

## THE SUN SHINES ON: INTER-KOREA RELATIONS WARM IN AUGUST

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August 2009 saw an abrupt “about-face” in North-South relations on the Korean peninsula. The month began with former president Bill Clinton’s historic meeting with Chairman Kim Jong-il and concluded with the agreement on reinstatement of inter-Korean family reunions. The typical saber-rattling and bellicose propaganda have been replaced by a “gentle” and more subdued North Korea, whose overtures, some say, may be pointing to a return to negotiations on its nuclear program.

In an offensive move, North Korea seized a South Korean squid-fishing vessel that drifted across the sea border on July 30, allegedly as a result of a faulty navigation system. The four crewmen were held in North Korean custody and were released on August 29 to South Korean authorities across the sea border. Some analysis indicated that the fishermen were kept as leverage to gain additional monetary aid from South Korea, whose own efforts to warm North-South relations increased this month.

On August 3, Seoul announced a new policy that provides 3.5 billion won to 10 nongovernmental organizations offering medical assistance to North Koreans. This is in keeping with Seoul’s commitment to offer humanitarian aid to North Koreans in need regardless of the political or military situation between the two countries. Seoul’s announcement was followed by North Korea’s release of the two American journalists held for months, and also of Yoo Seong-jin, a 44-year old Hyundai Asan worker at the Gaesong Industrial Complex detained since March 30. Mr. Yoo was being held incommunicado as a result of accusations that he had slandered the North Korean government and had tried to convince a North Korean female coworker to defect to the South.

Following the successful effort by former president Clinton to gain the release of the two American journalists held in North Korea, there was hope that the North Koreans would be more likely to release Mr. Yoo. On August 4, while Mr. Clinton was in Pyongyang, Hyundai’s chairwoman, Hyun Jung-eun, met with Rhee Jong-hyuk—a former classmate of Chairman Kim and the vice chairman of the Asia-Pacific Peace Committee—at the memorial service for her late husband at Mount Geumgang. The visit was instigated by North Korea to honor the late chairman and efforts of the Hyundai Group, and resulted in a promise to try to resume tourist trips to Mt. Geumgang and a return trip planned for Chairwoman Hyun the following week.

Traveling overland to North Korea—a route generally reserved for certain high-ranking officials, including the late president Roh Moo-hyun—and accompanied only by her secretary and her daughter, Chairwoman Hyun went to Pyongyang with the expectation that she would discuss the release of Mr. Yoo with North Korean officials. There was a great deal of speculation that she would have the opportunity to meet with Chairman Kim, and, after a series of delays and extensions of her trip, she did.

The invitation to Chairwoman Hyun may be an indication that North Korea is looking not only to improve relations with South Korea, but also to restore the cash inflows that result from business

relationships with its South Korean partners. Official news about the visit between Hyun and Kim did not emerge until August 17. Mrs. Hyun said, “My luncheon meeting with Chairman Kim proceeded in a friendly atmosphere. We exchanged views on the resumption of the joint tourism project...and other pending issues.” The other pending issues included the resumption of Red Cross talks to reinstate inter-Korea family reunions, softening restrictions on North-South border traffic, “energizing” the Gaesong Industrial Complex, and adding an additional tourism project at Mt. Paektu.

The inter-Korea projects agreed to at the meeting had been suspended for various reasons over the last two years, including: the Lee Myung-bak administration’s refusal to work towards normal relations with North Korea unless it abandons its nuclear program; the shooting and killing of a South Korean tourist at Mt. Geumgang; and North Korea’s boycott of family reunions as a result of the South’s “hostile policies.” Resumption of any of these projects will have to be approved by the South Korean government as well as reviewed in the context of the United Nations-approved sanctions against North Korea. Philip Goldberg, appointed by President Barack Obama to serve as coordinator for implementing the United Nations sanctions on Pyongyang, journeyed to Seoul to discuss the resumption of the inter-Korea projects. On August 24, Goldberg said that he does not believe the projects undermine the sanctions laid in out in United Nations Resolution 1874 and that a reduction in inter-Korea tension “will be a good thing” if it helps North Korea end its nuclear weapons program.

The family reunions discussion began during the last week of August and culminated on August 28 with an agreement to resume reunions during the week of September 26–October 3, during Korea’s Chuseok holiday. During the talks, which took place over three days near Mt. Geumgang, delegates overcame differences of opinion regarding the timing and location of the reunions, as well as the number of families that will take part. They were the first meetings between Red Cross officials from both countries in two years. The Red Cross in South Korea, as of August 25, had already begun screening 100 qualified applicants from over 85,000 applications.

Inter-Korea family reunions, an historic effort to overcome the tragic consequences of the Korean War division of the peninsula, began as a result of the 2000 summit between Kim Jong-il and Kim Dae-jung. To honor Kim Dae-jung’s important role in improving inter-Korean relations [please see the separate retrospective on his life in this issue of Korea Insight], North Korea sent a delegation to Seoul to pay its respects. Though a meeting with President Lee Myung-bak was not on the public itinerary, the group of six North Koreans—which included senior ruling Workers’ Party official Kim Ki Na and Pyongyang’s intelligence chief Kim Yang Gon—brought a wreath from Chairman Kim and had “serious and amicable” talks with President Lee. Though rumors circulated that there was discussion of a North-South summit, the Blue House says that the topic of a summit was never raised and that conversation focused on ways to improve inter-Korea relations.

The impetus for the change in North Korea’s behavior with respect to the South is unclear, but financial benefits will be seen on both sides of the border. Hyundai Asan, which has been experiencing financial difficulty throughout the last year, stands to gain much from the resumption of North Korean projects. The travel ban between the two Koreas made it difficult

for South Korean firms operating in the Gaesong Industrial Complex to receive raw materials and products. These firms, which number over 100 and employ some 40,000 North Korean workers, have been unable to operate at their full production capacity. The tours to Mt. Geumgang will resume strongly, as 34,000 tours have already been booked in advance since February 2009. The total financial damage resulting from the halt of the tours in 2008 and 2009 is estimated to be 153.6 billion won (\$125 million). Hyundai Asan has had to lay off hundreds of workers and drastically cut the pay of others. North Korea has seen its financial coffers dry up in recent months as a result of tough sanctions put in place in response to the North's nuclear test and missile launches earlier this year. North Korea's trade with both China and South Korea has declined, and reinstating inter-Korea projects allows North Korea a source of legitimate and fairly stable income.

President Lee Myung-bak, for his part, has announced a new plan for reducing military presence along the border, reinstating aid in exchange for denuclearization, and reemphasizing his "denuclearization, openness, 3000" plan for improving North Korea's economic and political stature. In response, North Korea gave President Lee his official title when reporting on the meeting with the North Korean funeral delegation on August 23, instead of its usual vilifying term, "traitor" or "sycophant."

August saw the death of a great statesman whose efforts to unify the Korean peninsula have created a foundation on which future generations can work to improve the relationship and bring lasting peace. It is fitting that August also saw North Korea extending an unclenched fist to its brother in the South, releasing hostages, beginning dialogue, and reversing some of its own hostile policies. The autumn season brings with it the falling of leaves and the imminent darkness of winter; however, September brings hope of a diplomatic rebirth on the Korean peninsula.