000 mostly South Korean tourists and more than \$1 billion to Mount Kungang in the six years it has been operating the loss-making trips. Of the \$1,500 each tourist pays, \$50 goes to Pyongyang. (*FT*, 18 May 2005, p. 11)

South Korea said it began transporting rice overland to North Korea on Tuesday [26 July], the first instalment of a total of 500,000 tonnes it recently agreed to provide ... Sea shipments were to begin Saturday [30 July] ... The South also promised to give the North raw materials to help it produce clothes, shoes and soap ... In return the South will be allowed to invest in North Korea mining operations for zinc, magnesite and coal, the sides said in a joint statement. (www.iht.com, 26 July 2005)

A revised foreign investment law, passed by the North Korean Supreme People’s Assembly in 2004, relaxed some conditions on foreign investment and permitted full ownership of some ventures ... [There are] wholly owned foreign legal practices in North Korea ... [They are] approached by ... [foreign] companies ... with an interest in investing in North Korea’s shaky economy ... The assembly has also strengthened intellectual property rights laws ... Pyongyang has also recently started to approve visas for foreign buyers to enter the North–South industrial park at Kaesong ... Investment in Kaesong is restricted to South Korean companies ... The last upswing in investment interest [was] from 1993 to 1995 ... New investment largely dried up after October 2002 when US officials claimed that North Korean officials had admitted during talks to possessing a nuclear weapons programme ... There has recently been a revival of interest ... [There was] an upsurge of direct investment in 2004 from China ... Investment from China rose from \$1.3 million in 2003 to \$173 million in 2004 ... [China’s] desire is to obtain ... resources, particularly iron ore ... Recent talks between the two Koreas explored the possibility of investment in upgrading or repairing mines that have fallen into disuse ... It is likely that any South Korean involvement in redevelopment of the

mines will be carried out by a joint enterprise between the government and the private sector. (*IHT*, 12 August 2005, p. 2)

A London-based fund is offering investors the chance to participate in one of the last frontiers of global finance through a \$50 million Chosun Development and Investment Fund, which will focus on North Korea . . . Anglo-Sino Capital has submitted a licence application to the Financial Services Authority in London and is now heading to Hong Kong, Beijing and Seoul to drum up interest in the Chosun fund, whose name means 'North Korea' in North Korean. It aims to raise \$50 million, with the option of doubling that amount if interest is high, to invest in sectors that earn foreign currency for North Korea, particularly mining and minerals, and that will help the economy . . . The fund may also help North Korea repay some of the London Club debt, now worth about \$1.6 billion, including \$900 million in interest. (*FT*, 12 September 2005, p. 21)

Economic performance, famine and international aid

There were increasing reports of food shortages and cuts in food rations. Famine was a feature of the second half of the 1990s, although the situation began to improve in 1998. Note that at first South Korea questioned the more extreme claims made by North Korea and the international agencies about food shortages, and made further aid conditional on a resumption of talks between the two countries. South Korea also suggested that the North Korean military had benefited from food aid and already had food stocks which could be released.

In 1991 South Korean civic organizations collected 5,000 tonnes of rice for North Korea, although the latter never officially acknowledged the shipment. This was a reversal of the situation in 1984 when North Korea sent 7,000 tonnes of rice to South Korea to aid flood victims (Shim Jae Hoon, *FEER*, 29 June 1995, p. 23).

According to David O'Rear (*IHT*, 31 May 1993, p. 6), two cuts in food rations in 1992 reportedly caused riots. There have been further reports of food riots and even worse incidents in the countryside, especially in the spring of 1993 (e.g. T. R. Reid, *IHT*, 19 August 1993, p. 1). But there is uncertainty about the seriousness of these events. There may only be certain cases of food shortages and perhaps isolated raids on grain depots and food supply lorries (Jeffries 1996a: 748–9).

In 1993 a 'two meals a day' campaign was reportedly conducted in most of the country and malnourishment was said to affect even the military (John Merrill, *Asian Survey*, 1994, vol. XXXIV, no. 1, p. 15).

Food shortages have reportedly been widespread in the countryside, while factories operate at about one-third capacity (*FT*, 26 March 1994, p. 9). Energy shortages have forced factories to work at half their capacity or less. Food shortages have been caused by four years of poor harvests; there is an

estimated 40 per cent shortfall in grain supplies needed to feed the population (*FT*, 14 July 1994, p. 6).

North Korea appears to be suffering from food shortages in some areas and small-scale food riots have been reported intermittently since 1992. Defectors report that an active black market even in basic necessities is developing (Bridges 1995: 105).

North Korea experienced an abrupt fall in cereal imports in 1994.

The DPRK's 'food crisis' (reports began to circulate in the international media in early 1995) followed closely China's cutback in grain shipments on 'friendship' terms ... A net trade food surplus was registered in the 'pre-crisis' year, 1994, and even in 1995, which witnessed the DPRK's first international appeal for humanitarian aid! It seems that the country's food trade has been administered according to the principle of financial 'self-sufficiency'. (Nicholas Eberstadt, *Transition*, 1998, vol. 9, no. 2, p. 22)

North Korea asked for emergency loans of rice from Japan on 26 May 1995 and from Unesco on 31 May 1995. After five days of direct talks with North Korea in Beijing, South Korea announced (on 21 June 1995) that it would supply 150,000 tonnes of rice free of charge and with no labelling to indicate its source. (A quarrel over the first South Korean ship being made to fly the North Korean flag while in port was patched up when North Korea formally apologized. On 9 August 1995 North Korea seized a South Korean ship and accused the crew of spying. This incident was defused when South Korea expressed 'regret' that a crew member had taken personal photographs while in port.) Japan made its contribution dependent on such an agreement. Half its 300,000 tonnes would be provided free of charge and the other half provided under a thirty-year loan with a ten-year grace period (Jeffries 1996a: 749–50).

On 29 August 1995 North Korea asked the UN for emergency relief aid after severe flooding. North Korea 'also made an unprecedented appeal to private US organizations and to European governments for emergency relief' (*IHT*, 4 September 1995, p. 4). (A UN team was allowed to visit North Korea. At the end of the visit the team issued an urgent appeal for aid.) On 7 September 1995 North Korea asked Japan for humanitarian aid. On 3 October 1995 Japan agreed to provide 200,000 tonnes of emergency rice supplies. This was to be paid for over a thirty-year period at 2 per cent a year for the first ten years, rising to 3 per cent. On 23 November 1995 a UN statement proclaimed that a food shipment 'represents the first UN food aid ever sent to the country' (*IHT*, 24 November 1995, p. 4). (The United Nations World Food Programme responded in November 1995 to North Korea's appeal with an initial shipment of 5,140 tonnes of rice. But the UN's appeal for \$8.8 million in food aid yielded only about \$500,000: Samuel Kim, *Asian Survey*, 1996, vol. XXXVI, no. 1, pp. 65–6.)

The Red Cross reported that the flood damage was far worse than originally estimated and that international aid would almost certainly be needed

until the next rice harvest in the autumn of 1996. The August 1995 flooding affected an estimated 5 million people, with about 500,000 left homeless. There were early signs of malnutrition among young children and international aid was considered inadequate (*IHT*, 19 December 1995, p. 4). *IHT* (26 January 1996, p. 1) later stated that 130,000 people were reportedly facing starvation.

On 2 February 1996 the USA pledged \$2 million to the UN World Food Programme. On 8 February 1996 North Korea told the international relief agencies not to make a fresh appeal for aid. The ship carrying the United Nations World Food Programme's second rice delivery (5,503 tonnes donated by the United States, Switzerland and Austria) to North Korea sank on 20 March 1996. The cargo was fully insured and 8,200 tonnes of rice were to be sent as replacement. It was announced on 22 March 1996 that North Korea had agreed to a fresh worldwide appeal for aid. On 6 June 1996 the UN appealed for \$43.6 million in emergency aid. On 11 June 1996 Taiwan pledged \$7 million, the USA \$6.2 million, Japan \$6 million and South Korea \$3 million.

On 9 June 1996 South Korea reported that North Korea had received \$130 million from eight foreign insurance companies as compensation for crops lost to cold weather in 1994. North Korea signed an insurance agreement in 1992 which stipulated that payments would be received for 60 per cent of crops destroyed through natural causes. It was claimed that the \$130 million had not been used to import grain to ease shortages. North Korea was negotiating about compensation for crops destroyed by floods in the summer of 1995 (*IHT*, 10 June 1996, p. 11; *FT*, 10 June 1996, p. 3).

On 12 July 1996 China offered a further 100,000 tonnes of free grain, having earlier offered 20,000 tonnes (*IHT*, 13 July 1996, p. 4). In April 1997 China announced that it would donate 70,000 of grain and on 8 July 1997 a further donation of 80,000 was announced (*FEER*, 17 July 1997, p. 13). ('Traditionally all international food aid, including that from South Korea, arrives on Chinese ships': Shim Jae Hoon, *FEER*, 11 June 1998, p. 32.)

In July 1996 fresh flooding (in the south of the country) is estimated by the UN to have accounted for about 10 per cent of the year's grain output (*IHT*, 14 September 1996, p. 4). There was fresh flooding later in the month.

The communist regime in North Korea is doomed. Minor reforms cannot arrest the inexorable decline of its economy, and no state can sustain a 4 or 5 per cent annual decline in national income for long. The North's factories are idle, its foreign trade has halved, its countryside is devastated by floods and its people are starving. By the end of the decade its economic output will be half of what it was in 1990. The question is no longer whether the North's violently repressive regime will collapse, but when. One major virtue of the 1994 agreement [see entry for 21 October 1994] is that it should ensure that when the death throes occur, they will not be accompanied by nuclear blackmail or explosions. (Andrew Mack, *IHT*, 15 October 1996, p. 8)

The North Korean news agency reported that: 'The nation's annual demand for grain is about 7.84 million tonnes, of which 4.82 million tonnes is needed as food. Last year's flood damage made the grain output drop to 2,502,000 tonnes (*The Times*, 4 February 1997, p. 15).

The World Food Programme has made an international appeal for food aid worth \$41.6 million (*The Times*, 14 February 1997, p. 13). The United States and South Korea have agreed to contribute (*FT*, 19 February 1997, p. 6). South Korea is to contribute \$6 million, compared with \$3.2 million in 1996, while the USA is to contribute \$10 million, compared with \$6.2 million in 1996 (*IHT*, 21 February 1997, p. 4).

The World Food Programme estimates that only 15 per cent of the current shortfall of 2 million tonnes of food results from the floods. The remainder results from the long-term economic problems. North Korea faces perennial hunger until there is systemic change in its economy. (Brian Atwood and Leonard Rogers, *IHT*, 12 March 1997, p. 10)

On 7 April 1997 the UN appealed for aid worth \$95.5 million. On 15 April 1997 the USA announced that it would contribute a further \$15 million. On 15 July 1997 the United States announced that it would contribute a further \$27 million.

Government policy has contributed to flooding. 'The government has ordered all hillside forest chopped down to make room for terraced farming' (Shim Jae Hoon, *FEER*, 17 April 1997, p. 23).

On 8 April 1997 North Korean health officials revealed that 134 children had died of malnutrition and that 15.3 per cent of children were suffering directly from malnutrition (*IHT*, 9 April 1997, p. 1).

On 26 May 1997 the Red Cross organizations in North Korea and South Korea agreed on food aid amounting to 50,000 tonnes, to be delivered by the end of July 1997.

The United Nations estimates that 4.7 million North Koreans, a fifth of the population, are at risk of starvation this summer without enormous food aid . . . The European Commission said Friday [23 May] that it was sending 155,000 tonnes . . . The agreement by the North to allow direct donations to family members is likely to open the door to further shipments . . . The South Korean embassy in Beijing estimated that almost 10 million people remain divided from family members. (*IHT*, 27 May 1997, p. 14)

The EU was to contribute \$63 million in food aid and health assistance (*FT*, 27 May 1997, p. 10).

'US intelligence reports estimate that 100,000 people have died from starvation or related diseases this year [1997]' (*FT*, 2 June 1997, p. 22).

On 25 July 1997 both Red Cross organizations agreed on a further 50,000-tonne grain shipment of private food aid to be delivered by the end of September 1997 (*IHT*, 26 July 1997, p. 4).

There were reports in the first week of August 1997 of a two-month drought.

On 21 August 1997 a tidal wave on the west coast caused considerable damage.

The German Red Cross claims that about 10,000 children a month are dying of starvation (*Independent*, 17 September 1997, p. 12).

On 9 October 1997 Japan resumed food aid, pledging \$27 million for the World Food Programme to buy surplus Japanese rice.

On 6 January 1998 the World Food Programme made the biggest appeal in its history, requesting food aid worth \$378 million (657,972 tonnes) for the financial year beginning 1 April 1998. (The previous year's total was 363,000 tonnes of food: *IHT*, 7 January 1998, p. 4.)

On 2 March 1998 North Korea said that its food stocks would run out in mid-March 1998: 'With this stock 300 grammes were distributed to each person on a daily average in January and 200 grammes in February. Even if 100 grammes are distributed in March, the stock will run out in mid-March' (*Independent*, 3 March 1998, p. 11).

On 9 March 1998 South Korea announced that it would provide 50,000 tonnes of food (valued at \$10 million) by early May 1998 through the World Food Programme (*FT*, 10 March 1998, p. 5).

On 27 March 1998 the South Korean and North Korean Red Cross agreed on how to deliver 50,000 tonnes of food. Red Cross monitors would be allowed to observe the food delivery in one or two zones outside the area where the Red Cross already operates. Delivery was scheduled by the end of May. The port of Rajin was added to previous points for shipment (*IHT*, 28 March 1998, p. 5).

A report by Médecins sans Frontières, based on interviews with refugees from North Korea and Chinese travellers, concluded that cannibalism has occurred in North Korea. In addition, all but a bare minimum of medical and food aid had been diverted to the army and government officials (*The Times*, 13 April 1998, p. 13; *Guardian*, 13 April 1998, p. 12; *Independent*, 13 April 1998, p. 9).

The director of the UN World Food Programme said that at one hospital maternity ward she had visited doctors told her that for every ten babies born recently, six were underweight and three of those died shortly thereafter. She said food donations would be scaled back if more widespread monitoring was not allowed (*IHT*, 14 April 1998, p. 4). (After inspectors had been disbarred from fifty of the 210 counties, North Korea agreed to let monitors into the areas within thirty days: *Guardian*, 13 April 1998, p. 12.) But the director of the UN World Food Programme said that although a serious food shortage continued, young children she had seen in schools and day-care centres were generally far less sickly and emaciated than those she saw on a visit a year ago. She credited this improvement to the almost 1 million tonnes of food aid that has poured into North Korea, most of which has been set aside for children under the age of six. But she cautioned that there were still cases of malnutrition among children and that nutrition problems remain serious for the rest of the population (*IHT*, 14 April 1998, p. 4).

On 13 April 1998 China announced that it would donate 100,000 tonnes of grain and 20,000 tonnes of chemical fertilizer (*IHT*, 14 April 1998).

On 18 August 1998 a three-member team from the US House of Representatives' International Relations Committee returned from a week-long visit to North Korea. The team estimated that 300,000 to 800,000 died in each of the last three years from starvation or hunger-related illnesses stemming from the food shortage, peaking in 1997. The team cited US government statistics, refugee reports and the United Nations in their report, which concluded that at least 1 million people had died. In April 1998 the Council on Foreign Relations (a New York-based think-tank) contended that 1 million people died in 1996 and 1997. US food aid has continued, while earlier in 1998 the EU announced that it was drastically reducing its food aid to North Korea because the regime was refusing to reform its economy. Japan had earlier announced that it was cutting off aid because of the failure to reform. Two leading European aid organizations announced that they were to pull out of North Korea because they had been denied access to ordinary North Koreans. Médecins du Monde pulled out earlier in August 1998 (saying, for example, that its doctors had not been allowed to choose their patients) and Médecins sans Frontières was to leave in September 1998 (*IHT*, 20 August 1998, p. 4; *Independent*, 20 August 1998, p. 10; *The Economist*, 22 August 1998, p. 50).

Médecins sans Frontières (Doctors Without Borders) announced on 29 September 1998 that it was pulling out of North Korea because the government had refused access to a large number of children. The charity was concerned that the government was feeding children who come from families loyal to the regime while neglecting those children who do not, and claimed that there is evidence of malnourished orphans and homeless children being collected in centres known as '9-27 camps' (named after the month and day they were established in 1997). The charity claims that the camps have been established as part of a police action to force millions of people who left their villages in search of food to return home. In early August Médecins du Monde (Doctors of the World) left for similar reasons (*IHT*, 30 September 1998, pp. 1, 6).

A United Nations survey has found that 62 per cent of children have been stunted by malnutrition and that 16 per cent are severely malnourished (*IHT*, 23 November 1998, p. 10).

'The first valid international nutrition survey conducted in the fall [of 1998] revealed that 62 per cent of children under seven had suffered from stunted growth, a symptom of prolonged malnutrition' (Brown 1999: 128).

The continuing famine in North Korea is comparable in scale to the Ethiopian famine of the mid-1980s and large-scale foreign assistance will be needed for at least three years to turn the situation around, a United Nations aid co-ordinator said over the weekend [30-31 January 1999] ... The chief of the UN World Food Programme in North Korea said the food disaster had produced a generation of stunted and dramatically

underweight children and had forced scores of adults to leave their jobs in search of nourishment. His comments echoed the results of a nationwide nutritional survey conducted last year [1998] by international aid donors that found that 62 per cent of children under age seven ... have stunted growth and that large numbers face mental development problems. Food shortages began in 1995 following decades of inefficient agricultural practices, reductions in aid from Russia and China and a series of droughts and floods ... [The chief of the UN World Food Programme] refused to provide any figures on the number of people who died during the famine. But a US congressional delegation that visited North Korea last summer [1998] said 300,000 to 800,000 people were dying annually from hunger or starvation-related sicknesses in the nation of 23 million. More than 1 million people died in the Ethiopian famine.' (Michael Laris, *IHT*, 1 February 1999, p. 6)

A North Korean official (9 April 1999):

There is much talk about death rates and that 3 million have starved to death. But I can say that before the natural disasters [in 1995] the mortality rate was 6.8 per 1,000 people. According to last year's assessment [1998] it increased to 9.3 per 1,000.

'With the population of North Korea estimated at 22 million, that represents an additional 55,000 deaths per year' (*FT*, 10 May 1999, p. 3). 'For the first time North Korea released to aid officials figures showing that 220,000 people died of famine between 1995 and 1998' (*FT*, 12 May 1999, p. 4).

The North Korean unit that deals with relief agencies said that famine claims 220,000 lives between 1995 and 1998. That figure falls short of the 2 million to 3 million deaths ascribed to the famine by some South Korean relief agencies. An American aid agency estimates that 1.5 million have died from famine-related causes. Cereal production in North Korea rose from 3.49 million tonnes in 1997 to 3.89 million tonnes in 1998. But it has been estimated that this falls about 1 million tonnes short of providing even the minimal calories needed per person each day to stave off malnutrition (*FEER*, 27 May 1999, p. 24).

Some 2 million people (or 8 per cent of the population of Pyongyang and nearby cities) have been forced to move to rural areas since January 1999, according to South Korea's national intelligence service. It said the relocation problem was aimed at quelling popular unrest. Government food rations will run out in April, according to a UN aid official (*FEER*, 15 April 1999, p. 11).

Outside estimates of the death toll range from 1 million to 3.5 million, out of North Korea's pre-famine population of about 24 million. Estimates of the number of North Koreans crossing illegally into China are equally broad: Western and South Korean experts puts last year's [1998] outflow at 100,000 to 400,000 ... The government has been unable to provide regular rations since 1997, the refugees say. (Shim Jae Hoon, *FEER*, 29 April 1999, p. 11)

'Most Koreans only spend a few days in China [according to one source] ... Only 100,000 have stayed on as illegal refugees [according to another source] ... About 10,000 North Koreans were forcibly returned last year [1998]' (pp. 12–13). 'South Korea's national intelligence service says the North recently has begun moving unemployed or politically unreliable persons from cities to the countryside, in an effort to prevent anti-government outbursts' (p. 14). 'China has sent 150,000 tonnes of food assistance each of the past two years' (p. 15).

'In famines that began in the mid-1990s 200,000 [people], the government figure, or 2 million, according to US congressional estimates ... starved to death' (*IHT*, 23 September 2002, p. 1).

International agencies and governments have poured in a total of more than \$1 billion since the floods of 1995 (*FEER*, 27 May 1999, p. 24).

The food supply in North Korea has improved in two years and, with food aid from outside, the country now receives enough food to stop starvation, according to the head of the World Food Programme ... But she [Catherine Bertini] cautioned that hitches in distribution or interruptions in the supply would leave pockets of hunger. She also said that there are large areas of the country still off-limits to foreign aid workers ... World Food Programme staff are not permitted in forty-nine of the 211 North Korean counties because authorities say they are 'sensitive military areas', she said ... The World Food Programme gives food to about 8 million people, most of them children ... North Korea is believed to need 4.7 million tonnes of food annually to feed its people, but it produces about 1 million tonnes less than that. The shortfall is being made up by about 400,000 tonnes that Pyongyang receives from China and South Korea and through aid agencies like the Red Cross and by about 600,000 tonnes that are distributed by the World Food Programme. More than 80 per cent of the World Food Programme aid is donated by the United States. (*IHT*, 16 August 1999, pp. 1, 6)

South Korea's national statistics bureau estimates that 270,000 Northerners died of famine between 1995 and 1998 (*FEER*, 9 September 1999, p. 86).

On 7 October 1999 South Korea said that about 30,000 North Koreans had fled to China, compared with China's estimate of 10,000 (*Telegraph*, 8 October 1999, p. 18).

Workers with non-governmental organizations operating in China near the border estimate that more than 200,000 North Koreans have fled into China since then [1995] ... Some 10,000 to 20,000 are forcibly returned to North Korea each year, according to sources in Yanji [China]. (*FEER*, 25 November 1999, p. 23)

Estimates put the number of North Koreans illegally staying in the border region of China at between 100,000 and 200,000.

It is unclear exactly how many North Koreans have recently been handed over to North Korean border guards on the bridges that span the narrow Tumen River. Relief workers . . . say the number was about 7,200 in 1999 and is likely to be at least twice as high this year [2000]. (*IHT*, 1 June 2000, p. 6)

‘About 100,000 northerners are believed to have crossed into north-eastern China, where some 2 million ethnic Koreans have lived alongside the Chinese since the mid-1800s’ (*The Economist*, 17 June 2000, p. 76).

‘Officials from the United Nations World Food Programme have said that while there are signs that North Korea’s famine was easing, people are still starving and more aid was needed’ (*IHT*, 15 December 1999, p. 5).

Oxfam is pulling out of North Korea because it is impossible to assess the impact of its aid programmes . . . a United Nations official said yesterday [14 December]. The British charity’s experts left the country last week after nearly three years working on clean water projects in and around Pyongyang. (*Telegraph*, Wednesday 15 December 1999, p. 13)

‘The vice-chairman of the North Korean Red Cross . . . admitted that the food situation was “not yet satisfactory” when asked about reports in North Korea’s state-controlled media claiming that the Stalinist nation had a bumper harvest this fall’ (*IHT*, 20 December 1999, p. 6).

North Korea . . . in 1998 appears to have had a relatively good harvest . . . [But] North Korea would remain well below the World Food Programme estimated minimum grain requirement of about 4.8 million tonnes. The regime will remain dependent on humanitarian aid. (Brown 1999: 127–8)

By late last year [1999], although there were signs that wholesale famine had been averted, there was little evidence that the scale of malnutrition differed significantly from that found in a 1998 international survey. At that time a staggering 35 per cent of boys aged twelve to twenty-four months and 25 per cent of girls of the same age were ‘wasted’. This technical term accurately evokes the suffering of acute malnutrition where lack of food – combined with disease and illness – threatens life unless there is urgent medical intervention. Survivors may be permanently physically and mentally damaged . . . The government is responding with the ‘second Chollima movement’ – a campaign named after a legendary Korean horse that could cover enormous distances in one stride . . . The first helped rebuild the nation after the devastating Korean War of 1950–3. The population is being mobilized now to rebuild damaged infrastructure like flood barriers, bridges and roads and to resuscitate production in mines and factories. (Hazel Smith, *The World Today*, 2000, vol. 56, no. 2, pp. 5–6)

‘Food production last year [1999] exceeded the 4 million tonne mark for the first time, thanks to 160,000 tonnes of fertiliser shipped from the South’ (Shim Jae Hoon, *FEER*, 10 February 2000, p. 24),

After two years of trying to administer food distribution in North Korea, the French-based relief organization Action Against Hunger has decided to pull out ... because it found powerful evidence that the North Korean government is siphoning off US-supplied food intended for starving children and because the government refuses to permit the organization access to the hungriest children. Specifically, the authorities would not let it set up soup kitchens for the legions of North Korean children, who, abandoned by their hungry parents and denied admission to state-run nursery schools, are struggling to survive on the streets. Action Against Hunger thus joins three other humanitarian organizations ... Doctors Without Borders, Doctors of the World and Oxfam, that previously pulled out of North Korea, citing similar concerns. (*IHT*, 10 April 2000, p. 10)

The official KCNA press agency acknowledged in December [1999] the greatest economic difficulties since the 1950–3 Korean War, saying the 1990s brought the country to ‘the crossroads of life and death’ ... According to visitors and official observers ... the North Korean economy is growing for the first time in nine years, mass starvation of the past five years is largely over and the political stagnation that followed the death in 1994 of Kim Il Sung ... Its recovery has come with crucial help from the outside ... [According to South Korea’s central bank] the North’s economy grew last year [1999] by a sustainable 6.2 per cent, the first growth since 1990. The recovery is [however] relative and fledgling ... North Korea remains vulnerable to catastrophe. A drought this summer [2000] is the latest blow to farmers in a succession of natural disasters ... The World Food Programme reported last month [August 2000] that the situation is less precarious, but North Korea will produce only an estimated 72 per cent of food needs. Because the soil is exhausted from over-farming, prospects for ending that dependence are slim. (Doug Struck, *IHT*, 6 September 2000, pp. 1, 5)

North Korea is facing a fresh famine after drought and a recent typhoon cut grain harvests by an estimated 1.4 million tonnes ... [North Korea] was hit last month [August 2000] by what the United Nations said might have been the country’s worst storm in thirty years. ‘The amount of the lost grain caused by natural disasters including drought and typhoons in our country this year is estimated at more than 1.4 million tonnes in all,’ the official Korean Central News Agency said yesterday [25 September]. ‘Therefore it is certain that the shortage of food will continue next year [2001].’ The agency reported the destruction of 29,000 homes and more than 4 billion pounds sterling of damage ... The handful of international aid workers allowed into North Korea have confirmed ‘very serious and extensive’ damage to villages, bridges, roads and railways, following a direct hit by tropical storm ‘12’ on 31 August. The UN said damage to infrastructure appeared to be more severe than to crops. (*Telegraph*, 26 September 2000, p. 18)

South Korean president Kim Dae Jung (24 September 2000): 'North Korea suffered damage caused by the worst droughts in 100 years as well as typhoons this year. The food situation could worsen further next year [2001] and become a major problem.'

'North Korea said it would need 1.4 million tonnes of grain from international donors to help feed its population of 22 million' (*IHT*, 26 September 2000, p. 8). 'South Korea said it would provide the North with 600,000 tonnes of food aid, in the form of loans, over the next year. The aid ... is worth about \$97 million (*IHT*, 27 September 2000, p. 5).

The South Korean government said it would supply 500,000 tonnes of grain as a long-term loan to North Korea, which is facing a sixth consecutive year of food shortages ... The first shipments would be made in early October. An additional 100,000 tonnes of corn will be given through a United Nations agency. (*FEER*, 12 October 2000, p. 13)

UN aid agencies appealed for \$68 million in aid to help prevent famine in North Korea and stem dramatic declines in the country's agriculture, water and health facilities. The UN appeal, the sixth since chronic food shortages struck North Korea in 1995, demonstrated that Pyongyang remains dependent on foreign aid ... 'The humanitarian situation ... is still critical,' the UN agencies said in their joint appeal. (*IHT*, 30 November 2000, p. 14)

'[There has been] a record poor harvest, during North Korea's coldest winter in fifty years' (*IHT*, 21 February 2001, p. 1).

North Korea's most recent harvest was the worst since the famine four years ago, leaving the country with only two-thirds of the food it needs, a United Nations official said Monday [16 April 2001]. The corn and wheat harvest last autumn [2000] ... came up 1.8 million tonnes short. (*IHT*, 17 April 2001, p. 8)

'North Korea is now in its sixth year of a food crisis which has cost the lives of at least 1 million people' (Aidan Foster-Carter, *FEER*, 10 April 2001, p. 26).

'Kim has permitted more than 150 foreign food aid administrators to live in Pyongyang and monitor distribution in 163 of the country's 210 counties' (Harrison 2001: 68-9).

The dire food situation ... shows no sign of improvement, Unicef says. It suffered the worst spring drought in eighty years, Unicef's latest assessment says. A food deficit of 1.8 million tonnes of grain contributes to 'an acute food shortage not seen since 1997' and more than 60 per cent of children under seven are 'already weakened by years of malnutrition'. (*Guardian*, 16 August 2001, p. 15)

North Korea will continue to depend on foreign food aid for a long time, a high-level UN official said ... citing 'no significant improvement in the

country's ability to feed itself' in the last several years. After a four-day visit ... Catherine Bertini said that the North Korean population was generally much better nourished than five years ago but that was only because of huge amounts of donated food. The United Nations World Food Programme now feeds about 7.6 million North Koreans, about a third of the population. Its main beneficiaries are children, pregnant and nursing women and the elderly. (*IHT*, 23 August 2001, p. 7)

Statistics quoted by Unicef indicate that 45 per cent of children under five are 'stunted or suffering from chronic malnutrition' ... [But] North Korea may have turned the corner in the struggle to feed its people, despite floods this month [October] ... according to the World Food Programme ... [whose spokesman said that] 'the harvest of maize and rice will be bigger than expected'. (*Guardian*, 24 October 2001, p. 19)

'Unicef believes 40 per cent of children under five are malnourished' (*FEER*, 2 May 2002, p. 6).

According to Heather Smith and Yiping Huang ... the present food crisis in North Korea was caused by the disruption in trading ties with former communist allies in the late 1980s. The former Soviet Union ceased providing aid in 1987 ... The former Soviet Union in 1990 and China in 1993 demanded that North Korea pay standard international prices for goods and that it pay in hard currency rather than through barter trade ... Petroleum imports ... declined from 506,000 tonnes in 1989 to 30,000 tonnes in 1992. (*FEER*, 25 October 2001, p. 63)

'The harvest this year [2001] has been relatively good' (*The Economist*, 10 November 2001, p. 76).

The top executive of the World Health Organization said Wednesday [21 November 2001] that ... 'we have reason to believe' that the number of deaths each year had risen from 6.3 per 200 people [in 1994] to 9.3 ... In 1994 the country was hit by the first of a series of devastating floods and famines. (*IHT*, 22 November 2001, p. 7)

'The head of the World Health Organization ... spent four days in North Korea, concluding her trip by opening a permanent WHO office in Pyongyang. The WHO has had an emergency liaison office in North Korea since 1997' (*FEER*, 29 November 2001, p. 12).

Despite a 40 per cent increase in cereal production last year [2001] – made possible by South Korean aid – the harvest was more than 1 million tonnes short of the 5 million tonnes required to cover bare survival for the population in 2002. Although 6 million of the country's 22 million people have access to the food aid still provided by the United States and China, most of the others go hungry. Children and adults are painfully thin, most receiving just enough for mere subsistence. Only the minority of the population that has access to dollars from foreigners

through business, aid or party connections can afford to live well. (Hazel Smith, FEER, 14 February 2002, p. 15)

'The United Nations Food programme ... appealed [on 18 November 2002] for help to make up a shortfall of 130,000 tonnes of grain, which endangers 6.4 million North Koreans who have been fed by the UN in recent years' (*Independent*, 19 November 2002, p. 13).

'Facing a funding deficit ... the United Nations Food Programme ... has suspended humanitarian assistance to 3 million North Koreans in the western part of the country' (Human Rights Watch, *IHT*, 19 November 2002, p. 8).

North Korea yesterday [25 November 2002] appealed for \$225 million of international aid ... Pyongyang's state news agency said the country needed food aid together with support for its agricultural industry and health system ... Pyongyang said it was short of 1 million tonnes of food, despite an improved harvest. (*FT*, 26 November 2002, p. 8)

Aid agencies are running out of supplies to feed 6 million people ... At the end of April the World Food Programme ... [suspended] food aid to about 1.5 million of the 6.4 million people being assisted ... They included 675,000 secondary school children, 350,000 elderly people and 144,000 carers in hospitals and other institutions ... Pyongyang has agreed to a nutritional survey by WFP and the UN Children's Fund. The last one, in 1998, showed that 62 per cent of children under seven suffered from stunting ... The UN is banned from some areas on the grounds of national security. It is not allowed to bring in Korean speakers to work on its behalf ... Life expectancy has fallen from 66.8 years in 1993 to 60.4 years.' (*Guardian*, 6 August 2002, p. 13)

'One in four ... depend on international food and fuel aid' (*Guardian*, 5 December 2002, p. 21).

For months President George W. Bush has pledged not to use food as a weapon against North Korea. But ... the United States has continued to withhold approval of grain shipments sought by humanitarian groups to avert starvation ... The [UN] World Food Programme ... says that food aid suspensions by the United States and Japan, and severe cutbacks by South Korea, have meant that for the first time in many years it will miss its food distribution targets in North Korea this winter 'by a wide margin' ... The Bush administration says it has been withholding food, not to pressure North Korea, but because of lapses in the mechanisms monitoring where it gets distributed ... [It also says] that food could not be distributed until Congress approves the State Department budget for this year. But the World Food Programme officials say that they have 'no hard evidence' that food intended for starving civilians has been diverted for other uses, such as the military. (*IHT*, 6 January 2003, p. 1)

The health of most North Korean mothers and children has improved considerably over the past five years partly thanks to international food

aid, according to the first credible survey of malnutrition in North Korea since 1998. But the nutrition of children and mothers in North Korea is still a cause for much concern, according to the report, which was released on 20 February [2003] by the North Korean government in collaboration with the United Nations World Programme and Unicef. Independent bodies from Britain and Thailand said the survey was an accurate assessment ... UN officials used the results of the nationwide nutrition survey of 6,000 children and nearly 3,000 women conducted in October 2002 as proof that most international food aid was reaching the most needy – women and children – rather than being siphoned off by the army ... The survey found that chronic malnutrition, or stunting – marked by low height for age – was down among children under seven to 39 per cent from 62 per cent in 1998, putting North Korea on a level slightly better than Indonesia. The percentage of children of the same age measured to be underweight for their age showed a substantial drop to 20 per cent from 60 per cent, considerably better than the Philippines and Indonesia ... Acute malnutrition, or ‘wasting’ – low weight for height – was halved to 8 per cent ... The suffering of children differs markedly depending on where they live ... A child was twice as likely to be underweight in the northern province of Ryanggang compared with Pyongyang and the port city of Nampo – the major centres of economic activity. The rate of wasting among children in Pyongyang at 3.7 per cent was a third of that in the hardest hit province, South Hamgyong, in the north-east ... The United States and Japan in 2001 were North Korea’s two largest food donors other than China, whose food donations are not monitored by the UN inside the country. (*FEER*, 6 March 2003, pp. 16–17)

‘The UN World Food Programme still has to support more than 3 million children, mothers and elderly’ (*Guardian*, 3 December 2003, p. 16).

Masood Hyder, a leading humanitarian co-ordinator in North Korea ... said the [economic] reforms risked failure unless a humanitarian safety net was provided for the victims of change, such as factory workers being laid off as managers were ordered to match supply and demand ... He estimated that 1 million people had been left short of food as a result of North Korea’s shift towards a market economy and said reforms might be reversed if aid was not provided ... Fledgling economic reforms risk being undermined by reduced international aid ... The United States has continued to donate food to North Korea, albeit a reduced amount, but Japan, once a large donor, has not contributed for two years. (*FT*, 4 December 2003, p. 12)

Masood Hyder, the UN aid co-ordinator in North Korea ... [said]: ‘A million people fall into this new category of under-employed beneficiaries, under-employed urban workers who need assistance’ ... He urged global donors to contribute to a UN appeal for \$221 million in aid for North Korea. (*IHT*, 8 December 2003, p. 2)

As winter grips North Korea 2.2 million, or 10 per cent of the population, will no longer receive food rations provided by the [UN] World Food Programme agency ... [The agency] expects to distribute only 300,00 tonnes of food, 62 per cent of the amount the programme had requested from donors. The food ... is less than half a survival ration ... According to a survey conducted a year ago by the World Food Programme and Unicef, about 41 per cent of North Korean children under seven suffer from severe malnutrition, which stunts their growth. Unless food aid comes quickly as the winter progresses the programme will cut rations further, eliminating a total of 3.5 million people from food distribution rolls, programme officials said on Thursday [11 December] ... Last week Masood Hyder, the programme's representative ... warned that more and more workers were spending their entire salaries to feed themselves. Starting a campaign to raise \$221 million for North Korea aid this winter Hyder said: 'A million people fall into this category of underemployed beneficiaries, underemployed urban workers who need assistance ... On Monday [8 December] a South Korean human rights group released a report estimating China was forcibly repatriating 100 refugees to North Korea a week. As of last Friday [5 December] 852 North Koreans were detained in four Chinese camps, awaiting deportation, according to the report by the Commission to help North Korean Refugees, a private group based in Seoul. (*www.iht.com*, 11 December 2003)

The United States is considering releasing roughly 66,000 tonnes in additional food aid to North Korea this year [2003] as that country faces a winter famine ... Officials had withheld the aid to protest North Korea's failure to comply with international monitors seeking to ensure that the provisions go to people who need them ... [and] not diverted to the million-member military or other government organizations ... 'We are still considering whether to provide additional food aid to North Korea through the World Food Programme under the 2003 appeal,' a State Department official said ... The United States has sent food to North Korea since 1996. The United Nations estimates that 13.2 million people are malnourished there. (*IHT*, 13 December 2003, p. 2)

Rick Corsino, an American who has just ended a three-year term as director of the United Nations World Food programme in North Korea, travelled the country ... He says living conditions have improved a bit in the countryside and greatly in the capital. 'Pyongyang has certainly showed signs of burgeoning prosperity,' Corsino said. 'There are more vehicles on the road and people are dressing more colourfully than in the past. There is more electricity, more shops and restaurants opening.' (*IHT*, 12 January 2004, p. 8)

The UN World Food Programme last month [December 2003] began an appeal for \$171 million to feed an estimated 6.5 million people, out of a population of 22 million, in 2004. But the agency admits that the exact

number of people in need is simply unknown, just like the number it feeds ... Last year [2003] the United Nations rustled up less than \$130 million, compared with a target of \$225 million, and the outlook in 2004 is equally poor. (Catherine Field, *IHT*, 14 January 2004, p. 6)

Anthony Banbury (the World Food Programme's regional director for Asia):

In the past few days the World Food Programme, a United Nations Agency, has been warning of food aid shortages in North Korea. Despite recent announcements of new contributions from the United States, the EU and Australia, food will not arrive in time for 2.7 million people as winter grips the Korean Peninsula. Come February [2004] we will have no cereals for almost 6.5 million North Korean children, women and the elderly. Timing is everything when it comes to food aid; it can take several months from the time a donation is announced to the time a child is fed ... North Korea has not had a major natural disaster for several years now. Crop production has improved and food aid has reduced the risk to millions of lives ... [But] the World Food Programme is convinced that food is still necessary and that it does reach the hungry ... Millions of civilians in North Korea still desperately need food. World Food Programme operations are designed to feed 6.5 million North Koreans, mostly women, children and the elderly. Forty per cent of children in the country are chronically malnourished, leaving many permanently stunted and with impaired learning ability. The World Food Programme does monitor its food aid. The agency has more than forty international staff in six offices around North Korea, who conduct more than 500 monitoring visits each month. Regrettably, the government requires us to agree the week before on a monitoring plan identifying the districts and types of institutions to be visited. But it is only on the day of the visit that we decide which school or home will actually be visited – leaving little time for the government to move commodities around or coach beneficiaries ... Child malnutrition has decreased substantially since our first survey in 1998. (*IHT*, 21 January 2004, p. 6)

The World Food Programme has been forced to cut food aid to 2.7 million North Korean women and children ... because of a lack of foreign donations, an agency spokesman said Monday [19 January 2004]. The programme received new promises of aid from the United States, the EU and Australia after warning in December [2003] of an impending crisis, but those supplies could take up to three months to arrive ... Aid shortfalls forced the agency to start cutting food distributions in December to some of its 4.2 million 'core beneficiaries' – children, pregnant women and elderly people ... 'In January 2.7 million of our core beneficiaries are not being fed,' he said ... This year [2004] the harvests are expected to fall one million tonnes, or about 20 per cent, short of what North Korea needs, according to aid agencies. The World Food Pro-

gramme plans this year to feed 6.2 million of North Korea's 20 million people: the 'core beneficiaries' plus people who are paid with food for doing farming and other work. Such food-for-work programmes have also been 'cut back pretty drastically' [the spokesman said]. (www.iht.com, 19 January 2004)

The World Food programme is being forced to cut off aid to nearly all the 6.5 million people it feeds in North Korea until the end of March [2004] ... The WFP, the UN agency, was seeking 485,000 tonnes of food in 2004 for North Korea but had received pledges for only 140,000 tonnes so far – a mere fraction of which had arrived, said Masood Hyder, WFP co-ordinator in Pyongyang ... Currently the WFP has about 3,000 tonnes of food left in North Korea, a mere fraction of the 40,000 tonnes the agency estimates it needs to distribute every month. With supplies so low it will be able to feed only around 100,000 of its targeted 6.5 million recipients until new shipments arrive ... Amnesty International last month [January] released a report ... that accused the North Korean regime of using food as an instrument of political and economic control, by distributing supplies according to three classes of loyalty to the state. It estimated that several million children had chronic malnutrition. (*FT*, 10 February 2004, p. 10)

'Masood Hyder ... said the agency would be able to feed 100,000 people, mostly women and children, over the next two months' (*Independent*, 10 February 2004, p. 30).

A United Nations agency said that it must cut off food aid to more than 6.4 million people until the end of March because food donations have dwindled. The World Food Programme said that food would only be given to 100,000 people because of the shortfall. (*FEER*, 19 February 2004, p. 11)

The UN's World Food programme has partially resumed food supplies to North Korea but warns that 1.5 million people will still go hungry during the next six months. Without additional donations 'millions' would be deprived of food in the second half of the year, it said yesterday [25 February]. (*FT*, 26 February 2004, p. 10)

Shortages of food, energy, clean water and other necessities continue to haunt in North Korea, Unicef said on Wednesday [17 March 2004] ... 'Energy is a key factor in the decline of social services,' Unicef's executor director ... said at a news conference after a three-day tour of North Korea. About 70,000 North Korean children are thought to be suffering from severe malnutrition, while there is a shortage of medicine amid deteriorating quality of hospital care ... [the director said] ... Humanitarian aid for children is still not reaching 15 per cent of North Korea's population [the director added] ... After last-minute contributions last month [February 2004] the United Nations World Food Programme

resumed shipments of food to North Korea after a shortage prompted a cut-off in such aid for weeks to more than six million needy North Koreans. But more food aid would be needed in coming weeks the WFP has warned. But since the latter half of the 1990s there has been progress in areas like immunization as regions in the country became more open to aid from [Unicef the director said] ... The supply of clean water, which is dependent on power supply, has remained a major problem [the director said. (www.iht.com, 17 March 2004)

'The UN World Food Programme [says it] ... fed 3.2 million in April [2004] ... In May it will be feeding only 2.6 million. And after September ... zero' (www.iht.com, 29 May 2004).

'Foreign aid helps feed about a quarter of the nation's 22 million people' (www.iht.com, 3 June 2004).

Floods in North Korea have washed away a quarter of a million acres of farmland and driven a thousand families from their homes ... [A North Korean statement said]: 'At least 100,000 ha [250,000 acres] of paddy and non-paddy fields were submerged or washed away and dwelling houses for more than 1,000 families and public buildings were destroyed' ... In the mid-1990s more than a million people starved to death when summer floods caused crop failures ... North Korea produces at best only 4 million tonnes of rice and other cereals every year, one million tonnes less than what it needs. The United Nations World Food Programme aims to feed 6.5 million North Koreans, of whom 3.8 million are judged to be acutely vulnerable. For the past two months, because of a shortfall in donations, it has been able to feed only 2 million. A delivery yesterday [2 August 2004] of 37,700 tonnes of wheat ... valued at \$10 million ... from Russia – its first ever food donation to North Korea – will go some way towards filling the gap for six to eight weeks, but when supplies are inadequate the UN organization prioritizes the young, so this will still leave 300,000 elderly people without WFP rations ... The WFP has appealed for 484,000 tonnes of commodities to help feed 6.5 million North Koreans ... during 2004, but so far has received confirmed pledges amounting to just 125,000. (*The Times*, 3 August 2004, p. 11)

Food prices ... [have] skyrocketed and created new groups of people who cannot afford to buy what they need to live, the World Food Programme said on Wednesday [18 August] ... Rice has surged to 700 won per kilo, or 2.2 pounds, compared with 130 won last year [2003] ... While the UN agency now has enough food for its own distribution projects, many in North Korea remain hungry, said Richard Ragan, the country director for the WFP: 'What you have got is a chronic problem ... [North Korea] is chronically short of food' ... Starting next month [September] the WFP will have enough food for its target number of people – 6.5 million – for the rest of the year, following new shipments from Japan, the United States and Russia, among other countries ... But the agency

is already working to line up foreign food aid for next year [2005], he said: 'We kind of live from hand to mouth' . . . Further, a huge percentage of North Korea's 20 million people remain hungry, he said. (www.iht.com, 18 August 2004)

Market reforms have led to spiralling food prices, according to the World Food programme. This has led to a new class of people needing assistance. The cost of rice has surged to 700 won (\$5) per kilo from 130 won a year ago. (*FEER*, 2 September 2004, p. 10)

Masood Hyder (the outgoing United Nations humanitarian co-ordinator in North Korea):

North Korea has urgent needs. It faces a persistent food crisis: it neither grows nor imports enough food. International food assistance has for almost a decade bridged the gap between production and needs. Such assistance must continue. Donors must be applauded for making pledges to the World Food Programme. But commitment must be followed by prompt delivery. Otherwise food will run out in October. And if that happens we will see a repeat of the stop-go pattern of food distribution so damaging to efforts to prevent nutritional decline. Of course, it is true that the agriculture and food-adequacy situation is improving. But it is still precarious. North Korea has had three good harvests. But these were a matter of favourable weather conditions, and we cannot hope that nature will stay benign. Indeed, experience in the country has shown what devastation nature can wreak at a moment's notice. The agricultural infrastructure in North Korea is not developed enough to even out the vagaries of nature from one year to the next. That is why it is important that food aid continues. And there are other reasons why food aid remains crucial. As North Korea embarks on reforms designed to make its economy more market-based, there are unintended consequences. Because people can get thrown out of work as industries modernize, we are finding this year [2004] that more people, not fewer, require food aid. And then we must not forget the need for clean water, proper sanitation and adequate health care. Eighty per cent of the population has no access to clean water; and there is a critical shortage of essential drugs. If scarce food is not to be wasted attention must also be given to these other elements. To be sure two factors can significantly improve the immediate humanitarian situation: resolving the nuclear deadlock and improving operating conditions for donors and international agencies inside North Korea – essentially, providing them with more transparency and flexibility to operate. (*FEER*, 2 September 2004, p. 21)

Richard Ragan, the country director for the World Food Programme . . . notes that last year [2003] the North Koreans harvested 4 million tonnes of cereals whereas 5 million are needed for survival . . . North Korea announced that for 2005 it will not participate in the UN consolidated appeal for humanitarian aid . . . [i.e. North Korea decided] to stop accept-

ing the UN co-ordinated humanitarian aid ... Government officials say they would prefer to deal with individual countries on their own terms. Bilateral aid is not monitored in the same way as the UN operation. (*Independent*, 13 September 2004, p. 27)

World Food Programme monitors ... said yesterday [24 January 2005] that ... North Korea had slashed daily food rations for its people ... from 300 grammes of cereal a day to 250 grammes. That is half of the minimum daily required cereal ration of approximately 500 grammes ... James Morris (executive director of the WFP): 'You look at the average seven-year-old North Korean boy and compare him to the average seven-year-old South Korean boy; he is 20 cm shorter and 10 kg lighter.' (*Independent*, 15 January 2005, p. 26)

Kathi Zellweger (director of international co-operation for Caritas-Hong Kong):

We as aid agencies need to see how we can address those new needy groups like the urban poor. Because what's also interesting is that now farmers are better off, especially in terms of food than factory workers. Before, factory workers would be provided with what farmers had to produce. Now if you happen to be a worker in an industrial city on the east coast and you are living in an apartment block and you have no family members on farms and you have no access to land, it's tough ... I put the stress of better off in terms of food, but the factory workers may be better dressed or have better shoes, because that's still provided for them. But the farmers have more food because that's what they produce ... [In North Korea] 60 per cent to 65 per cent of people are industrial workers, versus 30 per cent to 35 per cent farmers ... There is some redeployment into the agricultural sector, but that is very seasonal during the planting season or during harvesting, not all the year round ... Factories are under pressure to make a profit. You hear words like 'business plan' that never came up before. Now they speak of business plans, profitability and all those words you've never heard before ... I deal with a couple of factories because we have started to use local production instead of importing clothes from China ... If the factory does have the orders to produce, the raw material is lacking. For example, when we produce clothing I have to make quite a high down-payment, and once they receive the down-payment they will then go to China to buy the raw material, such as the cotton threads. (www.feer.com, May 2005)

A food shortage crisis in North Korea is growing more severe by the day and the communist state is dispensing 'starvation rations' to its population ... [said] Anthony Banbury, the regional director for the UN's WFP ... Those who are suffering the most these days are the urban poor, who have become more impoverished due to nascent economic reforms started in 2002 that have eaten away at their incomes, aid agencies have

said. The North Korean government provides about 250 grammes, or about two bowls of rice, in food rations a day. Banbury said the ration was currently about half of what the WHO recommends as the minimum daily health requirement. (www.iht.com, 27 May 2005)

To combat growing food shortages ... North Korea is sending millions of city dwellers every weekend to work on farms, largely transplanting rice ... The month-long mass mobilization, scheduled to end on 15 June, is one of the largest seen in the North ... Richard Ragan, director of the WFP's operations in the North ... said that at the end of June his programme will have to end food rations to 2.5 million people ... Unless new food supplies come quickly from the outside the number of North Koreans receiving foreign food aid will plunge to 1.5 million in August, from 6.5 million this spring ... The United States gave 100,000 tonnes of food in 2003, 50,000 tonnes in 2004 and has not yet donated any food this year ... About 70 per cent of North Korea's population lives in cities ... Since August 2003 the market prices of rice and corn have increased five-fold, hitting 750 won per kilogramme Wednesday [1 June 2005]. North Korean monthly salaries average about 2,400 won. Salaries have not changed since July 2002, when food prices were freed ... The harvest from last September [2004] has been largely consumed and the new harvest is expected to be meagre because of an abnormally short planting season and the late arrival of fertilisers from South Korea. (www.iht.com, 1 June 2005)

Tony Banbury (the UN World Food Programme's regional director for Asia):

In January [2005] the government's distribution system cut the daily ration it provides to the 17 million people living in urban areas from 300 grammes per person to 250 grammes – about 40 per cent of the internationally recommended minimum ... Economic reforms dating from July 2002 improved the lot of a few – mainly traders and businessmen – but made life much harder for million of others. Food prices have risen steeply, and salaries and pensions have dropped. In the past twelve months the price of rice has tripled and that of corn has quadrupled. The average monthly wage of an urban worker ... now buys less than four kilogrammes, the cheapest cereal ... Despite the difficulties the WFP has put in place over the past few months a new monitoring system that, if fully implemented as we now expect, should give us the best monitoring capability any international organization has ever had in North Korea. (*IHT*, 14 June 2005, p. 8)

North Korea has asked the United Nations food agency to shift the focus of its aid from humanitarian food shipments to economic development projects ... raising fears of potentially worsening hunger among the country's children and other vulnerable people ... North Korea cited improved domestic food production while asking for 'a transition from

emergency assistance to development assistance', said Gerald Bourke, a spokesman for the World Food Programme . . . Bourke: 'Our view is that, yes, the humanitarian situation in the North has improved, but not to the extent the country can do without humanitarian aid' . . . The World Food Programme has sought wider access to the isolated country to ensure that its aid gets to the people who need it . . . The agency said that, although the country gets huge aid shipments directly from countries like South Korea and China, 37 per cent of young North Korean children and many pregnant women remain chronically malnourished . . . The agency aims to raise 500,000 tonnes of food for its operations in the North but has so far secured about 300,000 tonnes. South Korea has already promised 500,000 tonnes of rice and 300,000 tonnes of fertilisers in direct aid for the North. (www.iht.com, 9 September 2005)

The cost of reunification

Estimates of the cost of reunification vary greatly.

A South Korean Ministry of Finance report published in January 1993 put the cost of reunification (if it took place in the year 2000) for the first decade at \$980 billion (EIU, *Country Report*, 1993, no. 1, p. 28). To put this in some perspective, South Korea's GNP in 1991 was \$280.8 billion (EIU, *Country Report*, 1992, no. 3, p. 35).

The authorities in South Korea estimate that reunification would cost more than \$46 billion a year for four years and \$9 billion in each of the subsequent six years (*IHT*, 31 May 1993, p. 6).

The ten-year cost of reunification has been variously estimated at \$200 billion to \$300 billion, an annual sum equivalent to more than 3 per cent of South Korea's GNP (*Asian Survey*, 1993, vol. XXXIII, no. 4, p. 357).

This estimated \$200 billion to \$300 billion cost over ten years is also mentioned by the *FT* (11 July 1994, p. 17), but another figure of \$250 billion to \$400 billion over ten years is cited in a later article (*FT*, 24 October 1994, p. 22).

Kang Suk Rhee (*Asian Survey*, 1993, vol. XXXIII, no. 4, pp. 372–4) reports the two estimates produced by the Korean Development Institute (affiliated to the South Korean government):

- 1 Abrupt, German-style reunification would require an investment of \$816.7 billion (at 1990 prices) over the ten-year period 2001–10 in order to bring North Korea's productivity up to 60 per cent of that of South Korea's. It is also calculated that South Korea might pay between \$46.05 billion and \$47.88 billion every year for the first four years, an amount equivalent to South Korea's present budget and 8.2 per cent of its GDP.
- 2 A gradual process of reunification would bring the respective figures down to \$773.9 billion and \$17.43 to \$18.95 billion.

Kang Suk Rhee also quotes an Economist Intelligence Unit (EIU) estimate of the cost to the South Korean government and private sector of \$61 billion a year for ten years (p. 374).

Bringing North Korea up to South Korea's living standard will cost an estimated \$500 billion to \$800 billion over ten years (*IHT*, 29 April 1994, p. 6). North Korea's economy is roughly where it was in 1970, when it was first surpassed by South Korea. Estimates of the capital needed over ten years to bring the former up to the latter's levels range from \$600 million to \$1,000 million (*IHT*, 11 July 1994, p. 6)

A study by Korea University puts the cost of bringing North Korea's economy up to the standard of South Korea at \$1,200 billion, i.e. four times the latter's GNP (*The Economist*, Survey of South Korea, 3 June 1995, p. 10). Another estimate is cited. If reunification came in the year 2000 and Chinese-style economic reforms were undertaken before then, South Korea would have to invest around \$90 billion in North Korea in the following decade (mainly on infrastructure). But if no reforms are undertaken and North Korea collapses in 2000, the sum would increase to \$230 billion (*The Economist*, 16 July 1994, p. 20).

The cost of reunification would be more than \$1,000 billion, spread over ten years (*IHT*, 11 July 1994, p. 9, and 10 November 1994, p. 16).

Estimates of the cost of reunification range from less than \$100 billion, predicated on a gradual process, to more than \$1 trillion assuming a collapse of North Korea and an attempt to equalize living standards (*IHT*, 26 September 1995, p. 17).

Full-scale reunification . . . economists estimate could cost \$270 billion in the first ten years and \$3 trillion altogether. If North and South Korea were to reunify by the year 2000, it is estimated that *per capita* income in the new country would drop to 60 per cent of South Korea's current level of \$10,800. (*IHT*, 1 September 1997, p. 22)

If South Korea were to absorb North Korea, the cost of unification, defined as the capital investment needed in North Korea to choke off the incentive for mass migration, would be of the order of \$1 trillion – a figure so large as to be infeasible, even if spread over a time period of ten to twenty-five years. (Noland 1997: 114)

'Estimates of the cost of bringing up the economy to speed are staggering. Financial analysts for Goldman Sachs recently calculated that the bill would be of the order of \$1 trillion' (*IHT*, 17 June 2000, p. 1).

If the Koreans were united now the cost of bringing the North's labour productivity up to just half the level of the South's is estimated to be as much as \$1.2 trillion by Goldman Sachs, an American investment bank. A delay of five years would push the bill up to \$1.6 trillion. (*The Economist*, 1 July 2000, p. 84)

'The South Korean central bank estimates that it will cost more than \$50 billion over the next decade to create the modern manufacturing base, telecommunications and other infrastructure needed to make foreign investment a success' (*IHT*, 7 July 2000, p. 16).

'According to Marcus Noland ... South Korea would have to invest as much as \$3.17 trillion in order to avoid an abrupt influx of people to the South and to upgrade living standards in the North' (*FEER*, 25 October 2001, p. 62).

'Estimates of the cost of reunification range from a couple of hundred billion dollars to a World Bank forecast of between \$2 trillion and \$3 trillion. South Korea would likely foot most of the bill' (*FEER*, 6 February 2003, p. 14).

Current research shows that the costs of unification may not be as catastrophic as conventional wisdom suggests. Work by Marcus Noland ... shows that if advantage is taken of efficiency gains through North Korean marketization, a younger Northern (than East German) work force and optimal movements of labour and capital, absorbing North Korea into South Korea would result in only a mild slowing of Southern growth rates and overall increases in peninsula output relative to a no-collapse outcome. (*FEER*, 27 March 2003, p. 23)

What would reunification cost? It depends on whether it was an agreed or forced reunion, and the estimates range from \$330 billion over five years to more than \$1 trillion. Marcus Noland ... says the price tag could be kept down to \$600 billion over ten years if ... Kim Jong Il's regime was replaced by one willing to work with the South toward economic and political integration. Noland takes into account the massive costs associated with bringing North Korea's infrastructure up to world standards. The Korea Transport Institute has put the cost of upgrading North Korea's transport infrastructure at \$30.6 billion alone. At least as much again would be needed to solve the North's energy crisis. While some help in fixing the North would come from donor nations and international financial institutions, the bulk of the bill to start with would be footed by the South Korean taxpayer. (*FEER*, 1 May 2003, p. 20)

'South Korea's bill to rebuild North Korea in the first decade of reunification could be around \$600 billion, said Marcus Noland' (*IHT*, 29 April' (www.iht.com, 29 April 2004).

'Estimates of the cost of reunification vary from less than \$100 billion to more than \$3,000 billion over the first ten years' (*FT*, 26 April 2003, p. 11).

Standard and Poor's [the credit rating company] ... said the cost of North Korea's economic collapse – and the resultant collapse of the country itself – to the South ranged from \$190 billion to \$1.4 trillion ... [The agency said] South Korea should prepare for the resulting emergency that may cost three times its annual economic output ... The cost of the reunification of Germany was around \$750 billion. (*IHT*, 4 November 2003, p. 10)

'Standard & Poor's ... said rebuilding the North could cost the South as

much as \$1.4 trillion, roughly twice the cost of reunifying Germany' (*IHT*, 24 November 2003, p. 12).

'Under one scenario he has calculated that absorbing a failed North Korea could cost South Korea \$600 billion over ten years' (www.iht.com, 7 April 2004).

Detailed studies done on ... the costs of sudden reunification ... differ greatly ... Figures as high as \$1 trillion have been mooted. The rule of thumb used by experts is that North Korea's *per capita* GDP would have to be lifted to 60 per cent of that in the South – currently \$12,628 – to prevent an exodus of the population. Overnight the North would require an injection of aid costing billions of dollars. (*FEER*, 13 May 2004, p. 17)

South Korea ... has claimed that if North Korea were to collapse it would cost \$1.7 trillion to rebuild it, a sum that would cripple the South's Treasury. But this figure seems preposterous. Given its population of about 23 million people, the North would need an emergency influx of only about \$1 billion a year to pay for food, medicines and fuels until it got back on its feet. South Korea, with its trillion-dollar GDP, could easily afford this. (Jasper Becker, *IHT*, 10 June 2005, p. 6)

Economic performance

What actually happened to the North Korean economy is, of course, a matter of inspired guesswork outside North Korea. But Table 1 gives some idea of the broad orders of magnitude. It is the 1990s that have naturally been the centre of attention, what with famine stalking the land. The decade was generally pretty grim, but 1998 was something of a turning point.

'North Korea's economy is roughly where it was in 1970, when it was first surpassed by South Korea' (*IHT*, 11 July 1994, p. 6).

North Korea's economy last year [1999] expanded for the first time since 1989, posting a 6.2 per cent growth rate, according to a report by South Korea's central bank ... [a report] considered to be one of the few authoritative studies of the North Korean economy ... The central bank said that \$360 million in foreign aid to feed the North's starving population helped boost economic growth, with the aid figure accounting for 70 per cent of the North's hard currency revenues in 1999. (*FT*, 21 June 2000, p. 10)

The [North Korean] economy grew by 1.8 per cent [in 2003] after a 1.2 per cent expansion in 2002, the Bank of [South] Korea said in a report ... [But] growth may stall in coming years because of 'chronic shortages of energy and raw materials, and old facilities and technology', the Bank of Korea said. (www.iht.com, 8 June 2004)

Factories operate at about one-third capacity (*FT*, 26 March 1994, p. 9).

Flora Lewis (*IHT*, 14 April 1994, p. 4) cites one estimate that industry is operating at 50 per cent capacity.

Table 1 North Korea: selected economic and demographic indicators

<i>Economic indicator</i>	<i>1954-6 (average annual)</i>	<i>1957-61 (average annual)</i>	<i>1961-70 (average annual)</i>	<i>1971-5 (average annual)</i>	<i>1976-80 (average annual)</i>	<i>1981-4 (average annual)</i>	<i>1986 (annual)</i>	<i>1987 (annual)</i>	<i>1988 (annual)</i>	<i>1989 (annual)</i>	<i>1990 (annual)</i>	<i>1991 (annual)</i>	<i>1992 (annual)</i>	<i>1993 (annual)</i>	<i>1994 (annual)</i>	<i>1995 (annual)</i>	<i>1996 (annual)</i>	<i>1997 (annual)</i>	<i>1998 (annual)</i>	<i>1999 (annual)</i>	<i>2000 (annual)</i>	<i>2001 (annual)</i>	<i>2002 (annual)</i>	<i>2003 (annual)</i>	<i>2004 (annual)</i>	
Rate of growth of national income (GDP) (%)	30.1	20.9	7.5	10.4	4.1	4.3	2.1	3.3	2.9	2.0	-3.7	-5.2	-7.6	-4.3	-1.7	-2.5	-3.0	-6.8	-1.1	6.2	1.3	3.7	1.2	1.8	2.2	
Grain harvest (million tonnes)																3.48	2.5		4.2					4.3	4.3	
Population								21.7				21.7	21.8	22.2	22.6	23.9	23.0	21.9								22.5
Foreign debt*																										

Source: Chung (1983: 172); Lee (1988: 1267); various issues of FEER; FT; IHT; Transition; and The Economist; The World Today, 1997, vol. 53, no. 3, p. 66.

*Foreign debt (\$ billion)

	1982	1987	1989
Total	3.0	5.27	7.87
West alone	2.0	2.8	

Industry is now estimated to be working at between one-third and one-half capacity (*The Economist*, 28 May 1994, p. 24).

In 1993 a 'two meals a day' campaign was reportedly conducted in most of the country and malnourishment was said to affect even the military. Some Russian economists estimated that factories were operating at about half capacity, no worse and in some cases probably slightly better than in 1992 (John Merrill, *Asian Survey*, 1994, vol. XXXIV, no. 1, p. 15).

Foreign visitors report factories running at only two-thirds capacity. North Korea appears to be suffering from food shortages in some areas and small-scale food riots have been reported intermittently since 1992. Defectors report that an active black market even in basic necessities is developing (Bridges 1995: 105).

'North Korea has not published official statistics since 1965 . . . At the end of last year [2004] aid agencies estimated that at least 30 per cent of the national population of working age was either underemployed or unemployed' (*FT*, 2 September 2005, p. 13).

The course of the famine has already been dealt with in detail.

Appendix 1

The Soviet (Stalinist) economic system

Appendix 1 relies heavily on Jeffries (2002c: 1–5; 51–62; 90–2; 97–8; 110; 118; 155–7; 170–3).

The Soviet Union was the world's largest country in terms of land area, occupying a sixth of the earth's land surface excluding Antarctica. It was well endowed in terms of natural resources, although there were climatic, transport and soil difficulties. Stalin (who died in 1953) and his successors succeeded in making the Soviet Union one of the world's two 'superpowers', rivalling the United States in terms of conventional and nuclear capacity. In 1990 the population was 290.1 million, the third largest after China and India. When the Bolshevik Revolution succeeded in 1917 the country was backward and agrarian despite considerable industrial growth during the last three decades of the Tsarist era.

The Soviet command economy was not introduced until 1928. Stalin's basic aim was to catch up with and surpass the leading capitalist countries, especially in terms of heavy industrial capacity and military power. A high rate of investment was achieved and priority was given to industry, especially heavy industry. In a quantitative sense foreign trade did not play a large strategic role, although vital capital goods embodying the latest technology (which was copied) were imported.

Before embarking on an analysis of command planning, it is important to understand the pivotal role played by the Communist Party. It dominated economic, political and social life in this one-party state, e.g. it formulated and implemented economic policies. In turn, the tyrannical Stalin dominated the party. A cult of personality developed (the extreme adulation of an individual).

The basic allocative decisions about what to produce and in what quantities were taken by the state (used as an instrument by the Communist Party), although in reality the whole economic hierarchy had to be involved in decision-making. The enterprise manager, for example, had some decision-making autonomy with regard to input substitution and production choice within the aggregate plan target.

The State Planning Commission (Gosplan) was at the apex of the planning pyramid, branch ministries were at the intermediate level and enterprises

(production units) were at its base. The State Planning Commission (Gosplan) received instructions about basic economic magnitudes from the party, especially the Politburo (the top party body), relating to growth rates of national income and of its sub-categories of consumption, investment and defence, and to vitally important goods. These instructions were relayed via the state apparatus, especially the Council of Ministers (the top body of government), and Gosplan combined these with the data/requests/proposals flowing upwards from the hierarchy to draw up plans of varying duration by means of 'material balances' (the aim being roughly to equate the major sources of supply and demand for particular commodities). The annual, quarterly and monthly plans were operational; medium (five-year) plans and perspective plans of at least fifteen years' duration were much more highly aggregated and were operational only in relation to the investment plan. Many projects were spread over a number of years and thus longer-term plans were needed for guidance.

It is vital to stress the distortion of information flowing up the hierarchy. For example, in trying to achieve as low an output plan as possible enterprises have an incentive to understate capacity (see below). A reliable source of information, however, is what enterprises have already achieved. This accounts for the persistence of the so-called 'ratchet effect' despite its severe problems (see below), planners essentially setting output targets on the basis of what had been produced in the last plan period plus a bit more.

The Soviet economy suffered endemic supply problems, the reasons including the following:

- 1 Balances were heavily aggregated, the number of balances being far fewer than the number of 'commodities'.
- 2 The 'iterative' problem. If, for example, the output of a particular good were increased, in the early years of planning usually only the first-order iteration (repetition) was carried out (i.e. estimates made of the effects on direct inputs). Further iterations (effects on the inputs needed to produce the increased inputs and so on) were ignored. For this reason excess demand was tackled as much as possible by, for example, reducing both the use of inputs per unit of output ('tightening of norms') and the consumption element of final demand (i.e. using the consumer sector as a buffer), as opposed to changing supply (i.e. increasing output).

Although stockpiles of goods could arise on occasion (see below), one of the basic features of the Soviet Union was widespread shortages, i.e. it was a 'shortage' economy. This will be pursued later, but some of the ill effects of shortages need stressing at this stage:

- 1 The opportunity cost of queues to consumers and the rest of society in terms of foregone work and leisure was enormous.
- 2 The 'soft budget constraint' (see below) shielded enterprises from bankruptcy and thus encouraged inefficiency. In turn, workers were generally guaranteed a job for life. This tended to have a deleterious effect on

incentives, which were further undermined by the fact that widespread shortages ensured that money income was not an automatic command over real goods and services.

- 3 There was a loss of the benefits of specialization as enterprises and ministries attempted to produce as many inputs as they could themselves because of the unreliability of the materials allocation system.

Material balancing was never supplanted by other techniques (such as input–output and linear programming) as the core of command planning and was improved over time (e.g. by a greater number of iterations).

The allocation of most non-labour inputs was handled by the ‘materials allocation’ system – the administrative distribution of raw materials, intermediate goods and capital goods. The supplying and using enterprises were matched centrally and the all-important document was the *naryad* (allocation certificate), which specified the quantity of the product and the supplying organization.

Command planning was well named in the sense that the production unit (the enterprise) eventually received plan targets in the shape of a technical–industrial–financial plan (*tekhpromfinplan*). But since it was impossible for central planners to produce detailed, concrete plans in the abstract, the economic hierarchy had to be involved, with the emphasis in the traditional system on vertical as opposed to horizontal (i.e. enterprise to enterprise) linkage. More specifically tentative, crudely balanced output targets (‘control figures’) were passed down the planning pyramid to be increasingly disaggregated (made more detailed) by ministries and enterprises. Suggestions/requests (the *zayavka* being an input indent, for example) were made at each echelon and passed back up the hierarchy. While the centre’s major allocative decisions were preserved, this process of haggling and bargaining could be influential, as in suggested input substitution to meet a given output target. Annual plans were often late and were frequently changed; failure to fulfil by one enterprise had repercussions on others. (It is worth noting at this point the importance of informal linkages that oiled the wheels of the economic mechanism in reality. Examples include, as is to be seen below, shady deals and downright illegal relationships between enterprises.)

It is important to note that two areas of the economy were left, in more normal times, largely to the market mechanism, namely the distribution of consumer goods and the allocation of manpower. These were interrelated in both a micro- and a macroeconomic sense. Wages and salaries paid out in the production sector constituted the main means of payment for the consumer goods and services made available in the plan (which, in turn, provided the main incentive to work), while avoidance of inflation meant matching the cash (rouble notes and coins) injected into the economy with the aggregate supply of consumer goods and services at established prices.

As regards the distribution of consumer goods there was essentially consumer choice (as opposed to sovereignty) in the command economy. This

meant that consumers could choose among the consumer goods and services made available in the plan, rather than being able to determine the allocation of resources, as in a competitive market economy. As discussed in the section on pricing, queues were an endemic feature of the Soviet economy. Among the causes of queues were prices for consumer goods and services being typically below market-clearing levels and the restricted number of poorly organized distribution outlets. Queues imposed considerable economic and social costs on the Soviet consumer. But it is worth noting that the opportunity cost of time spent queuing was lower for groups such as pensioners and the Soviet élite had the best of both worlds – assured access to scarce goods and services (e.g. via special shops and hospitals) at low or even zero prices! The poor quality, non-availability and erratic supply of many consumer goods and services, coupled with the frequency of queues and rationing, provided a breeding ground for activities of varying degrees of legality. Black markets were rife.

As regards the allocation of manpower, the fulfilment of plan output targets obviously required the necessary labour and non-labour inputs. But there were contrasting ways of obtaining them. While the latter were essentially administratively allocated by means of the materials allocation system, the former mainly involved the use of the market mechanism, with administrative methods and moral suasion also employed. The internal passport system, introduced in 1932, helped to control the geographical movement of people.

The command planning solution of labour direction, although used during the Second World War, was ruled out in more normal circumstances because of adverse effects on incentives. Market forces were heeded when the planners determined basic wage differentials, while the state controlled the education system, including the number of places available for particular courses of study. The industrial worker's pay crudely consisted of two parts: (1) a state-guaranteed basic wage, which varied according to industrial branch, skill and region; and (2) the residual. This residual was affected by bonuses, related to such factors as plan fulfilment and the nature of the job (dangerous working conditions, for example). This formal system enabled the state to encourage labour to move to desired industries and regions and to adopt the desired skills. In addition, there was *de facto* room to manoeuvre for the enterprise manager, even within the constraints of an enforced wage fund, by manipulating norms and skill designations, for example. In the early period piece rates, as opposed to time rates, were dominant.

The non-market elements in manpower allocation varied enormously over time. Forced labour camps were busy as a result of the collectivization of agriculture and Stalin's purges. Although used for activities such as mining in inhospitable places, the camps served a mainly political function. High labour turnover during the 1930s, seen as a threat to plan fulfilment, was combated by means such as the 'work book'. This was introduced in 1938 and held by the enterprise manager; without it a worker could not, in principle, find another job. Increasingly harsh legislation eventually made even absenteeism and lateness criminal offences. Graduates of universities and technical

schools were assigned to a place of work for two or three years. Moral suasion exercised by the party could be seen in operation, for example, when students and workers helped out at harvest time.

Trade unions were an arm of the state in the traditional model. They were organized along industrial lines with the result that worker and manager belonged to the same union. There was no collective bargaining between trade unions and management about basic wage and salary differentials, although the former exercised some marginal consultative roles. Strikes were considered to be counter-revolutionary and in any case unnecessary, although they were not actually outlawed in the constitution. This reduced the role of trade unions to the transmission of party policies, ensuring favourable conditions for plan fulfilment, protecting workers' interests (legal requirements as to health and safety, for example) and administering the social security system relating to sickness, work injury and pensions.

Unemployment was officially declared to be eliminated by the end of 1930. Work was regarded not only as a right but as a legal obligation.

State ownership dominated the non-agricultural sectors. In the traditional Soviet economic system the legal private industrial sector was negligible. Private enterprise was severely limited as regards area and employment. Handicrafts, agriculture and certain consumer services were acceptable, but selling goods made by other people was not allowed. The employment of another person outside the immediate family in the production of goods for sale was illegal. Direct taxes were heavier than normal.

At the bottom of the planning pyramid was the enterprise. The typical industrial enterprise in the early period was a state-owned plant, operating on the principle of one-man responsibility and control (*edinonachalie*) by a director appointed by the state (more strictly by the Communist Party). (The *nomenklatura* system – list of key posts – was one in which the party made all important appointments.) Lower levels of management included the deputy director and chief engineer, complemented by the party cell and the trade union branch. The basic function of the industrial enterprise was to fulfil its 'technical, industrial and financial plan' (*tekhpromfinplan*), which appeared at the end of a haggling and bargaining process. The operational plans (annual, quarterly and monthly) were expressed in terms of plan targets ('success indicators'), varying over time in terms of number and priority as particular problems arose. There was no 'all-round' indicator such as profit in a market economy. Instead, production decisions were broken down into individual targets. Output targets, however, were typically paramount. (Enterprises producing goods for export or using imported commodities were shielded from the world market by the state monopoly of foreign trade and payments. This separation of Soviet and foreign industrial firms greatly aggravated the problems already experienced with product quality since the disciplining force of world competition was absent. This is discussed in greater detail in the section on foreign trade.)

The industrial enterprise was a financially separate and accountable unit operating on a *khozraschyot* (economic accounting) basis, for the purpose of

efficiently implementing the plan. Prices were fixed by the state and the enterprise account had to be kept in the local branch of the State Bank (Gosbank). The purpose of the latter was to help ensure plan compliance, the idea being that only payments in conformity with the plan should be permitted. Budgetary grants covered fixed capital needs and Gosbank had a monopoly over the granting of short-term credit, available at a nominal rate of interest which was fixed to cover only administrative costs. Management motivation involved negative consequences for non-fulfilment of the plan, such as loss of bonuses, expulsion from the party and its associated privileges, and possible imprisonment or even capital punishment for 'economic sabotage' during the darkest periods. Positive incentives were associated with fulfilment and overfulfilment. Bonus, socio-cultural and investment funds were linked to success indicators, especially output.

Although the traditional system played a crucial role in carrying out Stalin's goals, micro-economic problems of a severe kind arose:

- 1 There was a neglect of user need. Output had only to be produced and not sold in the traditional Soviet economic system, while emphasis on one indicator led to neglect of others. The result was that quantity was stressed at the expense of quality. For example, physical indicators such as weight, number, or length resulted in too large, small or narrow objects respectively being produced, relative to user need. This neglect of the qualitative aspects of production was especially acute in low-priority sectors involved in heterogeneous output, such as textiles, and helps explain the seemingly paradoxical phenomenon of stockpiles of unsaleable products in a situation of general consumer goods scarcity.
- 2 There was a tendency to understate productive capacity. The director had an incentive to provide such false information in the hope of achieving a 'slack' plan, one that called for less than feasible output, since no bonuses were paid for anything less than 100 per cent fulfilment. ('Taut' planning prevailed in general, with pressure to maximize output from given resources.) Although extra bonuses were available for overfulfilment, the director was careful not to overfulfil by too much, since that would endanger fulfilment of subsequent plans. The 'ratchet effect' (known in Eastern Europe as the 'base-year approach') meant that a particular period's achievement was the starting point for the next period's plan: 'planning from the achieved level', as it was also called (Birman 1978). The ratchet effect was a persistent problem because of its simplicity of use by data-deficient planners; in a world of distorted information planners could rely on what had already been produced in the previous period and they simply added a bit more.
- 3 There was a tendency to over-indent for non-labour inputs and to hoard these as well as labour. Manpower was hoarded to meet unforeseen needs or the frequent changes in plans and to compensate for the erratic supply of inputs (catching up on production when they did arrive). These non-labour inputs too were hoarded, owing, for example, to the horren-

dous supply problems associated with the materials allocation system and to the fact that capital was a factor free to the enterprise. This led to such phenomena as *tolkachi* (expeditors, unofficial supply agents, who bartered with each other, among other things) and a powerful inducement to self-sufficiency in the supply of inputs; parts of Soviet industry were notoriously non-specialized.

- 4 There was the problem of 'storming' (*shturmovshchina*). This was the mad rush to fulfil plans at the end of the planning period (such as the month), explained by such factors as the bonus system, delays in receiving inputs from other enterprises and the unwillingness of enterprises to show early eagerness in an environment where plans typically arrived late and were frequently changed (Bleaney 1988: 63).
- 5 There was an anti-innovation bias at the micro level. Innovation is the application of new ideas about products and techniques to the production process. New priority large-scale technologies, in armaments for example, were readily dealt with by command economies. (Although technology generally lagged behind the West, the Soviet Union was much more successful in areas such as armaments and space vehicles.) But vital, spontaneous, micro-level innovation was hindered by the traditional Soviet economic system: there was no competitive pressure to stay in business as in market economies; the incentive system meant jeopardizing short-term plan fulfilment and the prospect of 'ratchet effects'; state-determined prices might have meant adverse effects on value indicators; there were the aforementioned problems of input supply; R&D, which traditionally took place in specialized organizations within ministries, was separated from production (Berliner 1976); there was frequent shifting around of managers to prevent 'familiness' (friendliness developing between the various individuals within an enterprise; coalitions could thwart the enterprises' superiors).

One of the fundamental problems of the Soviet economy was the existence of the 'soft budget constraint', to use Kornai's famous term (Kornai 1992b: 7). Any losses made by state enterprises were automatically made good by the state; thus enterprises were not allowed to go bankrupt and workers were shielded from unemployment. This automatic bailout was a recipe for disaster in terms of efficiency. 'No state-run enterprises could ever go bankrupt. The result of that situation was the bankruptcy of the whole [Soviet] system' (Alexander Yakovlev, *Moscow News*, 19–26 January 1992, p. 11).

There were other problems affecting the Soviet economy which furthered the cause of economic reform. One of these was the so-called 'scattering' (excessive spread) of investment resources (*raspilenie sredstv*), construction projects whose completion times were excessive relative both to plan norm and to those taken in Western countries. Responsible factors included the greater ease involved in obtaining resources to complete projects as opposed to starting them, the absence of a capital charge before the mid-1960s, the tendency of output-orientated indicators to reward starting more than

finishing, and the absence of the threat of bankruptcy in the event of investment failure. As the Soviet economy developed it became more complex to plan. Soviet growth was of an 'extensive' type (largely due to increases in inputs, rather than to greater efficiency in the use of inputs). The drying up of the traditional sources of inputs (such as the influx of manpower from the countryside, increases in participation rates – especially among women – and increases in the proportion of national income devoted to investment) put massive pressure on the Soviet Union to adopt a more 'intensive' pattern of growth. Environmental problems became severe (owing to factors such as the stress on output growth at all cost, the arms race, the self-interest of various groups in the economy, secrecy and the lack of any effective opposition groups).

In the traditional system industrial producer prices were formally fixed by the state on the basis of planned branch average cost of production and a small profit mark-up on costs. The aim was to ensure overall branch profitability while providing an incentive to lower costs. Costs included labour, raw materials, intermediate inputs, interest on short-term credits, and depreciation (though not allowing for technical obsolescence), but excluded a capital charge and a rental charge reflecting favourable location or plant modernity. Prices were not efficiency prices, but they were not, of course, meant to play an important allocative role (factor substitution being one area where they were active.) Instead, in line with the essential passivity of money, they served as a means of control and evaluation (*khozraschyot* and value indicators, for example). Prices were fixed for long periods of time, partly for administrative reasons and partly the better to assess enterprise performance over time. Domestic prices were separated from world prices by the state foreign trade monopoly.

For consumer goods the difference between the wholesale price (based on average cost), including the mark-up of the wholesale organization where appropriate, and the retail price, less the retail mark-up, was the 'turnover tax'. Since the general rule in the case of goods such as consumer durables was to try to set the retail price at market clearing levels, the turnover tax was generally price-determined (i.e. a residual). The tax was price-determining only when it was in effect an excise tax of a given amount. Retail prices (unlike wholesale prices) reflected demand to varying extents. But market-clearing prices were typically not achieved, either because demand was wrongly estimated in the first place or because demand may have changed over time (prices often being set for extended periods of time). If the price was too low (as was typically the case), then excess demand resulted and other forms of market clearing, such as queues, had to be employed. If the price was set too high, then excess supply caused stockpiles of commodities. (The poor quality of many Soviet consumer goods may be seen in this context as demand being less than that estimated by planners.)

It is important to note that the state deliberately underpriced some consumer goods and services and these were either formally rationed or distributed through queues, literally or in the form of long waiting lists. Food-

stuffs (such as bread, dairy products and meat in the postwar period), transport fares and housing rents were typically heavily subsidized and remained constant for decades for political and income distribution reasons. In 1985 rents for state housing, fixed in 1928, took up only 3 per cent of an average family budget (Trehub 1987: 29). Queues were usually allowed to form for foodstuffs in state retail outlets and there were periods when rationing was general (such as in the first half of the 1930s). There was, of course, a substantial black market for many consumer goods and services, where prices reflected supply and demand.

Any economy that wishes to reap the benefits of extensive specialization and exchange needs money to function as a medium of exchange, unit of account, store of value and standard for deferred payments. The command economy used money. But, given that resources were largely centrally allocated, it played an essentially passive role. This is best illustrated by repeating the point that an enterprise's non-labour inputs were distributed administratively; it was the *naryad* that was the vital piece of paper, money being automatically forthcoming. Price tags were attached to items of expenditure and revenue in order for it to be possible to draw up the account necessary for purposes of evaluation and control. (Note, however, that since market elements were important, differential wage rates actively influenced manpower allocation, and consumers often exercised choice over the goods and services made available in the plan.) Money was needed because it was impossible to plan physically the output of every single good and in order to monitor performance.

The concept of the total money supply in a command economy was not very meaningful because there were two payments circuits, 'household cash' and 'deposit transfer'. The latter circuit comprised the bookkeeping changes that covered practically all inter-enterprise transactions, while the former had implications for macro financial equilibrium. The state was concerned to keep a balance between the cash injected into the economy, largely via the paying out of wages and salaries, and the supply of consumer goods and services made available under the plan at established prices, in order to avoid inflationary pressures. This can be expressed with the aid of an equation: $PQ = Y + TP - S - T$, where P is the general retail price level (i.e. average retail price), Q is the quantity of consumer goods and services, Y is household income in the form of wages and salaries earned in the production of *all* goods and services, TP is transfer payments, such as pensions, paid out to households, S is household savings, and T is direct taxes levied on households.

In principle the Soviet Union was thus able to prevent open and repressed inflation. It is interesting and instructive, therefore, to examine why significant open inflation was a feature of the 1930s. While plans for the production of consumer goods were generally underfulfilled, there was a large leakage of cash into the system through the overdrawn wage funds. This originated in (1) the high level of labour turnover, which itself was the result of a predominantly undisciplined labour force, recently arrived from the countryside,

in search of higher earnings; and (2) the plight of enterprise directors desperate for labour to fulfil the all-important output targets. Managers indulged in all sorts of activities, such as artificial upgrading, to get round state-determined wage rates. The State Bank allowed wage fund transgressions for fear of jeopardizing output plans. (The leak associated with Y was later plugged by tighter regulations, which specified, for example, that overspending had to be made good within a matter of months.)

There were attempts to correct the financial imbalance by encouraging household savings (S), including what were in effect forced bond sales, but the massive increases in direct taxes that would have been needed were ruled out by the necessity to preserve work incentives. What was left was P. Retail prices were increased to move nearer to market clearing levels (thus causing turnover taxes, which were usually price-determined, to increase) and to soak up some of the excess purchasing power. (Note that in the 1930s the Soviet Union experienced full employment and open inflation while the reverse situation existed in the capitalist West.)

If retail prices are not raised sufficiently to achieve financial equilibrium, the result is 'repressed' inflation, which takes the form of queues, rationing and blocked purchasing power (i.e. forced savings or 'monetary overhang'). The extent to which repressed inflation existed in the Soviet Union in later decades, however, was a very controversial point. 'Monetary overhang' may be seen as an unplanned accumulation of cash and savings accounts because of the lack of desired goods and services. Work incentives are severely adversely affected by the uncertainty of being able to translate money income into command over real goods and services.

Real resource flows were determined in the plan, but were also reflected in the 'consolidated' budget at all levels of government. The major elements of expenditure were for the 'national economy', especially capital grants and subsidies, and for socio-cultural purposes, such as health and education. The budgetary category of defence significantly underestimated the real total, with elements such as weapons research tucked away under other headings. On the revenue side, the outstanding point to note was the overwhelming reliance on indirect rather than direct taxes. One important reason for this was to preserve the wage differentials needed for incentives in a market environment. The turnover tax was more important than profit payments in the early years. Since resource allocation was determined in the plan, the budget played a role in the quest for financial equilibrium.

Banking was a state monopoly in the traditional economic system. The State Bank (Gosbank) was a 'monobank', that is, there was not the separation between the central bank and private commercial banks to be found in the West. Gosbank fulfilled the following functions in that it: issued cash; had a monopoly of gold and foreign exchange reserves (a specialized Foreign Trade Bank dealing with international payments); acted as the fiscal agent of government, collecting budgetary revenue and disbursing current expenditures (a separate Construction Bank handling the doling out of investment grants); had a monopoly of short-term credits for working capital

purposes in line with the state plan; monitored plan fulfilment by enterprises by means of the obligatory account. The Savings Bank serviced the needs of individuals. The overriding task then, reflecting the essentially passive role of money, was to aid plan fulfilment. Contrast this with the active exercise of monetary (and fiscal) policy in market economies.

In the traditional Soviet economic system the state had a monopoly of foreign trade and payments, the purpose being to help carry out party policy and shield the domestic from the international economy. The institutional hierarchy ran from the State Planning Commission to the Ministry of Foreign Trade and on to the foreign trade corporations, which normally specialized in a particular product or group of products and which operated on a *khozraschyot* basis. The industrial enterprise was assigned to a foreign trade corporation. The industrial enterprise that produced the good designated in its *tekhpromfinplan* as an export did not receive the world price but the domestic wholesale price, with appropriate adjustments in case of factors such as quality differences. The ultimate user of an import was charged the price of its nearest domestic substitute.

With direct control exercised over exports and imports, tariffs lost their conventional significance as protectors of home industry and sources of budgetary revenue. Two-tariff schedules were used, however, as bargaining levers with the West in the quest for ‘most favoured nation’ treatment (the lowest tariff applying to all).

In the traditional Soviet economic system the rouble was an inconvertible currency. It was not freely convertible into gold or other currencies and was not, therefore, subject to supply and demand forces in world foreign exchange markets. There was a multiple exchange rate system (the term ‘coefficients’ was often used), with various rates for different products or groups of products. The separation of domestic and world prices resulting from the state monopoly of foreign exchange ensured that exchange rates were arbitrarily determined (with the exception of the tourist rate of exchange), with a tendency towards overvaluation. (Comecon – the Council of Mutual Economic Assistance – was founded in January 1949 and held its last meeting on 28 June 1991. Within this communist trading bloc there was also the phenomenon of ‘goods inconvertibility’. If, for example, the Soviet Union had a trade surplus with another communist country, this could not be automatically converted into a claim on particular goods. The claim could only be met by negotiations with the latter country, which would then have to make provision in its central plan. See Jeffries 1993: Chapter 2 for an analysis of Comecon.)

In the traditional Soviet system exports were viewed as a means of paying for the import of goods either totally unavailable or in short supply at home, goods deemed essential to fulfil national plans; exports were not seen, for example, as a means of achieving full employment. Inefficient domestic prices and arbitrarily determined exchange rates precluded a meaningful calculation of the gains from trade. The commodity structure of trade was determined by political factors (sales of armaments, for example), domestic

resource endowment (the Soviet Union was the world's largest producer of oil) and the relative inefficiency of the economic system (reflected, for example, in difficulties selling manufactured goods in Western markets).

The separation of Soviet and foreign firms, except for perhaps contact over minor details such as precise delivery times, severely aggravated the problem of quality in production and marketing. Industrial enterprises produced according to plan and were unaffected by either competition in or, in any automatic sense, the movement of prices on the world market.

Lenin (who died in January 1924) tried to attract foreign capital and enterprise during the New Economic Policy of 1921–8. But he was not very successful. 'At the end of the NEP there were only fifty-nine foreign concessions, accounting for less than 1 per cent of the output of state industry' (Gregory and Stuart 1986: 63). Stalin forbade such concessions and it was not until 1 January 1987, under Mikhail Gorbachev (who became general secretary of the Communist Party in March 1985), that direct foreign investment was next allowed.

All land in the Soviet Union belonged to the state, although other bodies were allowed use of it. The main agricultural production unit in the early system was not the state farm (*sovkhos*), but the collective farm (*kolkhoz*). Collectivization during the 1930s was forced, bloody and brutal. Only a nominally independent co-operative, the *kolkhoz* was subject to state plans and delivery quotas at state-determined prices which sometimes bordered on the confiscatory. In 1936 the compulsory procurement price for wheat, plus handling costs, was 15 roubles a tonne; this wheat was sold to state milling enterprises at 107 roubles per tonne, the turnover tax thus amounting to 92 roubles (Nove 1961: 99). During the 1930s the compulsory procurement price for potatoes of 3.6 roubles a tonne contrasted with free market prices varying between 37 and 200 roubles a tonne.

Peasant income for work on the collective farm was residual in nature, constituting that remaining from gross revenue after deduction of all other costs, including social security and equipment. The workday (*trudoden*) was not literally a calendar day, but each particular piece of work was valued at so many workdays. Its value was not known until the end of the year, the residual being divided by the total number of workdays earned. This uncertainty, the infrequency and low levels of remuneration (in kind as well as in money), the negligible impact of individual effort on total farm income, and the fact that the burden of a poor harvest was placed on the shoulders of the peasants (there was even a man-made famine in areas such as the Ukraine) had a disastrous effect on incentives. Peasants devoted so much time to their private plots that a minimum number of days of collective work had to be introduced. Although severely restricted in terms of size and livestock holdings, these plots were a vital source of peasant cash income and of supply of such products as fruit and vegetables, dairy products and meat, which were either consumed in the household or sold on the free market. Private plots contributed 25 per cent of total agricultural output even in the late Soviet period.

We are dealing with a sector which ... still contributes over 25 per cent of total agricultural production and is still vitally important as a producer of potatoes, vegetables, eggs, fruit, meat and daily produce ... The little plots ... (most often 0.25 ha) receive a disproportionate amount of care and attention ... [this] helps explain the ... fact that 3 per cent of the sown area produces 25 per cent or more of the produce. (Nove: 1977: 123)

There is still controversy about the role of agriculture as a source of forced savings, but collectivization provided food for the rapidly growing urban labour force, raw materials (like cotton) for industry and agricultural products for export (generally at relatively low cost to the state), and encouraged the movement of labour necessary for rapid industrialization. It was also hoped that collectivization would reap the benefits of industrial mechanization applied to large-scale farming units and secure party control in the countryside.

The cost of collectivization was great. In the short term there was a reduction in agricultural output of around a fifth during 1928–32 and massive slaughter of livestock by unwilling peasants. The long-run health of the sector also suffered, agriculture often being described as the Achilles' heel of the economy. Apart from the income distribution system in collective farms (exacerbated by the large size of these multi-product farms, which made the link between effort and reward even more tenuous), the central planning of agriculture faced special problems. These problems included the following: (1) the variety of constantly changing local conditions and difficulties of supervision; (2) the vital importance of a *timely* supply of (typically scarce) inputs in a sector dominated by seasonal factors (e.g. spare parts for repair and maintenance); and (3) the fact that land and produce could be put to better use, as far as farmers were concerned. Other factors explaining the poor shape of Soviet agriculture were geographical features (deficiencies with regard to climate and soil), the poor rural infrastructure (e.g. roads) and the ageing rural population. The environmental legacy was quite horrendous, e.g. the effects of cotton production (via irrigation and fertilizers) on the poisoning and drastic shrinking of the Aral Sea.

Appendix 2

General issues in the transition from command to market economies

Appendix 2 relies heavily on Jeffries (2002a: 383–407).

In late 1989 the world witnessed the start of the stunning and unexpected collapse of communism in Eastern Europe. The Soviet president, Mikhail Gorbachev, was unwilling to use force to preserve Soviet control over the East European Comecon countries. Indeed, towards the end of 1991 the Soviet Union itself ceased to exist. Gorbachev did not intend this to happen but, again, he did not try to preserve it by force.

Not surprisingly, the question of how to handle the transition from ‘communism’ to ‘capitalism’ has led to immense controversy and problems. But while there are major areas of dispute as to how to handle the economic transition, it may be argued that the virulence of the debate often hides substantial areas of agreement.

Only the main aspects of the theoretical debate can be given here. There are two broad approaches to transition, ‘big bang’/‘shock therapy’ and ‘gradualism’, although even definitions are not as clear as one might wish for. Thus ‘large’ privatization is a relatively lengthy process even in the former, while China’s ‘gradualism’ includes relatively rapid agricultural reform. Vietnam has clearly been influenced by China, but the bundle of reforms in 1989–91 have a ‘big bang’/‘shock therapy’ look about it.

‘Big bang’/‘shock therapy’ is a programme of rapid and comprehensive market transformation (comprising a package of interdependent measures) coupled with macroeconomic stabilization where necessary. The terms ‘big bang’ and ‘shock therapy’ are often used interchangeably, while the term ‘shock therapy’ is more often than not used in a broad sense to cover both (i) severe austerity measures and (ii) a rapid and comprehensive change in the economic system. But at times the term has been used in a narrower sense, referring only to (i). Current usage renders the composite term ‘big bang’/‘shock therapy’ more appropriate. The measures constituting ‘big bang’/‘shock therapy’ are as follows:

- 1 *Liberalization.* This includes the end of central planning and the freeing of prices in the context of a liberal international trade regime, i.e. a rapid

progression to a market economy. Rapid *current* account convertibility of the currency is recommended. (The Asian financial crisis began with an attack on the currency of Thailand in July 1997. Russia suffered its own financial crisis in August 1998. The crisis bolstered the arguments against undue haste in dismantling controls on the capital account.)

- 2 *Privatization.* The rapid expansion of the private sector through deregulation (i.e. freedom of entry into sectors of the economy by new enterprises) and the privatization of state enterprises is recommended. It is acknowledged that 'large' privatization will take longer than 'small' privatization. In the meantime the remaining state enterprises will need to be disciplined by measures such as demonopolization, exposure to domestic and foreign competition and the ending of 'soft budget constraints'. (Where soft budget constraints operate inefficient enterprises are bailed out by the government through such means as direct budget subsidies, soft credits from state banks and tax concessions – including write-offs.)
- 3 *Stabilization.* Macroeconomic stabilization is needed in order to bring inflation under control and generate confidence in domestic money. Severe austerity measures are necessary in cases of chronic inflationary pressures. If repressed inflation exists a 'big bang' liberalization of prices will transform this into open inflation, i.e. if a 'monetary overhang' exists these forced savings will be eroded in real terms.

Proponents such as Jeffrey Sachs (1994) also recommend a 'social safety net' (especially an unemployment compensation scheme) and see the need for a generous international aid (and trade) policy.

There are various arguments supporting 'big bang'/'shock therapy':

- 1 It is argued that the various measures are interdependent, e.g. price liberalization is feasible even with uncompetitive market structures if there is simultaneous foreign trade liberalization, foreign companies thus providing the competition. (The details of price liberalization are dealt with below.)
- 2 'Big bang'/'shock therapy' provides unambiguous signals of intent as to the direction of reform.
- 3 The bureaucracy is bypassed and the rapid reduction of state regulations helps deter corruption and crime.
- 4 Vested interests in shrinking sectors (which attempt to delay reform) are outweighed by new vested interests in favour of reform.
- 5 Governments can make use of a brief political 'honeymoon period' after being elected to undertake rapid, comprehensive and often painful measures. This 'window of opportunity' is to be used to ensure that the reform process becomes irreversible, i.e. the farther the process of reform proceeds the more infeasible it becomes to return to the old system.

The advocates of 'big bang'/'shock therapy' also argue that they have been vindicated by actual developments in the transitional countries of Eastern

Europe and the former Soviet Union. Frequent mention is made of the fact that Poland (which, in 1990, was the first to start rapid and comprehensive change) was the first to return to positive growth (in 1992) and the first to regain its 1989 level of national output (in 1996). Thus Sachs (1996a: 128) argues that 'The first lesson of the first five years is that rapid systemic transformation can work. It is possible to introduce the institutions of a market economy within five years and to reestablish economic growth'.

Major advocates of 'big bang'/'shock therapy' include Jeffrey Sachs, Anders Åund and Leszek Balcerowicz (who was Poland's finance minister 1989–92 and implemented the first actual 'big bang'/'shock therapy'; he was reappointed as Poland's finance minister on 31 October 1997 but was replaced on 8 June 2000; in early 2001 he became chairman of Poland's central bank.)

It is worth exploring the controversy about 'big bang' price liberalization versus gradual price reform. In the former 'communist' countries most prices were determined by the state. There is a debate about (i) whether economies in transition should free most prices at once (typical exceptions including energy prices and housing rents) as part of a programme of rapid and comprehensive economic reform and macroeconomic stabilization or (ii) whether to allow the market to determine prices only gradually over time.

Among the arguments in favour of rapid price liberalization are the following:

- 1 The need to make use of the political 'honeymoon' period to make painful economic decisions.
- 2 Market-determined prices lead to a more efficient allocation of resources.
- 3 Queues and forced substitution of goods are eliminated when price controls are ended. Confidence is restored in the currency. The benefits of the elimination of queues include more leisure time and greater incentives to work (since money income can command control over goods and services). There is the argument that the welfare costs of monopoly are less than those of queues. Controls over prices and the consequent shortages encourage corruption and 'rent-seeking' (the seeking of favours, such as subsidies, from the government).
- 4 Repressed inflationary pressures are eased as any 'monetary overhang' (forced savings) is eroded. Although the release of most price controls leads to an immediate increase in open inflation, macroeconomic stabilization policies will gradually bring down the rate of increase in the general price level.
- 5 The liberalization of foreign trade, including rapid current account convertibility, is emphasized. 'International competition would provide the competition in the internal market that ... firms themselves would not provide at the start. If free trade could be introduced, prices could be liberalized' (Sachs 1994: 50). Likewise, Balcerowicz (1994: 28) recommends that 'a comprehensive price liberalization should be complemented by

comprehensive liberalization of foreign trade'. It is thus not only inadvisable but not even necessary to wait until privatization and competitive domestic conditions are created. (The existence of a healthy private sector at the start of the transition would, of course, enhance the supply response. Thus Poland was in a better position than Russia to engage in 'big bang' price liberalization.)

- 6 'Big bang' price rises will lead to dishoarding and increased supply, while demand will be reduced (thus encouraging a subsequent fall in prices). With staged price increases supplies will be withheld from the market in anticipation of future price rises, while consumers try to speed up their purchases.
- 7 Woo (1994: 278–9) argues that the common consequence of partial price reform is that the state is obliged to accede to requests for subsidies from loss-making firms that have their output prices controlled. There is little incentive for such firms to increase their efficiency because it is hard for the government to determine whether the losses are due to price controls or to mismanagement and misappropriation. Similarly, Balcerowicz believes that slow price liberalization would prolong the existence of distorted prices. Thus the performance of enterprises cannot be judged reliably and the soft budget constraint is likely to persist as loss-makers are able to blame distorted prices.

Among the arguments in favour of gradual price reform are the following:

- 1 The communist legacy was a structure of industry dominated by large state-owned enterprises. Releasing most prices in these circumstances would not lead to the sort of elastic supply responses assumed by 'big bang' advocates, while monopoly profits on a large scale would be made. Monopoly price rises would increase inflationary pressures. Thus prices are best released gradually, in line with privatization (defined broadly to include the creation of new firms) and the creation of more competitive conditions through demonopolization and regulation of remaining monopolies. Tsang (1996: 190) forcibly argues against a sudden freeing of prices: 'The price elasticity of supply is so low that the inflation rate will shoot up to unprecedented levels, seriously derailing production and generating extreme impacts on income distribution and people's livelihood ... The monopolists in the CPEs [centrally planned economies] may simply get abnormal profits ... The non-monopolists will not be able to cope with the huge rises in production costs and will probably suffer huge losses ... Together, these phenomena may generate a serious situation of stagflation, which not only threatens the short-term prospects of reform, but also the long-term growth potential of the economy.'

(Note the arguments against the rapid liberalization of foreign trade below.)

- 2 If macroeconomic stabilization measures are not successfully taken the price rises could set off a price–wage spiral. McKinnon (1994: 462) argues that 'the big bang argument for total price decontrol is flawed if the

important actors bidding for scarce resources have soft budget constraints'. Indeed, 'until budget constraints are hardened, uncontrolled bidding by state enterprises will cause the producer price to increase indefinitely'. (Russia in 1992 may be cited as an example. There was hyperinflation.)

- 3 There is the danger of social unrest as the real value of savings is rapidly eroded by large price rises. This danger is enhanced if increases in money wages and pensions are not kept in line with price rises as macroeconomic stabilization measures are implemented.
- 4 Foreign aid may be inadequate and/or not synchronized with the ending of price controls.
- 5 China has shown that gradual price reform is compatible with an impressive economic performance. Hussain and Stern (1994: 7) argue that one lesson of the Chinese experience is that 'market transactions can flourish even under a heavily distorted price structure and in particular economic sectors, whilst others remain closed. Once established they themselves can become a powerful force for a rationalization of prices. Experience with market transactions enhances the capacity of agents to adapt to changes in relative prices.'

The advocates of 'gradualism' criticize various aspects of 'big bang'/'shock therapy':

- 1 There are doubts about the feasibility of achieving so much so quickly (although the precise time scale involved is another debate in itself). The proponents of 'big bang'/'shock therapy', it is argued, are generally too optimistic about the time needed to adjust, e.g. the time needed for appropriate institutions (political, legal and economic), attitudes and behaviour to develop (including informal codes of behaviour such as 'gentlemen's agreements'). There is, for example, a vital need for an efficient and honest legal system to enforce contracts and property rights. (This is dealt with in detail below, in the section on seeking a compromise.)
- 2 The cost of making a mistake in a rapid and comprehensive programme is likely to be large. With a more gradual approach the cost of smaller errors can be contained and corrective action taken more quickly. This may encourage a more positive reaction to the whole reform process among the population. A modest but successful start to the reforms would also boost political support. (China prior to 1978 had a history of huge, albeit left-wing mistakes.)
- 3 The wisdom of attempting 'big bang'/'shock therapy' is questioned because severe strains could be put on society. There is the danger that democracy and markets could become associated in many people's eyes with intolerable hardship for too long a period of time, exacerbated by growing inequalities in income and wealth (often earned in shady or downright criminal ways in the 'Wild East' stage of transition). It is argued that proponents were generally too optimistic about the

prospective costs of transition, including falling output and living standards and increasing open unemployment.

- 4 A liberal foreign trade policy (e.g. low tariffs) could have severe adverse effects on domestic producers, especially if there is a fixed exchange rate regime, i.e. too early and radical an opening to foreign competition could decimate generally relatively inefficient domestic industry in transitional economies.
- 5 Tsang (1996) stresses the problems arising from the difficulty of asset valuation and from the inheritance of 'implicit contracts' from the socialist era: low wages in return for housing subsidies (p. 186); 'the implicit rights of many citizens to the previously state-owned property and assets'; (p. 185); 'the worker's implicit rights to the state enterprises' (p. 187). The neglect of such contracts would 'lead to unfair and counter-productive outcomes' (p. 185).
- 6 A sub-division of gradualism is the 'evolutionary' school typified by the views of Peter Murrell (1993: 113). Evolutionists like Murrell advocate a gradual phasing out of the old institutional framework, e.g. the private sector should be actively encouraged to grow as opposed to 'forced' privatization (p. 119).
- 7 The example of China since 1978 shows the virtues of gradualism.

But while there is general agreement that the sort of 'tinkering around' indulged in by most of the communist countries was largely a dead-end, China's overall economic success since 1978 has led to a considerable debate about whether the transitional countries of Eastern Europe and the former Soviet Union should adopt (or rather should have adopted) China's model. Woo goes so far as to say that 'gradual reform in China was not the optimal reform for China' (1994: 306). But sceptics, recognizing China's economic successes, generally put forward the following arguments against its relevance in Eastern Europe and the former Soviet Union:

- i China's position in 1978 was generally more favourable in terms of inflation, foreign debt and trade with the West. Initial circumstances in countries can vary and thus policy responses may have to differ.
- ii The critical aspect in which China differed was the structure of the economy. The World Bank (1996: 21) points out that in 1978 71 per cent of the work force were employed in agriculture and only 15 per cent in industry (the respective figures for 1994 being 58 per cent and 18 per cent). By way of contrast the respective 1990 figures for Russia were 13 per cent and 42 per cent.

Sachs and Woo (1994: 103–43) argue that rapid growth in China was possible because the large agricultural sector contained vast surplus labour and did not enjoy subsidies. This labour fuelled the rapidly growing new industries in the non-state sector, while the reallocation of labour allowed all groups to gain. In Eastern Europe and the former Soviet Union the much larger state sector has impeded the

necessary structural adjustments. Gradualism would not work because curtailing subsidies would produce losers who would use their power to resist this adjustment. Gradualism would not result in sufficient productivity gains to overcome the losses. Layard (*Economics of Transition*, 1993, vol. 1, no. 3, p. 358) argues that Russia has a huge industrial sector which must be improved; it is no good simply to rely on entry by new firms. Others, too, point to the necessity of restructuring and privatizing the large industrial sectors in Eastern Europe and the former Soviet Union. China has been able to continue subsidizing its industrial sector because it is relatively small.

- iii Even Nolan (1996), a strong defender of the Chinese model, admits that ‘careful study of China’s reform path would have been relevant to devising a reform strategy for the country in the late 1980s. It is not much relevant to Russia’s current situation’ (p. 248). ‘The fundamental cause of the Soviet collapse lies in the destruction of the nation state and the state administrative apparatus under Gorbachev . . . To be successful an economic reform strategy requires political stability and effective government . . . Once the state apparatus had collapsed the range of options for any successor government was greatly reduced’ (pp. 242–3). ‘Without a coherent, effective state apparatus . . . it was impossible to follow an “East Asian” approach to the transition’ (p. 244). (There are, of course, objections to a one-party state in itself.)
- iv For China’s township-village enterprises to work there is need for a culture in which decisions can be made in the absence of conventional property rights. ‘The key missing element [in conventional property rights theory] is the ability of a group to solve conflicts internally, without explicit rules, laws, rights, procedures and so forth (Weitzman and Xu 1993: 28).
- v China was able to tap the vast capital and entrepreneurial resources of ethnic Chinese in other countries. (This source of capital was adversely affected by the Asian financial crisis, which began in July 1997.)

There has been a quest for compromise. Since everybody agrees that not ‘everything’ can be done ‘at once’, the question of the correct ‘sequencing’ of reforms comes to the fore. Sequencing explores the merits and demerits of various sequences or orders in which reforms can be introduced. Economists are at odds over issues such as the following: (i) whether price liberalization should precede or accompany/follow monopolization/ privatization; (ii) whether the restructuring of the typically very large enterprises (e.g. breaking them up) should precede or follow privatization; (iii) when to liberalize the financial system.

Another sequencing problem is how quickly to liberalize the foreign trade sector. Those advocating gradual change argue that too early and radical an opening to foreign competition could decimate generally relatively inefficient

domestic industry in transitional economies. The Asian financial crisis started in July 1997 with a speculative attack on the currency of Thailand and then spread to other emerging markets. Russia started to be affected in October 1997 and May 1998 was a bad month. But disaster struck on 17 August 1998 when Russia was forced to devalue the rouble and default on its domestic debt. The Asian/Russian financial crisis bolstered the arguments against undue haste in dismantling controls on the capital account. 'Because implementation of the necessary structural and macroeconomic measures requires time to become effective governments should explore market-based means of containing the volatility of short-term capital flows while significant vulnerability remains' (EBRD 1998b: vi–vii).

There is increasing recognition that the institutional basis of a market economy takes a long time to put in place.

Some aspects of a market economy can and have been created quickly in transition economies, in particular through market liberalization and privatization. However, developing the institutions and business practices required for a well-functioning market economy takes much longer ... Developing the capacity of the state to regulate effectively, as well as to provide other institutional arrangements required in a market economy, demands a radical reorientation of governance away from the direct control of economic activity to an effective supporting role. This reorientation inevitably takes time since it depends on the development of the necessary skills and practices. As the example of regulation shows, much remains to be done in transition economies in building this new role for the state. (EBRD 1998b: iv)

'The financial systems of the transition economies remain underdeveloped, burdened by the legacies of central planning and the structural and macroeconomic upheavals early in the transition' (EBRD 1999b: 4). 'The evidence now shows clearly that the central lesson of transition is that markets will not function well without supporting institutions, a state that carries through its basic responsibilities and a healthy civil society' (p. 5).

Some aspects of a market economy can and have been created quickly, in particular through liberalization and privatization. However, developing the institutions and behaviour required for well-functioning markets and private enterprise takes much longer. The promotion of effective institutions, such as government structures, laws and regulations and the sound behaviour of governments, enterprises and financial institutions lies at the heart of the challenge of transition as it enters the next decade. (p. iv)

Building institutions that support markets and private enterprise remains a fundamental challenge of transition, but establishing the appropriate laws and regulations is not sufficient. They must be embodied in the social norms, practices and behaviours of both government and the private sector – institutions that need social capital and social foundations. (p. 9)

‘Social capital may be defined in terms of voluntary compliance with established laws, trust, co-operative behaviour and basic codes of conduct’ (p. 5). ‘In the more advanced countries rapid liberalization and sustained macroeconomic stabilization have laid the basis for gradual institutional change’ (p. vi). ‘Countries that have achieved sustained progress in liberalization, macroeconomic stabilization, small-scale privatization and openness to foreign trade and investment have also advanced steadily in the development of market institutions’ (p. 38).

The World Bank’s conclusion is interesting. ‘Gradual, partial reforms were not an option for most ... countries’ of Eastern Europe and the former Soviet Union (World Bank 1996: 23).

Differences between countries are very important, both in setting the feasible range of policy choice and in determining the response to reforms. Which works best, rapid or gradual reform? This question has no single or simple answer ... Nevertheless, for the bulk of these economies [the countries of the former Soviet Union and Central and Eastern Europe] the answer is now clear: faster and more consistent reform is better. (p. 143)

A country’s starting circumstances, both economic and political, greatly affect the range of reform policies and outcomes open to it. Within this range, however, the clear lesson of the past few years’ reforms is that, regardless of the starting point, decisive and consistent reform pays off. (p. 9)

‘In every case [including China and Vietnam] what matters is the breadth of the policy reforms attempted and the consistency with which they are maintained’ (p. 21). ‘Consistent policies, combining liberalization of markets, trade and new business entry with reasonable price stability, can achieve a great deal – even in countries lacking clear property rights and strong market institutions’ (p. 142).

Mitra and Selowsky (2002: 48–51) summarize the findings of *The First Ten Years: Analysis and Lessons for Eastern Europe and the Former Soviet Union* (World Bank: Washington). ‘We asked what explained the differences in economic performance: initial conditions, policy reforms or external shocks, such as war and civil strife.’ Initial conditions included the following: the structure of the economy (such as the share of industry and trade dependence on other communist countries); initial distortions (such as repressed inflation and black market exchange rates); and institutions (such as experience of markets and nationhood prior to transition). The extent of reforms was measured by combining the World Bank’s liberalization index with the transition indicators of the EBRD – which include policies to increase the role markets in resource allocation and reforms ensuring an efficient functioning of markets. One of the key findings was as follows:

The speed of reforms seems to matter. The analysis shows that annual output is related to the level of the reform index – that is, cumulative

policy reforms. The quicker that reform level is achieved and sustained, the sooner the economy can attain faster growth. (p. 49)

The question essentially revolves around how much can or should be attempted at the 'same' time. Scepticism about the wisdom and feasibility of a 'big bang' solution must be countered by awareness that doing next to nothing brings about economic catastrophe. (In the early years of Ukrainian independence there was hyperinflation and collapsing output at the same time; hence the term 'Ukrainianization'.) Consequently, there may be merit in the idea of (i) a 'critical mass' of co-ordinated measures on a sufficient scale to provide an irreversible and on-going momentum to the reform process and (ii) a credible programme for which a democratically elected government must seek and maintain popular approval (as stressed by the United Nations Economic Commission for Europe: 1993: 9). Choosing the appropriate blend and scale of measures best suited to individual countries is a political art rather than an economic 'science'. The initial circumstances vary between countries, such as the severity of macroeconomic disequilibrium, the size of the private sector, the extent of the previous reforms, the burden of foreign debt and the availability of aid.

The debate seems to boil down to what is politically and economically feasible. As Clague (1992: 15) points out, the difference between the 'big bang' and evolutionary approaches 'lies primarily in judgements about what is politically feasible' (Clague 1992: 15). In similar fashion, Aund (1994a: 37) has concluded that 'the interesting limitation [on swift and comprehensive change] is what is practically and politically possible, and nothing else'. Portes (1994: 1180) usefully adds:

The range of sensible strategies is limited and there may be little margin for choice. Some elements of stabilization and liberalization make sense only when done simultaneously. The range observed across countries is in fact surprisingly limited and mainly a function of initial conditions.

Rhetoric has often concealed considerable agreement in a new area of economics where clear definitions are often hard to come by. Many of the alleged protagonists would probably agree that as much as possible should be done as quickly as possible, but the problem is that this begs all sorts of questions.

There are special problems facing transitional economies in privatizing industrial enterprises. It is 'large' privatization that is emphasized here, namely the privatization of medium-sized and large enterprises. 'Small' privatization (of shops and restaurants, for example) presents far fewer difficulties and has typically been rapid in transitional economies. There is also much less resistance socially to small privatization for the benefits in terms of much needed improvements in the quantity and quality of consumer goods are quickly apparent.

The sheer scale of state ownership in the former socialist ('communist') economies makes the issue of privatization a vital one. The communist legacy

also included the following: one of generally inefficient enterprises (which were often social units as well, providing benefits such as health care); managers working in a non-competitive environment and often chosen for political loyalty rather than expertise; and monopolistic structures of industry.

Property rights include the right to use an asset, to enjoy any income generated by the asset and to sell the asset. Such rights gives an incentive to use property efficiently. State ownership (and 'social ownership', as in the former Yugoslavia) has the potential for property abuse ('everybody's property is nobody's property'). This is especially the case where, as in command economies, a 'soft budget constraint' operates, i.e. where inefficient enterprises are kept in operation by governments unwilling to see unemployment and closures on a large scale. Support includes direct budget subsidies, soft credit from state banks and tax concessions (even write-offs). (Note that 'commercialization' or 'corporatization', which helps clarify property rights, involves the conversion of state enterprises into joint stock companies free of ministerial control. The state owns the shares at first but these can be sold later. The issue of whether to restructure enterprises before or after privatization is not considered here.)

The important (and academically non-controversial) question of encouraging new private firms is not considered here. But lifting constraints such as those on employment can be done very quickly.

Research shows start-up firms [greenfield activity] are overwhelmingly most efficient and superior to even the best privatized firms ... An equally important conclusion is how the presence of start-up firms contributes to the appropriate competitive environment and puts pressure on newly privatized firms of all types to achieve comparable efficiency. (Havrylyshyn and McGettigan 1999: 10)

A relatively slow process of large privatization can still bring benefits when state industrial enterprises are made to face 'hard budget constraints' (i.e. no automatic bail-outs by the state) and competition from domestic and foreign companies. 'Investigation shows that Polish managers of state firms performed well because they expected privatization and hoped their achievements would assure their survival when it came' (Havrylyshyn and McGettigan 1999: 5). (But Poland has had problems with sectors such as coal, which continues to rely on state subsidies.)

The potential for abuse is massive. Thus there is need for an honest, democratic and hence accountable state to control the process of privatization (and for an efficient and honest legal system to enforce contracts and property rights). Otherwise state assets may be taken over in ways which vary in their degree of legality and which benefit only certain sections of society. 'Spontaneous' privatization essentially means that managers and other members of the *nomenklatura*, in unregulated fashion, get their hands on state property at below market prices. 'Those entrusted with state assets take possession of them in one way or another or initiate arrangements for their disposal to private agents.' Earlier forms of uncontrolled or 'wild'

spontaneous privatization in Eastern Europe involved 'a more or less sophisticated theft from the state or society as a whole', such as obtaining shares or guaranteed jobs in the new companies (United Nations Economic Commission for Europe 1992: 231). The creation of a small number of fabulously wealthy 'financial oligarchs' in Russia is often quoted as an example of abuse on a gigantic scale (e.g. the infamous 'shares-for-loans' scheme of late 1995 resulted in the transfer of valuable assets for a fraction of their real worth).

There are a variety of methods of privatization, although in reality privatization programmes are mixtures (packages) of some sort or another. The varying emphases in these mixed programmes reflect political as well as economic circumstances. Russia's weak central (federal) government, in what was called its 'insider' stage of privatization which lasted until mid-1994 (although it involved some vouchers), claimed that it needed to 'buy off' a powerful managerial lobby (in a society sceptical about the value of privatization). In contrast, the former Czechoslovakia adopted a mass or voucher privatization programme. The country had a strong central government which was not faced by severe inflationary pressures and, therefore, had less need to raise revenue for budgetary purposes. Although burdened by a large *per capita* foreign debt, Hungary has not sought debt forgiveness. Hence revenue raised from sales has been particularly important. The director of the Slovenian privatization agency has said that 'the political conditions here would make it impossible to do it all through the state like in Germany, because all managers here believe they already own the companies' (Patrick Blum, *FT*, Survey, 12 April 1994, p. 32).

There are pros and cons of all the various schemes:

- 1 The sale of state-owned industrial enterprises to 'outsiders' (domestic or foreign)
- 2 Management-employee buy-outs. Existing managers and employees are referred to as 'insiders') and may be allowed to use vouchers and/or cash to purchase all or a controlling portion of shares in 'their' enterprises, perhaps on relatively favourable terms. With management-employee buy-outs, shares of an enterprise are thus sold or given to some combination of managers and other employees. Straight management buy-outs are possible at one extreme.
- 3 Mass (voucher) privatization. In a programme of mass privatization citizens (all or those deemed eligible by age, for example) are allocated (equally or with account taken of such things as length of employment) vouchers for free or at nominal cost. These vouchers may or may not be tradable for cash. But vouchers can be exchanged directly for shares in enterprises to be privatized, in private investment funds which then buy shares in enterprises, or in (perhaps temporary) government-created (but not run) investment funds that own shares in enterprises. This 'top-down' approach is more feasible in a country where the central government is strong (as in the former Czechoslovakia).

- 4 Restitution. Property may be returned in physical form ('natural' restitution) to former owners or their heirs. Because of the problems associated with physical restitution there may be financial compensation or compensation in the form of vouchers exchangeable for shares in enterprises to be privatized. Uncertainty of ownership and long delays in sorting out claims to property were among the problems that forced reunified Germany to substantially amend legislation which initially emphasized physical restitution. (Note that as a rule restitution has typically been much more important in agriculture and housing than in industry.)

Postscript

13 September 2005. The six-party talks resume.

North Korea demanded on Wednesday [14 September] that the United Nations and other nations give it the funds to build a new a new light-water reactor before it will end its nuclear weapons programme ... Christopher Hill: 'Neither the United States or any other participant is prepared to fund a light-water reactor' ... A light-water reactor would cost \$2 billion to \$3 billion and take about a decade to build, Hill said. The main stumbling block now is Pyongyang's insistence that it has the right to retain a civilian nuclear programme even if it gives up its nuclear weapons. The issue has divided the participants in the talks, with China, Russia and South Korea accepting North Korea's demand, while the United States and Japan have argued that the country cannot be trusted with any kind of nuclear technology, whether nominally peaceful or military. American negotiators recently signalled a softening of that line, saying they would be willing to leave aside the issue of civilian use of nuclear technology for now, to clear the way for a general agreement on ending the North's weapons effort ... Hill said North Korea should scrap its demand for new nuclear plants and accept a South Korea proposal to build power plants on its border with North Korea. Seoul has said it could provide enough kilowatts to match the output of all of the North's existing power plants combined ... Hill met with the chief North Korean delegate, Kim Gye Gwan. (*IHT*, 15 September 2005, p. 7)

North Korea stuck doggedly to its demand that the outside world build it a new nuclear reactor before it dismantles its nuclear weapons, leaving six-nation negotiations on the verge of collapse [on Thursday 15 September]. Both the United States and North Korea identified the North's demand for a light-water reactor as the main sticking point in the talks ... Christopher Hill: 'No country is going to provide North Korea with a light-water reactor' ... The United States said the other regional powers participating in the talks – South Korea, China, Russia and Japan – agreed that the North's condition that it receive a new reactor up front before ending its weapons programme was impossible to meet. (*IHT*, 16 September 2005, p. 7).

'They are asking to be given nuclear technology when they are outside the treaty, which is impossible', Mr Hill said. He said the United States and other parties to the talks have made significant concessions on other issues that North Korea has in the past indicated are its main concerns, including economic aid, security guarantees and its domestic energy needs. But he said the North is now focused exclusively on a new reactor. (www.iht.com, 15 September 2005)

The six-party talks ... appeared to be in jeopardy on Friday [16 September] as North Korea rejected a South Korean offer of electricity and insisted on its right to nuclear energy, while China set a Saturday [17 September] deadline to sign off on a document intended to break the deadlock. The United States increased the pressure with a threat to freeze North Korea's assets ... [The United States] said it wanted to see progress within five days ... On the fourth day of this most recent round of talks, North Korea reportedly threatened to extract more plutonium if its demands for a light-water reactor were not met ... A revised proposal ... a set of principles meant to guide negotiators ... was presented in Beijing on Friday ... The reworked document [is] now in its fifth draft ... In the draft China proposed that North Korea could retain the right to a peaceful nuclear programme if it abandoned its atomic weapons, according to Russia's chief envoy ... The six countries were to discuss the draft with their governments and reconvene on Saturday afternoon ... North Korea also rejected a South Korean offer to lay cables across the border to supply its northern neighbour with power. (www.iht.com, 16 September 2005)

China proposed a new compromise ... and gave participating countries one day to accept or reject the offer, but there were mixed signals Friday [16 September] about whether the United States and North Korea were prepared to come to terms ... Diplomats said ... a new agreement ... promised North Korea the right to retain a peaceful nuclear programme and to receive a new light-water reactor at some point. The agreement also reflects American demands that any such steps occur after Pyongyang dismantles its nuclear weapons, diplomats said ... But ... North Korea issued a strongly worded statement in which it insisted that it must receive a new light-water nuclear reactor before it abandons its nuclear weapons programme ... A North Korean spokesman ... said North Korea requires nuclear weapons because it has to defend itself against the United States, which, he charged, has targeted his country for a 'pre-emptive strike'. (*IHT*, 17 September 2005, p. 4)

Disarmament talks were extended until at least Monday [19 September] ... After the heads of all six delegations met twice Sunday [18 September] to exchange opinions on the document, China said the negotiations were almost finished ... The new Chinese draft affirms Pyongyang's right to peaceful nuclear activities after it ends its weapons programme. (www.iht.com, 18 September 2005)

‘A draft statement presented by China on Sunday ... was thought to recognize in principle North Korea’s right to nuclear energy’. (*IHT*, 19 September 2005, p. 4)

A statement was signed on 19 September by all six parties to the talks (www.iht.com). The statement was as follows:

For the cause of peace and stability on the Korean Peninsula and in north-east Asia at large, the six parties held in a spirit of mutual respect and equality serious and practical talks concerning the denuclearization of the Korean Peninsula on the basis of the common understanding of the previous three rounds of talks and agreed in this context to the following:

The six parties unanimously reaffirmed that the goal of the six-party talks is the verifiable denuclearization of the Korean Peninsula in a peaceful manner. The People’s Democratic Republic of Korea (North Korea) committed to abandoning all nuclear weapons and existing nuclear programmes and returning at an early date to the treaty on the non-proliferation of nuclear weapons (NPT) and to the IAEA (International Atomic Energy Agency) safeguards.

The United States affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK with nuclear or conventional weapons.

The ROK (South Korea) reaffirmed its commitment not to receive or deploy nuclear weapons in accordance with the 1992 joint declaration of the Denuclearization of the Korean Peninsula, while affirming that there exist no nuclear weapons within its territory.

The 1992 joint declaration of the Denuclearization of the Korean Peninsula should be observed and implemented.

The DPRK stated that it has the right to peaceful uses of nuclear energy.

The other parties expressed their respect and agreed to discuss at an appropriate time the subject of the provision of a light-water reactor to the DPRK.

The six parties undertook, in their relations, to abide by the purposes and principles of the Charter of the United Nations and recognized norms of international relations.

The DPRK and the United States undertook to respect each other’s sovereignty, exist peacefully together and take steps to normalize their relations subject to their respective bilateral policies.

The DPRK and Japan undertook to take steps to normalize their relations in accordance with the (2002) Pyongyang Declaration, on the basis of the settlement of unfortunate past and the outstanding issues of concern.

The six parties undertook to promote economic co-operation in the field of energy, trade and investment, bilaterally and/or multilaterally.

China, Japan, the Republic of Korea (ROK), Russia and the United States stated their willingness to provide energy assistance to the DPRK. The ROK reaffirmed its proposal of 12 July 2005, concerning the provision of 2 million kilowatts of electric power to the DPRK.

Committed to joint efforts for lasting peace and stability in north-east Asia. The directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum.

The six parties agreed to explore ways and means for promoting security co-operation in north-east Asia.

The six parties agreed to take co-ordinated steps to implement the aforementioned consensus in a phased manner in line with the principle of 'commitment for commitment, action for action'.

The six parties agreed to hold the fifth round of the six-party talks in Beijing in early November 2005 at a date to be determined through consultations.

20 September 2005.

North Korea said Tuesday [20 September] that it would not give up its nuclear weapons programme before the United States provided it with a nuclear power plant that would take years to build ... an alternative to the reactor it now possesses ... A North Korean foreign ministry statement: 'The United States should not even dream of the issue of North Korea's dismantlement of its nuclear deterrent before providing light-water reactors' ... The ministry also said that until the light-water reactor plant is built it would neither return to a global treaty on banning the proliferation of nuclear weapons nor accept inspections from the United Nations ... Washington and Tokyo said the only appropriate time for discussing the reactors would be well after North Korea dismantled all its nuclear facilities and allowed highly intrusive inspections of the country. (www.iht.com, 20 September 2005)

North Korea's foreign ministry said: 'The United States should not even dream of the issued of [North Korea's] dismantlement of its nuclear deterrent before providing light-water reactors, a physical guarantee for confidence-building' ... The Bush administration made it clear that its interpretation of 'an appropriate time' followed the complete dismantling of all North Korea's nuclear weapons and facilities. (*FT*, 21 September 2005, p. 7)

North Korea demanded ... light-water reactors (it apparently wants two) ... [North Korea's] decision earlier this month to tell the United Nations WFP that its food aid was no longer required ... [An] end-of-

year deadline [was] set by the North on the cessation of handouts ... The government has become increasingly disgruntled with the WFP's insistence on extensive monitoring of aid distribution ... South Korea is sending a record 500,000 tonnes of grain with no very vigorous effort to verify its destination. (*The Economist*, 24 September 2005, pp. 81–2)

North Korea has asked the United Nations and other relief agencies to close their Pyongyang offices and withdraw their monitors by the end of the year' (*IHT*, 22 September 2005, p. 8).

21 September 2005. The North's main newspaper, *Rodong Sinmun* said in a commentary: 'The ulterior intention of the United States talking about resolving the nuclear issue under the signboard of the six-party talks is as clear as daylight. In a word it intends to disarm and crush us to death with nuclear weapons' (www.iht.com, 21 September 2005).

'North Korea has formally told the UN it no longer needs food aid, despite reports of malnutrition. The deputy foreign minister, Choe Su Hun, said the country had enough, due to a good harvest, and accused the United States of using aid as a political weapon' (*Independent*, 24 September 2005, p. 31).

Foreign aid agencies ... such as the WFP, the Red Cross and Save the Children ... are fighting a decree ... that they cease their humanitarian work and withdraw their foreign staff by the end of this year [2005] ... The order was announced last month [August] and confirmed this week by Choe Su Hun in a meeting with ... the United Nations Secretary-General ... Choe Su Hun: 'We requested him to end humanitarian assistance by the end of this year. Humanitarian assistance cannot last too long. We have very good farming this year. Our government is prepared to provide the food to all our people ... The United States attempted to politicize humanitarian assistance, linking it to human rights' ... The order will not end aid altogether. It covers only humanitarian aid, not development aid ... One aid worker said: 'North Korea does not like to be seen as weak' ... This year the WFP has reduced the number of people it feeds from 6.5 million to 4.4 million because of a lack of funds from donor countries. (*The Times*, 24 September 2005, p. 46)

North Korea has told the UN World Food Programme and other international relief agencies that it wants them to stop providing emergency food aid and, instead, to shift their focus to development projects aimed at helping to build the economy ... While the North's long-term plan to rebuild its economy was legitimate, aid groups said, 7 per cent of North Korea's 22.5 million people are starving and 37 per cent are chronically malnourished. (www.iht.com, 27 September 2005)

After mass mobilizations of workers in June to plant rice, North Korean officials now say that their overall crop is up by 10 per cent over the harvest last year [2004] ... North Korean officials now cite the bumper rice and corn crops to justify new restrictions on foreign aid and foreign aid workers ... The North Korean press agency: 'All people in the

DPRK are now out to give helping hands to farmers in the harvesting' ... Under orders from North Korea, by the end of this year [2005] the WFP of the United Nations, which provides 90 per cent of the aid, is to shift from direct food to development aid. In addition, new government policies dictate that all foreign personnel from the twelve aid groups operating from Pyongyang are to leave the country ... North Korean officials say they want private aid projects to continue, but they want resident foreigners to leave, returning occasionally to monitor the work ... Richard Ragan, who runs the WFP in North Korea, faces a challenge: repackaging a programme that helps feed 6.5 million people as development aid. Until now the UN agency has avoided describing its aid as development assistance, largely out of fear of alienating its largest supporter, the United States ... Ragan: "We have been dressing up development aid as humanitarian aid ... Anytime you are in a situation with a chronic food problem for a number of years the humanitarian and the developmental aspect blur" ... His food-for-work programme, for example, helps to build infrastructure ... In New York Jan Egeland, the UN emergency relief co-ordinator, said last month [September] that halting the aid 'would be potentially disastrous for the millions of people who benefit from the humanitarian assistance' ... His organization estimates that 7 per cent of North Koreans are starving, and 37 per cent are chronically undernourished. According to UN statistics, 40 per cent of the children suffer from stunted growth, and 20 per cent are underweight. The average seven-year-old boy is 18 centimetres, or seven inches, shorter and 9 kilogrammes, or 20 pounds, lighter than his South Korean counterpart. (www.iht.com, 6 October 2005; *IHT*, 7 October 2005, p. 2)

North Korea asked the United Nations to halt its assistance through the World Food Programme by the end of 2005. Officially this decision was attributed to a better harvest and the need to shift aid from humanitarian to development assistance. Behind the official position, however, lies North Korea's growing anxiety over international aid workers exposing North Korean society to the outside world, and over recent activities of the US Commission on Human Rights in North Korea, which links humanitarian assistance to human rights conditions ... After North Korea's recent announcement South Korea has been accused of being Pyongyang's accomplice. International observers of North Korea's food crisis have blamed Seoul for the North's decision to discontinue aid from the WFG, claiming that the South's unmonitored transfer of food has allowed the North to cope with its food problem ... The accusations against South Korea are grossly misleading ... South Korea's alleged complicity in the North's recent decision seems unmerited ... [In 2000 South Korea decided] to give rice aid to the North on a loan basis and not through grants. This was done in an apparent attempt to help the North recognize the importance of reciprocal transactions. (Chung-in Moon, www.iht.com, 30 September 2005)

'The government is boasting of a bumper harvest which ... has revived the state-run Public Distribution System, which largely collapsed after the famine of the late 1990s' (*The Times*, 9 October 2005, p. 50).

22 September 2005.

[North Korea said] it was willing to negotiate with the United States in a new round of talks and welcomed a possible visit by ... Christopher Hill ... Deputy foreign minister Choe Su Hun ... reiterated that Washington should give civilian nuclear reactors to North Korea as part of 'simultaneous action' on the North's disarmament. (www.iht.com, 23 September 2005)

2 October 2005.

South Korea said Sunday [2 October] that it would repatriate the body of a former communist spy who was released from prison after three decades in 1989 but never allowed to return to the North. ... [He died on 1 October and] was among twenty-nine former communist spies and guerrillas living in the South after serving long prison terms. They have all asked to return to the North, and Pyongyang has demanded their return. Seoul has refused, linking the issue to South Korean troops taken prisoner during the Korean War, which ended in 1953, and civilians abducted since then ... South Korea estimates that 538 soldiers from the war were alive in the North as of December 2004. It also says the North is holding 486 South Korean civilians, mostly fishermen whose boats were seized since the war's end ... After an inter-Korean summit in September 2000 South Korea repatriated sixty-three communist guerrillas and spies to the North. (www.iht.com, 2 October 2005)

7 October 2005. The International Atomic Energy Agency and its chief, Mohamed ElBaradei were [jointly] awarded the 2005 Nobel Peace Prize on Friday [7 October] for their work in stopping the spread of nuclear weapons' (*IHT*, 8 October 2005, p. 1).

10 October 2005.

The sixtieth anniversary of the Korean Workers' Party.

13 October 2005.

Trade between South Korea and North Korea is expected to reach a record \$1 billion this year [2005] ... From January to September this trade totalled \$789 million, a 60 per cent jump from a year earlier ... From January to September South Korea's exports to the North totalled \$559 million, while imports stood at \$229 million ... China is North Korea's biggest trading partner, with last year's trade between the two countries reaching \$1.39 billion ... The previous high for annual North-South trade is \$724 million ... The North Korean resort at Diamond Mountain ... has drawn more than 1 million visitors since it opened in 1998. (www.iht.com, 13 October 2005)

North Korea has hinted at a desire to implement further economic reforms, as officials discussed how to modernize state-owned enterprises and to attract foreign investment during a European Union-organized conference in Pyongyang ... Last week's workshop suggested the North was at least toying with the idea of introducing further reforms ... Officials from North Korea's finance-related ministries, the central bank and state enterprises discussed how former socialist countries such as Hungary and Poland had transformed their economies. (*FT*, 17 October 2005, p. 10)

10 October 2005.

[Japanese] prime minister Junichiro Koizumi's visit to a nationalist war memorial Monday [17 October] drew immediate and fierce criticism from Asian countries ... [China] cancelled bilateral talks on the North Korean nuclear crisis that had been scheduled for Monday. South Korea also announced that it would cancel or postpone a trip scheduled for December to Japan by President Roh Moo Hyun, citing the visit. The visit also drew protests from Taiwan and Singapore ... The South Korean government [said it] was no longer planning for a summit meeting in December or talks between the two leaders next month [November] at an Asian-Pacific Economic Co-operation forum in South Korea ... Koizumi said he visited the shrine as a private citizen ... The muted tone of the visit appeared to be a concession to growing criticism at home, with most polls showing opposition to continuation of the visits. (www.iht.com, 17 October 2005; *IHT*, 18 October 2005, p. 7)

'Mr Koizumi has visited the shrine each year since taking office in 2001' (*FT*, 18 October 2005, p. 7)

'Mr Koizumi has visited Yasukuni five times since he took office in April 2001' (www.iht.com, 20 October 2005).

18 October 2005. 'China cancelled a visit ... to Beijing ... by the Japanese foreign minister ... scheduled for [23 October] ... Nearly 200 other Japanese lawmakers and aides followed Koizumi's example by paying follow-up visits to the shrine' (www.iht.com, 18 October 2005).

21 October 2005.

[US Defence Secretary] Donald Rumsfeld is scheduled to attend security consultations in Seoul, where command arrangements for the combined US-South Korean forces are expected to be discussed. Under current arrangements the South Korean armed forces are under South Korean command during peacetime, but fall under American command in case of war. South Korean leaders have expressed a desire for that agreement to be reviewed, with a goal of retaining command of their forces at all times. (www.iht.com, 20 October 2005; *IHT*, 21 October 2005, p. 2)

The annual security consultative meeting between the US and South Korean defence officials ended in reaffirming the status quo for now on those issues ... [though they] 'agreed to appropriately accelerate discus-

sions on command and wartime operational control' ... Donald Rumsfeld reaffirmed the commitment of the United States to the security of South Korea 'and to the continued provision of a nuclear umbrella'. (*IHT*, 22 October 2005, p. 5)

Governor Bill Richardson of the United States ends his four-day visit to North Korea – his fourth visit in total.

In the meetings the North Koreans agreed to allow most foreign aid workers to stay in the country. Last month [September] North Korea set a 31 December deadline for foreigners working for private aid groups to leave and ordered the UN World Food Programme to change its aid from 'humanitarian' to 'development' ... The WFP will be allowed to keep thirty foreign aid workers, slightly fewer than their current allotment ... Private aid groups were guaranteed residency visas for thirty foreigners, Richardson said. (www.iht.com, 21 October 2005)

US federal prosecutors broke decades of silence about North Korea's printing and distribution of top quality \$100 counterfeits and related traffic in cigarettes, drugs and arms last August ... The North Korean counterfeiting story ... [began when North Korea] purchased a press from ... [a] Swiss company in the mid-1970s. (*IHT*, 24 October 2005, p. 8)

24 October 2005.

The Bush administration is expanding what it calls "defensive measures" against North Korea, urging nations from China to the former Soviet states to deny overflight rights to aircraft that the United States says are carrying weapons technology ... At the same time the administration is accelerating an effort to place radiation detectors at land crossings and at airports throughout Central Asia. They are aimed both at North Korea and the risk that nuclear weapons material could be removed from facilities in the former Soviet states. The new campaign was sped up last summer after a previously undisclosed incident in June, when American satellites tracked an Iranian cargo plane landing in North Korea ... [The United States] began urging countries in the area to deny the plane the right to fly over their territory. China and at least one Central Asian country co-operated. (www.iht.com, 24 October 2005; *IHT*, 25 October 2005, p. 4)

25 October 2005. 'On 25 October a joint North-South "economic co-operation" office is to open in Kaesong. This will mark the first time since the 1950–3 Korean War that South Korean government officials will work full time in the North' (www.iht.com, 24 October 2005).

There are a few success stories, like South Korea's Elcanto, which is running a successful factory in Pyongyang. But a seldom discussed outcome of Seoul's 'sunshine policy' of engaging North Korea is the fate of an estimated 1,000 South Korean businesses and investors, who have gone bankrupt or incurred losses because of their dealings with North

Korea ... Most of them were minor players who had been attracted by North Korea's cheap labour and the absence of tariffs on inter-Korean trade or driven by a desire to implant capitalism in [North Korea] ... For weeks North Korea and Hyundai Asan, Hyundai Group's North Korean business arm, have been at odds over the dismissal of Kim Yoon Kyu, a Hyundai executive accused in August of embezzling money. North Korea had demanded that Kim be reinstated ... because he has had the extremely rare privilege of meeting Kim Jong Il on several occasions ... Hyundai has already poured \$1.4 billion in its North Korean ventures ... Last year [2004] Hyundai opened an industrial park, where fifteen small South Korean companies now make lamps, watches and shoes. (www.iht.com, 25 October 2005; *IHT*, 26 October 2005, p. 15)

North Korea confirmed that twenty-one South Korean abductees and prisoners of war were still alive in the North ... North Korea confirmed that eleven of the fifty-one abductees that South Korea had asked the North to verify were alive, as well as ten of the fifty-two listed prisoners of war ... Six prisoners of war and ten abductees were confirmed dead ... North Korea had not previously acknowledged the existence of kidnapped South Koreans. (www.iht.com, 25 October 2005)

28 October 2005. 'North and South Korea opened their first joint office on Friday [28 October] to promote trade ... The new office, in an industrial park near the city of Kaesong, is the first permanent South Korean government presence in the North since the 1950–3 Korean War' (www.iht.com, 28 October 2005).

'Kim Jong Il told President Hu Jintao of China on Friday [28 October] that his country would take part in an upcoming round of talks on its nuclear programme ... The round is likely to begin on 8 November in Beijing' (www.iht.com, 28 October 2005). 'President Hu Jintao arrived in North Korea on Friday ... for a three-day visit ... Kim Jong Il: "North Korea will attend the fifth round of talks as scheduled, based on commitments it has previously made"' (*IHT*, 29 October 2005, p. 5).

'Kim Jong Il told Hu Jintao that he was committed to ending North Korea's nuclear weapons programme and promised to push forward with multi-party negotiations on the subject soon ... [The] assessment came shortly after Hu concluded a state visit to North Korea, his first since becoming China's top leader in 2002. During the visit he promised to provide aid ... "within China's means" ... [A Chinese spokesman] said it was hard to predict the result of a new round of nuclear talks but that both sides were resolved to implement a framework agreement signed ... in September. (*IHT*, 31 October 2005, p. 10)

Mr Hu and Mr Kim toured a recently completed \$30 million glass factory close to Pyongyang, donated by the Chinese. Mr Hu also attended the signing of an agreement on economic and technical co-operation' (*The Economist*, 5 November 2005, pp. 76–7).

31 October 2005.

Kim Jong Il is urging workers to produce more bicycles to cope with the lack of transport, improve people's health and prevent pollution just days after the country's first bike factory opened ... North Korea's official KCNA news agency reported on Monday [31 October] that Mr Kim visited the Pyongyang Joint Venture Bicycle Factory. Previously most bikes have been cast-offs from China and Japan. (*Guardian*, 2 November 2005, p. 23)

1 November 2005.

North and South Korea agreed Tuesday [1 November] to compete as a single nation for the first time at the 2006 Asian games and at the 2008 Beijing Olympics ... Although athletes from the two Koreas marched together at the opening ceremonies of the 2000 Sydney Olympics and 2004 Athens Olympics and at the 2002 Asian Games in Busan, South Korea, they competed separately ... Talks to set details on how to select and train athletes ... will begin on 7 December ... The united team would march under the name of a simple 'Korea', rather than the official Republic of Korea for the South and the official Democratic People's Republic of Korea for the North, and under a 'Korea-is-one' flag that shows a blue and undivided Korean Peninsula against a white background. The anthem for the team would be 'Arirang', a traditional Korean love song popular in both Koreas ... Efforts to forge such a team date from the 1964 Tokyo Olympics, when the two Koreas held their first and unsuccessful negotiations. Talks were again unsuccessful for the 1984 Los Angeles Olympics, which were boycotted by the former Soviet bloc. Negotiations broke down in 1988 when North Korea demanded that half the Seoul Olympics be moved to Pyongyang. In 1991 the two Koreas made a breakthrough by fielding a joint team to an international table tennis championship and international youth soccer tournament. (*IHT*, 2 November 2005, p. 4)

'North and South Korea ... discussed jointly hosting the Seoul Olympics in 1988, and the joint Japan-South Korea football World Cup in 2002, but the talks broke down in acrimony' (*The Times*, 2 November 2005, p. 37).

Last year [2004] the two countries startled the sporting world by using only 'Korea' as the official name for their teams in the opening and closing Olympic ceremonies in Athens ... North Korea won five medals at the Games and South Korea won thirty. A combined medal tally of thirty-five would have propelled 'Team Korea' into seventh place in the medals list, below Japan but above France, Italy and Britain. (*Independent*, 2 November 2005, p. 31)

North Korea boycotted the 1988 Seoul Olympics and football matches between the two countries have often caused security concerns ... Teams from the two marched together at the Sydney and Athens

Olympics, and at the opening ceremonies of the East Asia games, now under way in Macau ... A spokesman for South Korea's Olympic Committee: 'We had discussed making a single team since we jointly marched in such international events six times' ... The two sides issued a joint statement that said they would meet on 7 December in the North's border city of Kaesong ... At the Athens games South Korea won thirty medals, including nine golds, while North Korea won only four silvers and one bronze. They won medals in featherweight boxing, women's singles table tennis and women's weightlifting. (*Guardian*, 2 November 2005, p. 23).

3 November 2005.

The next round of six-nation talks ... will begin on 9 November in Beijing, China's foreign ministry announced Thursday [3 November] ... There might be a break during the talks in order for negotiators to attend the Asia-Pacific Economic Co-operation summit on 12–19 November in Busan, South Korea. (www.iht.com, 3 November 2005)

North Korea allowed a Japanese woman who defected to the communist country two years ago and reportedly had links to a Japanese doomsday cult to return to her homeland on Thursday [3 November]. Kazumi Kitagawa jumped off a ferry and swam across a river between China and North Korea in 2003 seeking asylum in North Korea. (*IHT*, 4 November 2005, p. 5)

9–11 November 2005. 'China says it expected this week's talks to run [from Wednesday 9 November] until Friday [11 November] then recess to let diplomats attend a mid-November Asia-Pacific economic conference in South Korea' (www.iht.com, 10 November 2005).

'Every day that goes on the amount of plutonium theoretically can increase, so that is out concern. That means that we have a bigger problem than when we ended on 19 September. And I think the time to stop reprocessing, the time to stop the reactor, is now' (www.iht.com, 10 November 2005).

Talks ... turned sour Thursday [10 November] as Pyongyang demanded that Washington lift sanctions against firms suspected of weapons proliferation and stop accusing the North of counterfeiting US money ... Washington imposed sanctions in October on eight North Korean companies accused of acting as fronts for sales of banned missile, nuclear or bio-weapons technology. The order froze any assets in areas under US jurisdiction, but it was not clear whether that had any impact, because the United States bans trade with North Korea. The United States also accuses North Korea of producing high quality US \$100 bills known as 'supernotes' ... The North also voiced displeasure over President George W. Bush's reference to a tyrant in North Korea – widely seen as a slap at Kim Jong Il. (www.iht.com, 10 November 2005)

The United States has rejected North Korea's demand for aid in exchange for merely suspending nuclear weapons development, insisting that such efforts must be abandoned, the US envoy said as negotiations ended Friday with no word of progress or a firm date to meet again. The North's negotiating partners agreed that its demand to be given a civilian nuclear reactor should not be discussed until it has dismantled its arms programmes, said Christopher Hill ... The six-party talks ... the fifth in a series ... ended amid rancour, with the United States pressing the North to stop work at a plutonium-producing reactor and the North demanding that Washington lift sanctions imposed on eight North Korean companies ... "The parties reaffirmed that they would fully implement the joint statement in line with the principle of "commitment for commitment, action for action" so as to realize the verifiable denuclearization of the Korean Peninsula at an early date', said the ... chairman's statement ... read by China's chief delegate, deputy foreign minister Wu Dawei ... The statement said the diplomats agreed to meet again at the earliest possible date. But the South Korean delegate, deputy foreign minister Song Min Soon, citing the Christmas holiday, warned that might not be until next year. (www.iht.com, 11 November 2005)

The United States and North Korea sparred over financial sanctions against a bank in Macao and over US unwillingness to accept a freeze on production of nuclear fuel in return for aid, as six-party nuclear talks ended inconclusively Friday [11 November]. The meeting ... failed to resolve even basic procedural issues, like setting up working groups to tackle technical problems. All sides agreed to resume discussions soon, but did not set a date to do so, according to China ... North Korea accused the United States of "spoiling the atmosphere" of the negotiations because the US Treasury Department imposed sanctions on a bank in the Chinese territory of Macao on 15 September ... The bank, Banco Delta Asia, was accused of laundering money for North Korea. (*IHT*, 12–13 November 2005, p. 6)

14 November 2005.

Chung Dong Young, the South's unification minister ... [said that] Pyongyang has proposed a five-step plan for abandoning its nuclear weapons programmes, starting with delayed atomic testing. The proposal was made during the latest session of the six-party talks ... Chung Dong Yong ... [said] North Korea had proposed a 'five-stage road map' on nuclear disarmament ... [North Korea] offered to halt production and stop the transfer of nuclear material. It also offered to dismantle its nuclear facilities, Mr Chung said. Following that it would return to the Nuclear Non-proliferation Treaty and accept IAEA safeguards. Mr Chung's report differs from statements made by the North's delegation after last week's talks, which insisted the onus was on the United States to show its trustworthiness by making the first move. A US official said North Korea's latest proposal was not the basis of negotiations and he indicated that it had not found favour in Washington. (*FT*, 15 November 2005, p. 12).

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CDSP *Current Digest of the Soviet Press* (since 5 February 1992 *Post-Soviet*)

EBRD European Bank for Reconstruction and Development

EIU Economist Intelligence Unit

FEER *Far Eastern Economic Review*

FT *Financial Times*

IHT *International Herald Tribune*

Note the following changes of title: *Soviet Economy* to *Post-Soviet Studies*; *Soviet Studies* to *Europe-Asia Studies*.

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