

1999 Annual Report

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**The Unification Environment and Relations
Between South and North Korea: 1999~2000**

Korea Institute for National Unification

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PREFACE

Looking at the Northeast Asian situation in 1999, a favorable environment has been formed for peace and stability on the Korean peninsula. Tension relations caused by the development of nuclear weapons and missiles by North Korea began to be resolved through talks between North Korea and the United States, and Japan agreed with North Korea to resume talks on normalizing relations between the two countries.

Owing to support from foreign countries and the improved economic situation, North Korea now seems to have managed to tide over its decade-long economic crisis. Taking advantage of the improved economic situation, North Korea has placed priority on consolidating national systems based on 'the strong and prosperous nation' and on the political stability of the Kim Jung Il regime.

Despite military tensions which have included incursions on South Korea's west coast, relations between the two Koreas have progressed substantially. South Korean tourists have continued to visit Mt. Kumkang in the North, and inter-Korean exchanges and cooperations have increased in social and cultural areas. However, dialogues between government authorities of South and North Korea to discuss subjects such as support programs for North Korea and separated families have not born any tangible fruits.

In 2000, it is predicted that the Northeast Asian environments will develop in an advantageous direction for improving relations between the two Koreas. This prediction is possible on the grounds that improved relations between North Korea and surrounding powers

such as the United States and Japan, will lead to the dissolution of the international isolation of North Korea. And, North Korea is anticipated to consolidate its internal structure, striving to recover its economic situation, while pursuing a limited open-door policy. Inter-Korean exchanges and cooperations will be expanded in economic and social fields, and representatives from the two governments may possibly meet again for talks on support programs for North Korea.

With such a perception on the situation surrounding the Korean peninsula, this report is intended to help understand the unification environment and South-North relations more comprehensively by making a synthetic review and analysis on the unification environment, the North Korean situation and relations between the two Koreas. It also predicts the probable situation in 2000 based on an analysis of the events of 1999.

I sincerely hope this report will serve as useful material for all organizations and individuals related with Korean reunification issues, including scholars, researchers and students engaged in North Korean and Korean unification studies, as well as for policymakers and readers in general.

A large number of researchers at this institute participated in publishing this report. In that vein, I can say that this volume is one of the outstanding research achievements of the institute. I wish to express my deep appreciation to those researchers who wrote the primary draft of this report. In particular, the successful publication of this report is attributed to the dedication of Director Park Jong-chul, the team leader, Dr. Park Hyung-jung, Dr. Suh Jae-jin, Dr. Shin

Sang-jin, Dr. Choi Su-yong. My sincere thanks also go to Ms. Monique Abrams and Mr. Chris Hale for their contribution to the publication of this report.

Tae-Hwan Kwak, Ph. D.

President, Korea Institute for National Unification

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ABSTRACT

I. The Unification Environment

During 2000, it is anticipated that China, Japan and Russia will compete with each other to play a greater role in the region while the United States remains as the most superior power. But the four powers will expand their cooperation with each other through economic cooperation and security talks, despite conflicts.

Since they do not want an increase of tensions on the Korean peninsula, these four powers will support a peaceful solution of North Korea's nuclear weapon and missile development issues, while backing progress in South-North relations. Particularly, the security environment in this region is foreseen to develop toward a positive direction for inter-Korean reconciliation and cooperation on the grounds that North Korean relations with the United States and Japan are expected to advance.

1. The Situation in Northeast Asia: Coexistence of Competition and Cooperation

It is observed that the United States, China, Japan and Russia will vie to expand their influence in Northeast Asia in the year 2000. But these powers will make efforts to formulate stabilized regional orders in the 21st century through cross visits by top leaders and various channels of security dialogues. Therefore, competition and cooperation among powers in Northeast Asia will coexist in 2000.

First, competition among these nations in expanding their influence

2 The Unification Environment and Relation Between South and North Korea

in this region will continue. Due to the TMD development project being pursued by the United States and Japan, and possible U.S. intervention in human right issues in China and her relations with Taiwan, the U.S.-China and Japan-China conflicts in politico-security areas are not likely to be reduced. After the presidential election in Taiwan in March, strong opinions will emerge for joining Taiwan in the TMD project, and the United States will not loosen pressure on China concerning Tibet and other human right issues. China will attempt to curb the expansion of influence of the United States and Japan by strengthening 'strategic, cooperative and companionship relations' with Russia.

Notwithstanding such races for increasing influence, expansion in economic cooperation among the four powers after the entry of China into the WTO, and bi-lateral and multi-lateral security talks will work affirmatively for stabilizing the regional order. The visit by the Russian president to Japan and contacts among leaders of the four powers during the Asia-Pacific Economic Cooperation (APEC) meeting slated for this coming October are expected to become favorable factors for stability in Northeast Asia.

2. The Unification environments: The Improvement of Relations of Surrounding Nations with North Korea

We can predict that the relations of the four surrounding powers with North Korea will be improved in 2000, which will reduce the sense of instability on the part of the North Korean regime, thereby contributing to the betterment of South-North relations and to the settlement of peace on the Korean peninsula.

Based on the Perry Report, which suggests a comprehensive approach toward North Korea, the United States will pursue negotiations with North Korea over the pending nuclear development and missile issues and the dissolution of cold war structures on the peninsula. In line with U.S.-North Korea talks, Japan will likely offer grains to the North, while proceeding with normalization talks. In order to prevent diminishing of its influence over North Korea, which may be caused by progress in the latter's relations with the United States and Japan, China will intensify its support toward the North while strengthening political and security ties with South Korea. On the occasion of a visit to Pyongyang by its foreign minister, Russia is anticipated to officially sign 'the North Korea-Russia Friendship and Cooperation Pact' and make efforts to restore its influence on the North.

II. The North Korean Situation

Focusing on the stability of the Kim Jung Il regime and economic recovery in 2000, North Korea is expected to exert its endeavor to promote a favorable domestic and international environment. Internally, North Korea will solidify the structure of its party for the stability of the Kim Jung Il system and continue to open its door to a limited extent for economic development. For removal of any outside elements that may jeopardize its political systems, procurement of resources for its economic development, and the enhancement of its international position, North Korea will promote an improvement in foreign relations. In particular, it will concentrate on improving relations with the United States and Japan, while seeking betterment

of ties with China, Russia and West Europe.

In relation to South Korea, North Korea is expected to selectively accommodate government-level dialogues, economic cooperation, and exchanges and cooperations in socio-cultural sectors between the two sides. North Korea, however, will continue to criticize the engagement policy of South Korea and exercise traditional united front tactics.

1. The Internal Situation: Stress on the Stability of the Kim Jung Il Regime and Economic Recovery

<Political Situation>

To solidify its Kim Jung Il system, North Korea will stress 'the construction of a strong and prosperous nation' in every sector and level in 2000. The Kim Jung Il ideology, which is focused on 'love for the nation, love for the race, and love for the people' will be more elaborated. North Korea is expected to hold the 7th Labor Party convention to project its vision for the 21st century. On that occasion, North Korea is anticipated to reorganize the party structure and reshuffle its leadership. It will also attempt to liquidate trite ideologists and purge corruptions through the Second Chollima Movement.

<Economic Situation>

In 2000, North Korea will put its full efforts to expedite economic rehabilitation. To achieve this goal, North Korea is expected to consolidate its socialistic economic management system, while opening its door to the outside world to a certain extent.

Domestically, North Korea will seek to increase production of food

through land rearrangement and potato production increase programs based on the self-support principle. On the other hand, it is anticipated that the North will sustain its policy of giving priority to energy and heavy industry, including metal and machinery industries. Externally, North Korea will make a greater efforts to obtain food aid from foreign countries and to expand economic cooperation with other nations. It will also take an aggressive attitude toward attracting foreign investments by establishing special economic zones and holding presentation sessions. Attributing to these efforts, the North Korean economy is expected to grow at a record rate this year, getting rid of the minus growth rate that had continued throughout the 1990s.

<Social Situation>

North Korea is predicted to struggle to minimize the growing social deviation phenomena caused by economic difficulties. It is expected to take all necessary measures to prevent ideological looseness of the residents, such as intensification of ideological orientation, reinforcement of the various pre-existing control systems to detect deviators, heavier crackdowns on farmers' and black markets, and strengthening of control along the North Korea-China border lines.

At the same time, North Korea is anticipated to restore state management system over the economic sector, such as farms and factories, and over the public sector, including education and health care. Thanks to support from international society, improvement of the North Korean economic situation and an increases in inflow of foreign currency through inter-Korean economic cooperation, it will be able to

improve its rationing systems for people in less privileged regions and classes. Therefore, it is predicted that the escalated social deviation and exodus phenomena will decline.

<Military Situation>

This year, North Korea is expected to keep the 'military first' policy, maintaining the power order on the high military echelon and military intervention in economic and social affairs. North Korea will also continue to modernize conventional weapons, deploy army troops closer to the Demilitarized Zone (DMZ), and develop missiles and weapons of mass destruction. It is predicted, however, that the North would not dare to attempt military provocation, in consideration of its efforts to improve foreign relations and expansion in inter-Korean economic cooperation. But, there is a possibility for accidental military collisions in relation with the North's routine intelligence collection activities and intensional demonstrations for nullifying the NLL.

2. Relations with Major Powers: Seeking Economic Recovery and Shunning Isolation

In 2000, North Korea will seek to promote a favorable external environment for removing threatening factors to its political system, recovering its economy, and for avoiding isolation.

North Korea is expected to attempt to receive economic support from the United States, while proceeding through with talks on security issues by improving relations with the U.S. In that context, North Korea-U.S. high-level talks are expected to be held, and their liaison offices are expected to be established in Pyongyang and

Washington, D.C., respectively. North Korea is predicted not to test-launch missiles as long as the high-level talks continue. And the substance of the U.S. reward for the suspension of missile exporting by North Korea will become a decisive element for progressing missile negotiations. Unless the United States ensures North Korean system's integrity and offers a large scale economic compensation, North Korea will not easily abandon its missile development programs.

To obtain financial support, North Korea will positively pursue normalization talks with Japan. When Japan provides North Korea with food, some progress will be made in their relations, such as allowing Japanese women married to North Koreans to visit Japan, and cooperation in conducting a survey on missing Japanese citizens. Diplomatic talks between the two countries will proceed through a number of related committees which will discuss the amount of economic compensation and time of payments. But the issues of kidnapped Japanese citizens and missile tests are expected to become obstacles to the improvement of relations between the two nations.

Through its promotion of relations with China, North Korea will make efforts to insure economic support, while progressing relations with the United States as a balance. By expanding cooperative relations and support to North Korea, China will intend to curb North Korea's leaning toward the U.S. Friendly and cooperative relations between China and North Korea will further be cemented through exchange visits among high level officials of the two countries this year.

On the occasion of the signing of a new pact between North Korea and Russia, North Korea will attempt to recover its

once-estranged bond with Russia, while trying to improve relations with Russian opposition parties, including the Communist Party, which may exercise influence on policies toward the Korean peninsula. Also, North Korea is expected to continue importing weapons from Russia.

Meanwhile, North Korea is anticipated to pursue an improvement of relations with EU and Southeast Asian nations to attract investment and enhance its international position.

3. Attitude toward South Korea: To Have Policies Separating Political Affairs from Economic Affairs

In the year 2000, North Korea is predicted to show a gesture to accommodate a certain level of inter-Korean dialogues that may help foster a favorable environment for improving relations with the United States and Japan, and obtaining practical benefits. North Korea may accept dialogues with South Korea selectively, case by case, while avoiding resumption of full-dress South-North dialogues. The North will gradually expand economic cooperations such as the Mt. Kumkang sightseeing tour programs, and it will selectively accommodate performing arts and sports exchanges that are regarded to contribute to an improvement of its external image and to be profitable. In the meantime, North Korea will continue to pursue its united front tactics, such as requests for legal guarantees on activities of the National Federation of Korean Students and the Pan National People's Federation, and will continue to stage political offensive toward South Korea by taking advantage of the general election in April in the South.

III. South and North Korea Relations

As North Korea recovers confidence in foreign relations owing to its progress in ties with the United States and Japan, a favorable climate for advancing inter-Korean relations will be created. Consequently, it is foreseeable that talks on support to North Korea will be resumed between the South and the North in the first half of this year. At the same time, the two parties will expand cooperations in the economic sector, especially tourism and joint ventures, and increase exchanges and cooperation in socio-cultural areas. As long as nuclear development and missile launch plans are frozen, the light water reactor construction project will be processed as planned. Although it may be difficult to expect any dramatic compromise from the four-party talks concerning change in the peace framework on the Korean peninsula, it will be possible to gain minor achievements.

1. South-North Dialogue: Possibility for Limited Talks between the Two

Attempting to pacify conservative opinion and make use of the general election atmosphere in South Korea, North Korea may possibly propose high-level talks before the general election in April. However, unless the North concedes on preconditions, the high-level talks may not bring any substantial results.

Besides, vice ministerial-level talks are expected to be held between the two parties in the first half of this year regarding the supply of fertilizer and agricultural chemicals. Considering the sensitivity of the support programs, vice-ministerial-level meetings are

likely to be held after the general election. The possibility is predictable for agreements on the confirmation of separated family members' fate, exchange of mail, and demonstrative family meetings and reunions in relation to the support if South Korea applies reciprocity principles with flexibility and North Korea affirmatively responds.

There is still a possibility for the realization of a South-North top-level meeting to discuss the Kim Dae-jung government's peace initiative on the Korean peninsula when a more favorable unification environment is built based on the Kim Administration's sustained and consistent engagement policy.

2. The Four-party Talks: To Expect Minor Results

The progress of four-party talks in 2000 is related with the advancement of North Korea-U.S. high-level meetings on a comprehensive approach toward North Korea. The North Korea-U.S. high-level officials talks will be followed by the four-party talks as part of their efforts to promote dialogue environments. But once high-level official talks commence between North Korea and the U.S., North Korea is expected to attempt to resolve the unification question on the Korean peninsula at the meeting table of North Korea-U.S. high-level officials, while participating in the four-party talks as just a pro forma. Moreover, conflicting positions of the South Korea-U.S. camp and North Korea toward its agenda and approaching ways will hinder the progress of the four-party talks. Notwithstanding the presumption, it will be possible to expect a little progress in the four-party meetings since North Korea may possibly change its

position in relation to its talks with the U.S.

3. The Light Water Reactor project: Beginning Construction of the Main Plant

As construction of the main light-water reactor facilities will be implemented in full-scale this year, personnel and material exchanges are expected to grow. And, as long as North Korea maintains the suspension of missile launching, the United States will steadily supply North Korea with heavy oil. But there lies a possibility for the occurrence of differences over several technical matters, such as follow-up measures for raising funds by South Korea and Japan, additional construction of power transmission and distribution facilities, and training of operational personnel.

4. Exchange and Cooperation: Expanded and Closer Exchanges and Private Level Cooperative Relations

<Economic Exchanges and Cooperation>

Inter-Korean trade in 2000 is anticipated to expand mainly in processing trade deals and non-transaction product trades. In particular, non-transaction trades will sharply be expanded due to the commencement of the main light-water reactor construction, expansion of the number of tourists to Mt. Kumkang, and support materials for North Korea. Economic and industrial cooperation, such as the west coast industrial complex construction project, will be expanded. A number of the South Korean government's measures, including support of South-North cooperation funds for industries, and an

abolition of the limit on export of production facilities to the North, will also encourage inter-Korean economic cooperation.

In the meantime, the Hyundai Group is anticipated to begin constructing an integrated tourism complex in Mt. Kumkang this year, comprising a ski resort, golf resort, hotel and a shopping center. It can be predicted that tourism development projects will be expanded to other parts of North Korea, including Mt. Paekdu.

<Exchanges and Cooperation in Socio-cultural Areas>

While exchanges and cooperations in socio-cultural fields are diversified, mutual cooperations are expected to expand in relation with the Mt. Kumkang tour projects. Especially, an affirmative atmosphere toward an expansion of exchanges and cooperations in the socio-cultural sector will continue to be created, since the Mt. Kumkang tour project has opened up such possibilities. Also, an increasing number of performing art groups and sports teams will exchange reciprocal visits. Substantial achievements, in particular, are expected to be made in the field of sports, such as the regular opening of basketball games and construction of the Pyongyang gymnasium, as projected by the Hyundai Group.

However, it can not be denied that North Korea will control the pace of exchanges and cooperations in these areas, while taking a prudent attitude in selecting cooperation projects in order to minimize the effect of its open policy.

5. Humanitarian Issues: Selective Reunion of Separated Family Members

The South-North vice ministerial level meetings may experience a breakthrough in the separated family issue, and agreements may be reached on confirming the fate of family members, exchange of letters, and selective meetings. But it will be difficult to expect the meeting of separated family members in a large group based on political agreements between the two governments. Individual meetings among these family members in a third country may increase, as they have for the past two years.

Civilian organizations will expand support to North Korea. The number of private organizations that participate in North Korea-support programs is anticipated to increase, and support for agricultural development and medical care will be expanded.

The international society and non-governmental organizations will show deeper interest in the human rights situation in North Korea. In response, the North is expected to raise its requests for returning communists released from prisons.

I. The Unification Environment

1. The Northeast Asian Situation

A. The Security Environment in Northeast Asia

The four powers surrounding the Korean peninsula are steadily competing with each other to expand their influence, and confrontation between the U.S.-Japan camp and the China-Russia bloc is growing deeper. By strengthening its security alliance with Japan, the United States is seeking to lead the regional order, whereas China and Russia are expanding security cooperation to restrain the influence of the rival camp. Based on its dominant strength pertaining to economic and military power, the U.S. is maintaining superior influence in the region, but the voices of China, Japan and Russia are comparatively becoming louder. Economic recovery in countries in the region and economic cooperation among nations in the region will function favorably for the stability of the regional situation.

- 1) Continuation of the regional order based on the one super-power and multi-powers system

In April 1999, the United States held in Washington, D.C. a NATO leaders conference and adopted the concept of NATO's new strategy. The new NATO strategy calls for an expansion of NATO's collective defense role to regions outside of NATO. Based on this new

strategy Washington, despite Russian opposition, mobilized NATO forces to air-raid Yugoslavia on the humanitarian standpoint of protecting Kosovo citizens, leading Milosevic to surrender.

Backed by its dominant economic and military power, the United States is building an order in Northeast Asia in its favor. Not wanting to expose itself to a possible threat of missiles from North Korea and China, the United States is attempting to establish the 'National Missile Defense (NMD)' system, while jointly working with Japan on the development of the 'Theater Missile Defense (TMD)' project. Maintaining a military alliance with the five Northeast Asian nations, including South Korea and Japan, the United States plays the pivotal role for security in the region. However, while the United States is maintaining a superior position in the region, the three other powers, China, Japan and Russia, are comparatively expanding their influence. China is highly esteemed among Asian nations as it did not devalue its yuan currency even when these nations were experiencing the economic crisis, and it is emerging as the only nation that can challenge the superior position of the United States. Japan passed new laws and regulations expanding the sphere of activities of its 'self-defense forces (SDF)'; namely, the surrounding situation law, the revised law of self-defense forces, and a revised pact on the mutual supply of materials and manpower between the United States and Japan. Due to its domestic affairs, Russia is not in a position to positively participate in regional issues, but it is seeking to raise its voice on regional matters by intensifying its 'strategic and cooperative partnership relations' with China.

2) The Formation of competitive relations between U.S.-Japan allies and the China-Russia bloc

The United States is developing a TMD system jointly with Japan, while pursuing a foreign policy that places higher priority on human rights than on sovereignty. In response, China and Russia are apparently expressing opposition toward such policy, thereby creating confrontation.

While the United States and Japan are developing a TMD system, these two nations are moving to include Taiwan in it. China and Russia are concerned about the possibility that the United States and Japan may expedite the dominance in Northeast Asian order if they develop a TMD system because it may paralyze Chinese and Russian missiles, as well as encourage Japan to strengthen its military role. Moreover, if Taiwan is included in the TMD project, it may make it more difficult for China to unify with Taiwan. Therefore, China and Russia have announced joint statements at the five nations leaders' conference held in August 1999 at Kazakhstan, and in December of the same year when President Yeltsin visited Beijing. Russia also tried to curb the United States by adopting a resolution to be faithful to the ballistic missile control pact at the United Nations.

Confrontation between the U.S.-Japan alliance and the China-Russia camp caused by differences in international political views was one of the important factors that affected the security situation in Northeast Asia in 1999. The United States and Japan are placing human rights higher than sovereignty whereas China and Russia are regarding such policy as a 'new interventionism'. The United States intended to

spread their values by getting deeply involved not only in the Taiwan and Tibetan issues but also in the Balkan incident. In regards to such supremacy and power games of the United States, China and Russia expressed their opposition in public by means of mutual exchanges of leaders and summit talks over hotlines.

The United States preferred to solve international security problems through collective security organizations like NATO and bilateral allies rather than the United Nations. China and Russia denounced these U.S. moves as part of its strategy to seize hegemony over the world, while claiming to bring international security issues into the United Nations and to reshape world orders to be multi-polarized.

Resolving years-long border issues, China and Russia have consolidated 'strategic and cooperative partnership relations', which is an expression of their intention to commonly restrain the dominance of the international order by the one superpower, the United States. The fundamental reason for the competitive structure between these two power blocs is for the expansion of their respective influence in the Northeast Asian region in the 21st century.

However, the current competitive relationship between the U.S.-Japan allies and China-Russia bloc is basically different from that of the Cold War era in its characteristics. These four powers share the same sentiment in keeping regional stability and expanding mutual economic cooperation since they are concentrating on their domestic economic progress. And relations among these nations are established based on thoroughly calculated national interests, maintaining cooperative relations in competition.

- 3) Recovery of the regional economic situation and expansion of economic cooperation among nations in the region.

Some nations in the region were confronted with an economic crisis in 1998, but these nations achieved rapid economic growth in 1999, overcoming their foreign exchange crises. The United States enjoyed the most prosperous and steady growth, and Japan reshaped itself as the second largest economic power by boosting its domestic consumer economy. South Korea has achieved economic growth of higher than 6%, overcoming the foreign exchange crisis, under the leadership of President Kim Dae-jung.

China is anticipated to attain economic growth of around 7% as projected by the General Assembly of People's Representatives. Drastically renovating government-run enterprises, China is enhancing the competitive edge of its industries. It also concluded negotiations with the United States to become a WTO members, thereby obtaining membership from WTO this year. Although Russia shows no sign of economic recovery yet, it is not likely that Russia will suffer again from a serious shortage of materials.

An expansion in economic exchanges and cooperation among nations in the region can also be noted as one of the significant developments in 1999 in Northeast Asia. Nations in the region actively discussed the methods by which they could cooperate to overcome the existing economic disparity in the earliest possible period of time. Economic recovery in these regional nations led to an increase in trade among them. The amount of trade between South Korea and China in 1998 declined by 20% over the previous year, but

it is estimated to increase by more than 10% compared to last year.

These nations have been exerting more effort to promote mutual economic cooperation, and settlement of the U.S.-China negotiations for China's entry into the WTO can be seen as part of such efforts. The agreements among top leaders of South Korea, China and Japan to discuss subjects on economic cooperation in the Northeast Asian region made during the ASEAN conference held in November last year are expected to pave a road toward an expansion in economic cooperation among the three nations. China and Russia have seen progress in their talks on widening economic cooperation through their joint development of natural gas in Siberia and restoration of the Silk Road.

The decision made by the United States and Japan to lift economic sanctions against North Korea has become another factor that is bringing a positive influence to economic cooperation and stability in Northeast Asia. In response to North Korea's restraint from testing long-range missiles, the United States and Japan decided to resume normalization talks with North Korea and to repeal their food aid ban. These decisions by the two powers are anticipated to contribute to an expansion in their economic exchanges with North Korea, reducing the possibility for regional instability that may be caused by North Korea.

B. Mutual Relations among the Four Nations in Northeast Asia

1) U.S.-Japan relations

In 1999, the United States and Japan intensified strategic companionship relations and their system of alliance toward North Korea. In April 1996, the two nations announced the "Japan-U.S. Joint Declaration on Security - Alliance for the 21st Century," and then they enacted 'the new U.S.-Japan Defense Cooperation Guideline' in September 1997 as a succeeding measure. To back up this bilateral guideline, Japan revised emergency laws and regulations in May 1999.

The revision of emergency laws was made to allow Japan to use its land, transport materials and manpower to support military operations by U.S. armed forces if emergency situations occurred in the regions surrounding Japan, including the Korean peninsula. After announcing the second interim report of the new U.S.-Japan Defense Cooperation Guideline in September 1997, the two nations sought to revise the emergency law in the earliest possible period. The legislation process, however, was retarded due to domestic problems in Japan, but its revision was expedited after the birth of a coalition government consisting of the Liberal Democratic Party and Liberal Party in January 1999. In political coordination with the opposition Justice Party, the ruling coalition parties passed related laws in the Congress (April 27) and the Diet (May 24), including the 'Surrounding Situation Law', 'Revised Self-defense Army Law', and 'Revised U.S.-Japan Agreement on Cross Supply of Materials and Manpower (ACSA)'. These new or revised laws allow Japan to provide the U.S.

armed forces stationed in Japan with the support of 40 items listed in the New Defense Cooperation Guideline, including logistical support. Thus these moves served as momentum for the two nations to allocate their roles for regional security.

Strategic companionship relations between the United States and Japan could be found in the course of their responding measures toward North Korean missile problems. In June 1999 when North Korea moved to test-launch its mid-range missile, 'Daepodong No. 2', the United States and Japan showed a stern attitude toward to the North while intensifying consolidated relations with South Korea. Repercussions from Japan were the strongest because the entire Japanese territory can be threatened by the missile. Japan requested to include phrases expressing deep concerns over North Korea's missile tests in the joint statement of the G-8 summit meeting. It also arranged to express concerns over North Korean missile issues in the statement (July 26) of the chairman of the ASEAN Regional Forum (ARF).

On the occasion of the foreign ministers meeting of South Korea, the U.S. and Japan held in Singapore, the United States warned (July 27) North Korea that if it launched a missile or satellite again it would result in a serious negative result not only to peace and security on the Korean peninsula and surrounding region, but also to North Korea. When he visited Japan (July 28), U.S. Defense Minister Cohen emphasized to Japan's Prime Minister Obuchi the necessity for policy coordination among the U.S., Japan and Korea in order to effectively retaliate against North Korea's attempt to test-launch another missile. While strengthening coordinating systems among the

three nations, the United States held a high-level meeting with North Korea in Berlin and has drawn an agreement with its counterpart to hold off additional launches of missiles.

All in all, the United States and Japan cemented strategic companionship relations by readjusting the emergency laws of Japan in 1999 while augmenting coordinating systems with South Korea to discourage North Korea from testing missiles again.

In 2000, the two powers are anticipated to further enhance their mutual reliance relations, while playing greater strategic roles against any unexpected incidents on the Korean peninsula and changes in the surrounding situation. Japan's normalization policy toward North Korea will be pursued in line with progress in the U.S.-North Korea relations.

2) U.S.-China relations

Although the United States and China marked the 20th anniversary of their diplomatic relations in 1999, political and security discord between the two nations deepened due to human rights issues in China, the Taiwan question, the mistaken bombing of the Chinese embassy in Yugoslavia, and the disclosure of the 'Cox Report'. As China has taken the U.S.'s adoption of the new NATO strategy in Europe and joint establishment of a TMD system with Japan in Northeast Asia as an attempt to block it, confrontation between the United States and China grew more serious.

The first U.S.-China meeting on human rights issues since 1995 was held this year (January 11 through 12), but disputes over the

problems in China were aggravated. To urge dialogue between the Tibetan exiled regime and Chinese government, the U.S. State Department appointed a special coordinator (January 20) and openly criticized the Chinese human rights situation by issuing the World Human Rights Report 1998 (February 26). When Secretary of State Albright visited Beijing (March 1), the United States expressed regrets over the oppression of dissidents by the Chinese government. Moreover, the United States requested China improve human rights by submitting to the United Nations Human Rights Commission a 'draft resolution on the human rights situation in China'.

The U.S. Congress put steady and strong pressure on Chinese human rights problems. In February, the U.S. Congress adopted the 'Resolution on human rights issues in China' that urges the United Nations Human Rights Commission to bring the subject to China. The U.S. Congress proposed a resolution in May to ask the Chinese government to form a special survey committee on the June 4 Tiananmen incident prior to its 10th anniversary and to reevaluate the incident. It is also noteworthy that the U.S. House of Representatives submitted (July 8) to the government a resolution requesting to designate July 10 as 'World Tibetan Day'.

Regarding U.S. human rights pressures as interventions in its internal affairs, China refuted the United States on the theoretical ground that China needs rights for living and development more urgently than human rights. Announcing a report entitled 'Human rights records in the United States' (March 2), China tried to publicize human rights infringement cases in the United States. In addition, U.S. refusal of repatriation of the Parunkung leader Li Hung-zu and the

allowance of political asylum for a Parunkung supporter by the U.S. immigration authority (November 11) had the effect of prolonging human rights disputes between the two nations.

In 1999, problems concerning Taiwan emerged as essential issues in the U.S.-China relations. In January, some U.S. Congressmen asked the federal government to include Taiwan in the TMD system, which was denounced by China (January 12) as being an intervention in its internal affairs meant to divide China, and an action destroying stability in Asia. In its 'Annual Defense Report' (February 2) and 'Report on the Security Situation in the Taiwan Straits' (March 1), the U.S. Defense Department pointed out the serious threat of Chinese missiles over Taiwan and stressed the necessity for providing nuclear weapons to Taiwan and for joining Taiwan in the TMD system. In July, the U.S. Congress passed the 'Act on Strengthening Taiwan Security' that calls for Taiwan's entry in the TMD project, supply of advanced weapons and an improvement of the military power of that nation. The U.S. Congress also proposed in November a bill 'Supporting Taiwan's Entry into WHO'.

Under the circumstances in which relations between China and Taiwan seriously deteriorated after Taiwanese President Li Dung-hui mentioned the idea of a 'two-nations principle', U.S. intervention in Taiwan issues had apparently irritated China. China asserted the legitimacy for its recovery of Taiwan's sovereignty, proclaiming that it would exercise military power toward Taiwan if any foreign powers meddle in Taiwan's independence moves and other issues.

Another crucial factor that deteriorated U.S.-China relations in 1999 was an accidental bombing on the Chinese embassy in Yugoslavia by

NATO forces. When its embassy was hit by a NATO bomber (May 8), China requested to clarify the situation and punish military personnel involved, charging that it was a severe violation of China's sovereignty. While solidifying 'strategic cooperative companionship relations' with Russia, China took consecutive measures, such as a suspension of exchanges of high ranking military officers with the United States, halt of negotiations on the prevention of proliferation of weapons, on control of armament and international security issues and on entry into the WTO (May 14), and cessation of human rights meetings as well as a prohibition of calls at Hong Kong's port by U.S. navy warships. When Kim Young-nam, chairman of the Supreme People's Assembly of North Korea visited China in June, Chairman Jiang Zemin denounced the U.S. military offensive by pointing out U.S. supremacy and stressing the necessity for establishing a new world order.

The tense confrontation between the United States and China caused by the Chinese embassy bombing incident cooled down after September when the two nations began compensation talks following an apology phone call by President Clinton (May 14), and visits to Beijing by special envoy Pickering and the legal affairs secretary of the U.S. Department of State. An agreement on the improvement of diplomatic relations between President Clinton and President Jiang Zemin at the APEC conference held in New Zealand (September 12~13) helped relieve unfavorable relations between the two nations that had been impaired by the Chinese embassy raid incident and disclosure of the 'Cox Report' (May 25), which revealed that China might have stolen nuclear and missile technologies from the United

States. The two powers resumed high level military officers' talks (November 12) as the assistant deputy secretary of the U.S. Defense Department visited China.

With a considerable thaw of frozen Sino-U.S. relations, the two nations returned to the negotiating table for China's membership in the WTO. Negotiations on China's entry into the WTO were expected to be settled when Chinese Prime Minister Zhu Rong-ji visited the United States (April 8~15), but several issues, such as the extent of opening of the Chinese market and continuous recognition of China as a developing nation, became obstacles for an agreement to be reached. The U.S.-China negotiations on China's WTO membership, which had been pursued since 1987, finally concluded since the two nations compromised on these controversial problems (November 15). China agreed to lower tariffs on agricultural products below 17% by 2002, permit U.S. banks to handle foreign exchange and establish joint-venture banks in China, and allow foreign investment in stakes in the Chinese communication industry to reach 49%. In return, the United States will apply on China the status of 'normal trade partner' and 'generalized system of tariffs and privileges' policies.

In the wake of the agreement on China's entry into the WTO, U.S.-China economic cooperation began to expand but the trade imbalance between the two nations had not improved. In 1998, the United States posted a deficit of 56.9 billion dollars in trade with China (Chinese statistics showed 21 billion dollars), and this trade imbalance continued through 1999. Attributed to the trade imbalance was a U.S. decision not to allow the sale of a communication satellite to China (February 23) worth 450 million dollars. However, the

United States became an essential partner for Chinese economic development as it emerged as the second largest trade counterpart of China. With low-priced Chinese products and the great potentiality of the market, economic exchanges in the two nations are on an expanding trend.

Politico-security discords between the two powers are expected to continue in 2000 since a hot topic of debate in the United States for presidential candidates is policies toward China. Taiwan is also scheduled to conduct presidential elections in March, which may rekindle the Sino-U.S. confrontation. In the election campaign, all of the Taiwanese presidential candidates are likely to strongly bring up the issue of Taiwan's independence. Encouraged by the resumption of sovereignty over Macao in December 1999, China is predicted to attempt to consolidate its position as a superpower in Northeast Asia in the 21st century by promoting patriotism and nationalism, laying an obstacle in building 'constructive strategic partnership' relations with the United States.

And yet, both the United States and China will be sure to exert efforts in reducing discords through exchanges of high level officials in the congress, government and army since they need mutual cooperation for regional stability and economic progress. It is anticipated that relations between the two nations will recover in the latter half of 2000 after the APEC leaders' conference. When China becomes a member of the WTO, economic exchanges and cooperation between the United States and China are expected to expand sharply. China will take stiffer actions for protection of intellectual properties while lowering tariff and non-tariff barriers. The United States will

expand investments in the communication, insurances and financial sectors in China. With China's entry into the WTO, the decade-long discord over the issue of giving China MFN status is expected to be resolved. An enhancement of relations in the economic area between the United States and China can help reduce conflicts in the security sectors of the two nations.

3) U.S.-Russia relations

In 1999, the United States and Russia confronted each other over Iraq issues, the Kosovo incident, the Chechen incident, and the expansion of NATO into Eastern Europe, but the confrontation between the two nations was not further aggravated since Russia needed economic support from the United States.

U.S. Secretary of State Albright visited Moscow (January 25~27) and discussed with Russian Prime Minister Primakov and Foreign Affairs Minister Ibanov the subjects of U.S. air raids on Iraq, the Kosovo incident, ratification of 'START II', the expansion of NATO into Eastern Europe, and restrictions on the Russian export of nuclear and missile technologies to Iran. Secretary Albright asserted that differences in views on minor things should not hamper the overall relations between the two nations. However, Russia urged the United States to change its policies on disputed issues between the two nations, such as a repeal of economic sanctions against Iraq and consent on Russia is offering of advanced technologies to Iran. Russia also expressed strong concerns over U.S. efforts to revise the 'ABM Pact' as part of its strategy to establish the National Missile Defense

system.

While the United States conveyed the attitude that it would exercise military operations mobilizing NATO forces in case negotiations between the Yugoslavian government and Albanians for stabilizing peace in Kosovo fail, Russia maintained the position that it would oppose any military actions by NATO without the approval of the United Nations Security Council, insisting on a political solution of Kosovo issues. After the air raids on Yugoslavia by NATO forces (March 24), U.S.-Russia relations suddenly froze. The Russian Congress decided (March 26) to postpone the deliberation of START II indefinitely, criticising NATO's air raids on Yugoslavia. When NATO escalated bombing on Yugoslavia, Russia moved its Black Sea fleet to the Adriatic Sea near Yugoslavia (April 2), and warned (April 28) that it would retaliate if NATO forces attacked a Russian oil tanker headed to Yugoslavia. At the same time, Russian President Yeltsin stressed (April 29) in a National Security Council meeting that the maintenance of strong nuclear power, being an essential element for safeguarding national security and military power, was one of the foremost national tasks.

Immediately after the close of the G-8 summit conference, President Clinton and President Yeltsin agreed in a separate meeting (June 20, Köln) to make efforts in restoring damaged relations between the two nations. President Yeltsin promised that he would push the Russian Congress to ratify START II and agreed to proceed with negotiations for revising the ABM pact. Meanwhile, President Clinton assured him of the provision of support for the economic recovery of Russia. The leaders of the two nations also agreed to

designate the Russian army to undertake military operations in a region in Kosovo as a member of the peace-keeping forces, and to resume talks on START III.

Holding working-level talks on armament reduction (August 17~19, Moscow), the United States and Russia agreed to step up efforts to induce the Russian congress to ratify START II. But the two nations had taken different positions toward a revision of the ABM pact. Whereas the United States raised the necessity for revising the ABM pact on the basis of the increasing threat of missiles from rogue nations, Russia maintained a negative attitude toward its revision, asserting that it may jeopardize the strategic balance between the two nations and invite armament competitions.

To obtain the confidence of Russia, President Clinton suggested a means of sharing technologies through a joint development of the National Missile Defense system (September 12), which was followed by Defense Secretary Cohen's reiteration of the necessity for revising the ABM agreement when he visited Moscow (September 13). However, confrontation between the two powers over armament reduction issues remained unresolved because Russia asked to open talks on START III apart from the ratification of START II, expressing a mistrust of the U.S. intentions for revising the ABM accord.

After consecutive days of terror in September when large apartments in Russia were bombed, presumably committed by Chechen rebel troops, the Russian army intensified its assault toward Chechnya. President Clinton, who visited Oslo of Norway to attend the Middle East peace conference, requested Russian Prime Minister Putin to restrain military actions in Chechnya (November 2), pointing

out its excessive counter measures. But Prime Minister Putin responded that Russia had taken legitimate counter actions against internal terrorists' threat, emphasizing that Chechen issues were the internal affairs of Russia.

As the Chechen situation extended over a long period of time, President Clinton proposed that the OSCE to take a mediator role. In the OSCE summit meeting (November 18), President Yeltsin strongly denounced the United States and the West for attempting to interfere in its internal affairs under the cloak of humanitarianism. In the meeting, the foreign ministers of Russia and the West agreed (November 20) to solve Chechen issues politically, to have OSCE contribute to the solution of the issues, to recognize Chechen problems as internal affairs of Russia and to respect the integrity of Russian territory.

Russia is in need of financial support from the United States to overcome its economic crisis, and the United States wants the cooperation of Russia for non-proliferation of weapons of mass destruction. Accordingly, a cooperative basis will be maintained between the two nations in economic cooperation and issues of counter proliferation of weapons of mass destruction. But discord over the revision of the ABM pact, Chechen disputes and Russia's export of military technologies may possibly work as negative factors in their cooperation.

Russia and the United States are scheduled to conduct presidential elections in June and November 2000 respectively. Therefore, the two nations will be reluctant to make concessions on any of the disputed issues, being conscious of domestic politics. The United States will

make the point clear that it could withdraw from the ABM pact if Russia consistently opposes a revision of the ABM accord, whereas Russia will maintain a position that revision of the pact could hamper the nuclear weapon reduction efforts of the two powers. Confrontation between the United States and Russia will continue over the issues of the arms control talks and ABM pact revision. But the leaders of the two nations are expected to seek a compromise because neither of them wants their relations to evolve into hostile relations.

4) Japan-China relations

In 1999, China was in conflict with Japan on such issues as the passage of bills related to the new defense cooperation guidelines between the United States and Japan, Japan's participation in the development of the TMD system, and Taiwan issues. The two nations, however, expanded exchanges of younger generations based on a Japan-China agreement which was signed when President Jiang Zemin visited Japan in 1998, and sought to establish 'friendly and cooperative companionship relations' in the 21st century through cross visits by leaders of the two nations, including a visit by Li Lihuan, Chairman of the Standing Committee of the Chinese Political Negotiation Council, in December 1999.

Tension between Japan and China stemmed from China's concerns over Japanese moves to become a strong military power. China warned Japan that it will regard it as an intervention in its internal affairs if Japan includes Taiwan in the new U.S.-Japan defense cooperation guideline and TMD system.

In March, when Japan decided to join the TMD system plan initiated by the United States, China showed a sensitive response, pointing out that 'it is an action to pursue strong military power'. In March, Chinese Prime Minister Zhu Rongji criticized (March 15) that Japanese measures are contradictory to the international pact on missiles, and they will result in violations of Chinese sovereignty and interference in internal affairs. The spokesman for the Chinese Foreign Ministry Sun Wishi warned, "Japan should take concrete measures to limit its defense to its territory and neighboring seas, and it should not attempt to become a strong military power". Japanese Foreign Minister Komura Masahiko responded to this, commenting "the TDM system is not an offensive move but a sheer defensive program", and retorted that China's criticism on Japanese defense systems could not be understood. Prime Minister of Japan Obuchi also stressed that the TDM system is a pure defensive program, saying that he would willingly explain the program to the Chinese government authorities in person, if so desired.

Over the new U.S.-Japan defense cooperation guidelines, China has been expressing concerns since 1996 when the United States and Japan had a summit meeting. In particular, China raised its voice against Japan after the Japanese congress passed in May 1999 laws related to the new U.S.-Japan defense cooperation guidelines, pointing out that Japan is attempting to emerge as a strong military power.

The Taiwan question also laid an obstacle in the progression of Japan-China relations. During his visit to Taiwan, Ishihara Shintaro, Mayor of Tokyo, irritated the Chinese government by calling Taiwan a 'nation'. Chinese Vice Foreign Minister Wang Ie asked Ambassador

Tanino Sakuta of Japan in Beijing to prevent a recurrence of similar cases (November 15), and spokesman Sun Wishi expressed strong discontent, saying that it was regarded as another indication of Japan's anti-Chinese sentiments that may destroy the great task of Chinese unification. Regarding that subject, Japan emphasized that the Tokyo mayor is not in a position to speak on behalf of the Japanese government. Japan's Prime Minister Obuchi disregarded the hypersensitive reactions of China, asserting that it is desirable to build cooperative ties with Taiwan on a humanitarian basis.

Japan and China took different positions over the effectuation of the 'new fishery treaty', which was signed in November 1997. The two nations tried to ratify the treaty in April and May 1998, but its effectuation was delayed due to different views on fishing zones and other conditions, despite a series of unofficial working-level meetings and four ministerial-level talks.

The most controversial issue in the fishery treaty is the matter of adopting a mutual permission system to prevent excessive fishing in jointly controlled waters. While Japan strongly requested the introduction of a fishing permission system to control reckless fishing activities by Chinese fishing boats, China sustained an attitude that the permission procedure is not necessary because the 'new fishery treaty' awards rights to supervise fishing boats to the nation where the boats came from. Especially, Japan maintained a firm position that it could even abolish the new fishery pact if China would not adopt the permission system since Japanese boats were catching about 20,000 tons of fish annually in Chinese economic zone whereas Chinese ships were catching several hundred thousand tons of fish in Japanese

economic waters a year. This issue is particularly related with ownership of Diaowidao Island. If Japan abolishes the new fishery treaty and seizes Chinese boats in the Japanese economic zone, it will seriously affect the relations between the two nations.

Nevertheless, an agreement between the two nations on cooperation for removing chemical weapons that the Japanese army discarded in China during World War II affected Japan-China relations favorably. During his visit to China in July, Japanese Prime Minister Obuchi obtained a promise from the Chinese government that it would cooperate to keep North Korea from developing missiles. In August, a Chinese military delegation visited Tokyo for the first time since the Japanese congress passed laws related to the new U.S.-Japan defense cooperation guidelines, and discussed with its Japanese counterpart the subjects of mutual exchanges in the military sector.

In 2000, it is very likely that several pending issues, such as the strengthening military power of Japan, the Taiwan issue and discord over fishing problems, will cause discord between Japan and China. Although Japan is expected to refrain from annoying China, Japan is anticipated not to concede in relation to TMD systems and laws related with the new defense cooperation guidelines. China is expected to be sensitive toward Japanese moves for building defense power. But the two nations are predicted to maintain cooperative relations in regard to issues on the Korean peninsula because both of them do not want instability in the region.

5) Japan-Russia relations

Japan and Russia sought to expand cooperation in 1999 through cross visits by leaders of the two nations, exchanges of military leaders and an agreement on establishing a trade and economic cooperation council. But Japan's participation in the TMD system project hindered the development of relations between the two nations.

Prime Minister of Japan Obuchi visited Russia (August 31) and met with President Yeltsin, and had a talk with Russian Prime Minister Putin during the APEC summit meeting (September 12~13, New Zealand). Former Japanese Prime Minister Hashimoto (April 20~22), Foreign Minister Komura (May 28~30) and Defense Minister Norota (August 16~19) visited Moscow consecutively, while First Deputy Prime Minister Khuristenko and Shapobariants Economic Affairs Minister of Russia visited Japan (August 31~September 3) to discuss the fate of the northern territories and economic cooperation.

As its basic objective for diplomatic policies toward Russia, Japan brought forward principles for resolving the northern territory issue based on the 'Tokyo Declaration' (October 1993) and proposed the signing of a peace treaty by 2000. Also, Japanese Prime Minister Obuchi expressed his intention (January 19) for Japan's support of Russia in its renovation efforts, by stepping up cooperation and fully normalizing Japan-Russia relations.

Through exchanges of visits by high-level officials of Japan and Russia, including visits to Tokyo by Russian Foreign Minister Ivanov (February 20~23) and by the First Deputy Premier Maslyukov (March

14~17), and a visit to Moscow by Japanese Foreign Minister Komura (May 28~30), the two nations discussed subjects of common interest in depth, such as issues of the northern territories and economic cooperation.

The two powers vigorously promoted exchanges and cooperation in military and security areas. Following a visit to Russia by Chairman of the Joint Chief of Staff Council of the Japanese Army Natskawa, Chief of Staff of the Russian Army Kvasinin, and Commander of the Russian Pacific Fleet Jaharenko visited Japan. In particular, on the occasion of his visit to Russia(August 16~19), Japanese Defense Minister Norota signed with his Russian counterpart, Sergeyev, a 'memorandum on exchanges in the defense area'. The memorandum calls for mutual visits by the defense ministers of the two nations and continuous implementation of joint military exercises. In addition, the two nations agreed to conduct joint search and rescue exercises, observation of the Japanese Self-defense Army by Russian Army officers, and the installation of a hotline between the Japanese Self-defense Navy and the Russian Pacific fleet headquarters.

Japan and Russia also cooperated for restraining North Korea from launching missiles again. Japanese Defense Minister Norota asked his Russian counterpart to provide cooperation for discouraging North Korea not to test-launch missiles again, to which Russian Foreign Minister Ivanov replied favorably saying that Russia will urge North Korea to refrain from launching missiles through political and diplomatic channels. Regarding the consolidation of security cooperation between Japan and the United States, including the TMD system, Russia demanded Japan to "show by action that these moves

are not targeting a third country".

In the economic sector, the two nations agreed to establish a trade and economic cooperation council to promote economic cooperation. In August, the two nations agreed to expand economic cooperation, which includes the lifting of Japan's measure to freeze credit loans of 1.1 billion dollars that Japan promised to offer to Russia earlier. The agreement also stipulates that Japan will provide 50 million dollars first and then 300 million dollars and 100 million dollars in two steps.

To expand trade and investment, the two nations agreed to implement the treaty on investment guarantee and prevention of duplicated taxation (signed in November 1998) early. Russia gave its assurance of an early ratification by its congress, while Japan urged Russia to improve tax systems and other legal formalities to promote and protect Japan's investments in Russia.

In addition, Japan officially announced (June 18) that it would provide Russia with an additional 200 million dollars to support plans for the disposal of the plutonium created during the dismantlement of nuclear weapons of the former USSR and nuclear power submarines of the Russian Northeast Asian fleet. The question of returning four northern islands to Japan is one of the important problems. Japan intended to normalize relations with Russia by concluding the peace treaty by 2000 after Russia retrocedes these islands. To soothe resistance from natives on these islands, Japan agreed (May 29) with Russia to expand visits to Japan by the natives without entry visas.

The Russian President is scheduled to visit Japan during the first half of 2000. Major subjects of talks between the two nations on that occasion are expected to be the retrocession of the northern islands

and peace treaty issues. Leaders of the two nations, particularly, are predicted to discuss the possibility of jointly developing the four northern islands.

6) Sino-Russia relations

In 1999, China and Russia further cemented their 'strategic cooperative partnership' through a summit meeting, and mutual exchanges of high-level government officials and military officers. Among other things, the nations commonly addressed the hegemony policy of the United States while closely coordinating their positions toward the Kosovo incident, the U.S.-Japan TMD system project, and Chechen issues. Recognizing that the economic cooperative relations between the two nations are less active than political ties, China and Russia placed more emphasis on the expansion of trade and economic relations.

The leaders of the two nations met twice to discuss subjects of mutual interest. The fourth summit meeting of five nations, including China, Russia, Kirghizstan, Tadzikstan and Kazakhstan, was held at Bishkek, the capital city of Kirghizstan (August 24~25). Under the circumstances, that NATO expand to Eastern Europe and the U.S.-Japan's TMD project materialize, the leaders of the five nations adopted the Bishkek Joint Statement (August 25), the main content of which is as follows. The five nations (1) expressed discontentment toward the world order led by the United States and NATO, and asserted the necessity for a new cooperative system in Central Asia, (2) declared a reduction of military power along the borders of the

five nations and a desire to turn Central Asia into a non-nuclear region, (3) jointly addressed the fundamentalism of Islam, separatism, international terrorism and illicit sales of drugs, (4) agreed to join efforts to develop oil fields and natural resources in the Caspian Sea region. Prior to this, Russian President Yeltsin and Chinese President Jiang Zemin held (August 25) a separate summit meeting and agreed to strengthen strategic partnership to build a multi-polarized international order. On the occasion of the 50th anniversary of the normalization of their diplomatic relations, China and Russia exchanged congratulatory messages with each other and reassured that sustained friendly relations would be maintained.

In Beijing, Russian President Yeltsin and Chinese President Jiang Zemin had summit talks (December 9~10) and agreed to take joint counter measures against the new policy of the United States, denouncing the U.S. policy which gives precedence to human rights over sovereignty, saying it stemmed from supremacy and that it is an interference in their domestic affairs. The leaders of the two nations adopted a joint communique (December 10), calling for the establishment of a multi-polarized world order in the 21st century based on the United Nations and international laws, opposing the U.S.-Japan TMD system project and participation by Taiwan, calling for a lift of economic sanctions toward Iraq and its political solution, and a solution of the Kosovo situation by resolution of the United Nations, expressing Russian opposition against the 'two-nation principle' of Taiwan and recognizing Chechen conflicts as a sheer internal matter. Also, the foreign ministers of the two nations signed (December 9) three treaties concluding the issues of drawing boundary

lines at a length of 50km along western borders and 4,300km on eastern borders.

Even working-level officials of China and Russia kept cooperative relations in opposing NATO's air raids on Yugoslavia and the U.S.-Japan TMD system project, while closely discussing other regional disputes.

Visiting Russia, Chinese Prime Minister Zhu Rongji met with Russian President Yeltsin and Prime Minister Primakov consecutively (February 25) and discussed a wide range of issues related to world security and bi-lateral cooperation in economic and defense industry sectors, including issues in the Asia-Pacific region, Kosovo, Iraq and the expansion of NATO. Through these meetings the leaders of the two nations signed 11 memoranda and treaties related with regular summit meetings between the two nations and economic cooperation. Upon his visit to Beijing, Russian Vice Foreign Minister Karasin exchanged views with his Chinese counterpart (March 13~14) on the subjects of promoting relations between the two nations, of troubled regions such as the Korean peninsula, Afghanistan, Iraq and Kosovo, as well as TMD and NMD projects of the United States. Former Russian Prime Minister Chernomirdin visited Beijing as a special envoy of the president (May 12) in order to attune with Chinese leaders, including President Jiang Zemin, the positions of the two nations toward Kosovo problems. They asserted that the issue should be solved through the United Nations and that NATO's air raids in that region should be suspended immediately. They also discussed, in depth, the bombing of the Chinese embassy in Belgrade.

Through their exchange of visits, deputy chief of staff of the

Russian army Korapierinikov (May 31) and vice chairman of the central military committee of the Chinese Communist Party Jiang Wannien (June 9) agreed to exert their common efforts for realizing strategic partnership and intensifying military cooperation between the two nations. In a meeting for promoting economic cooperation between the two nations held in Beijing (August 24), Russia agreed with China to supply about 40 units of advanced SU-30 fighters and two nuclear submarines.

In the economic area the two nations discussed, during a visit to Moscow by Chinese Prime Minister Zhu Rongji (February 24~27), the feasibility of a four billion dollar project of constructing gas pipes across Siberia, and a nuclear power plant to be built in China with aid from Russia. Zhu Rongji's series of talks with Russian leaders resulted in the signing of 11 memoranda and treaties related with regular summit talks between the two nations, economic cooperation and collaboration in Siberia and Northeast Asia. In the 7th conference between the governments of the two nations held in China (August 24), the two sides reviewed a series of pacts related with mutual cooperation in science and advanced technologies as well as economic affairs. In the Bishkek meeting of China, Russia, and five Central Asian nation (August 25), these nations agreed, as a means of preventing Western nations from monopolizing the development of the Caspian Sea region, to jointly develop natural resources in that area, such as oil fields, aluminum, gold and natural gas, and utilize them for their economic progress.

It is predicted that China and Russia will positively seek to restrain an expansion of the influence of the United States,

maintaining the position that the world should pursue a multi-polarized structure in the 21st century. In the new century, 'the strategic cooperative partnership' between the two nations is anticipated to expand to wider areas, ranging from security and military sectors to trade and economic fields. In particular, the two powers are expected to strengthen security and military ties with India to check the expansion of the United States. Realizing that their economic cooperation is conspicuously lagging behind political cooperation (their trade in 1998 reached 5.5 billion dollars), the two nations are predicted to aggressively expand economic cooperation to achieve a 20 billion dollar mark in trade. In this vein, it is anticipated that large scale joint projects will gradually be materialized, such as the construction of oil and gas pipes to supply Russian natural resources to China, and the development of gas fields in Irkutsk.

2. Major Foreign Relations of South Korea

A. Korea-U.S. Relations

With the detection of suspected underground nuclear facilities at Kumchang-ri and the test of a long-range missile by North Korea in August 1998, U.S. Republican Party congressmen criticized the policy of the Clinton administration toward North Korea. The Clinton administration began to restudy its overall policy toward North Korea, appointing former Defense Secretary William Perry (November 12, 1998) as the coordinator for policy toward North Korea. When he met Coordinator Perry, President Kim Dae-jung suggested an inclusive

negotiation plan that includes abandonment of the nuclear weapon and missile development plans by North Korea and guarantee of the North Korean regime's system by normalizing diplomatic relations with the United States and Japan, stressing that an engagement policy toward North Korea is the only feasible alternative. To this suggestion, coordinator Perry responded that it is difficult to fully support South Korea's engagement policy toward North Korea, trying to set a boundary for the engagement policy.

In the 30th annual meeting of the Korea-U.S. security council (January 15, Seoul), Korean Defense Minister Chun Yong-taik and U.S. Defense Secretary William Cohen agreed to intensify joint surveillance and exchange information on North Korea, sharing common views on the fact that tension is growing on the Korean peninsula due to the development of nuclear weapons and missiles by the North. Secretary Cohen expressed strong support for South Korea's engagement policy toward North Korea based on its three principles of intolerance of military provocation by North Korea, ruling out absorbed unification, and pursuit of reconciliation and cooperation. The U.S. Defense Secretary assured the maintenance of powerful Korea-U.S. joint defense systems, including the continuous support of the nuclear umbrella. The two nations also agreed in principle to extend the maximum range of missiles to be developed by South Korea from 180km to 300km to cope with North Korean long-range missiles.

Presidential Principle Secretary for Foreign and Security Affairs Lim Dong-won visited Washington, D.C. (January 26-29) and readjusted the Korea-U.S. policy toward North Korea with related U.S. officials, including Coordinator Perry, in a direction toward expanding

and intensifying Korea's engagement policy. After the United States and North Korea concluded negotiations on the Kumchang-ri issue(March 16), Presidential Principle Secretary Lim Dong-won and Foreign Minister Hong Soon-young contacted Coordinator Perry and urged him to include the basic concept of Korea's engagement policy in his new report on policy toward North Korea.

In the high-level policy council meeting of Korea, the United States and Japan (April 24~25, Hawaii), the three nations reached an agreement on Korea's inclusive negotiation program that they would provide North Korea with a chance to solve the issues of developing nuclear weapons and missiles by peaceful means. They would then offer political and economic compensations if North Korea responds favorably to that but put pressure on it if not. At the same time, they agreed to organize a 'joint coordinating and supervisory group of the three nations' to systematize mutual consultations and coordination on policies toward North Korea.

In an interview with CNN (May 5), President Kim Dae-jung stressed the necessity for dismantling the Cold War structure on the Korean peninsula as a fundamental solution for the North Korean nuclear and missile development issues because these issues are rooted in the Cold War structure. Five tasks for dismantling the Cold War situation, President Kim said, include inter-Korean reconciliation and cooperation, improvement of relations and normalization of diplomatic relations of the United States and Japan with North Korea, the control of armament by South and North Korea, the formation of an environment in favor of North Korea to open its doors wider, and the conversion of the armistice system to

the peace system.

Immediately after the gunfire collision between warships of the South and the North on the west coast near Yonpyong Island (June 15), the U.S. Defense Department reinforced surveillance on North Korea deploying AWACS planes while increasing the number of U.S. air force fighters in Korea and moving an aircraft carrier to the ocean near the Korean peninsula. Visiting the United States, President Kim Dae-jung had a summit meeting (July 3) with President Clinton and discussed current issues between the two allies, including North Korean provocative actions on the west coast and economic cooperation. President Kim also reassured President Clinton of Korea's willingness to pursue its engagement policy consistently based on a strong deterrent power against North Korea.

During the APEC leaders conference held in Oakland, Korea, the United States and Japan had a summit meeting, and the leaders of the three nations reconfirmed their common views on the Korean peninsula situation, that an inclusive approach toward North Korea is the best policy for building a peaceful coexistence system on the Korean peninsula.

The leaders of the three nations further discussed overall common policies toward North Korea, including the next step plans for the inclusive approach, measures for deterring North Korea from testing missiles, and making North Korea implement the Geneva agreement. They also exchanged views on the East Timor situation, a way for overcoming the Asian economic crisis, and mutual cooperation in international organizations.

Coordinator Perry submitted (September 15) to the President and

Congress an advisory report for new policies toward North Korea. The Perry report stresses that it is desirable for the United States to normalize relations with North Korea, including an establishment of diplomatic relations, to cease the threat of nuclear weapons and missiles from that nation provided that the United States can ensure North Korean cooperation toward that end, and it advises the United States to keep pace with the Korean engagement policy toward North Korea. To solve the issues on the Korean peninsula peacefully, the Perry report recommends the following five policies: adoption of the inclusive approach policy toward North Korea, appointment of an ambassador-level U.S. official in charge of North Korean affairs, maintenance of a 'three-party coordination and controlling group' among Korea, the United States and Japan, pursuit of supra-partisan policy toward North Korea by Congress, and preparation for the occurrence of an emergency situation in North Korea. After announcing the report, Coordinator Perry met with President Kim Dae-jung (September 22, Seoul) and modulated views on methods of inclusive approach to North Korea.

In the 31st annual Korea-U.S. security council meeting (November 23, Washington, D.C.), the two nations made the point clear that they should seek strong counter measures against the North Korean undiminished threat, although they affirmatively appraised the freezing of the development of nuclear weapons and missiles of North Korea. In particular, the two nations, recognizing the seriousness of the threat of North Korean biochemical weapons, agreed to drastically augment counter measures against any biochemical war by deploying U.S. biochemical equipment and troops equipped with such weapons in

Korea. They also agreed to conduct thorough surveys on the massacre of Nokunri village civilians by the U.S. army during the Korean War and on the case of the spraying of defoliant in the demilitarized zone in the late 1960s. In addition, they agreed to restart the halted negotiations on revising the treaty on the status of stationary troops.

In 2000, Korea and the United States will solidify military cooperation for deterring North Korean provocations while positively pursuing the engagement policy toward North Korea. In the course of processing negotiations with North Korea, such as high-level talks and four-party conferences, the United States is expected to work in concert with South Korea through intimate consultations. But the Clinton administration may possibly take a lukewarm position in improving relations with North Korea since its policy toward North Korea emerged as one of the hot issues of the presidential election slated for November 2000. In such a case, Korea is predicted to expand diplomatic contacts with the United States to urge it to expedite inclusive negotiations with North Korea.

B. Korea-Japan Relations

Korea and Japan reconfirmed close ties in the security sector in 1999 through summit meetings and ministerial-level talks. In economic affairs, the two nations maintained friendly and cooperative relations while settling the fishery pact.

In a joint press meeting held after the summit meeting on March 20, Japanese Prime Minister Obuchi said, "Japan supports President Kim Dae-jung's engagement policy toward North Korea. We shared

the same view on intimately exchanging opinions and cooperating between the two nations as well as with the United States in relation with the issues of North Korea's development of missiles and suspicious underground nuclear facilities. Japan consistently supports the KEDO project."

During the period of the APEC leaders conference held in Oakland, President Kim Dae-jung and Japanese Prime Minister Obuchi had a summit meeting (September 12). In this meeting, President Kim said, "We will be able to deter another missile test by North Korea if we sustain the engagement policy with perseverance." "Even if North Korea launches missiles, Korea and its allies are desired to support it, continuously pursuing the KEDO project and engagement policy if the North changes", he continued. Prime Minister Obuchi said in the meeting, "Japan will not tolerate another missile test by North Korea flying over the Japanese territory. But even such an incident should not affect the cooperative relations among the three allies."

Regarding cultural exchanges between the two nations, President Kim Dae-jung mentioned (March 20), "Korea will implement the second stage open-door measure for Japanese popular culture", while Prime Minister Obuchi said, "Problems of the 20th century should be resolved in that century", expressing his hope for the realization of a visit to Korea by the Japanese emperor. To cope with these statements, Korea announced the second phase open-door measure for Japanese popular culture (September 10), permitting the showing of Japanese movies in Korea. Prime Minister Kim Jong-pil paid a call on Japanese Emperor Akihito and invited him to visit Korea.

Based on the agreement between the leaders of the two nations

(March 20) on signing an investment pact in the earliest possible period of time, Korea decided to provide Japanese enterprises with benefits equal to those of investors from the United States. As of the end of 1998, investments in Korea by Japanese industries reached 503 million dollars, accounting for only 5.7 percent of the total investment in Korea by foreign companies. This figure lags far behind investment by U.S. industries (2.974 billion dollars), the Netherlands (1.323 billion dollars) and Germany (786 million dollars). Japan, however, arranged for its ExIm Bank to loan one billion dollars to the Development Bank of Korea to be lent to Japanese companies in Korea.

In the meeting between the two prime ministers (September 2), Prime Minister Kim Jong-pil requested Japan to lower tariffs on Korea's 16 major export items including textile and leather products, forecasting that deficits in trade with Japan would reach 3.7 billion dollars in the first half of 1999 and 8 billion dollars by the end of that year. Prime Minister Obuchi took the position that the trade imbalance between the two nations was attributed to structural problems of the Korean economy. In relation with the suffrage of Korean residents in Japan, Prime Minister Obuchi responded rather perfunctorily saying, "Japan will try to resolve that matter with more earnestness."

In the security sector, the Japanese congress passed in May an act related with the new U.S.-Japan security cooperation guidelines, which call for a sharp expansion of support activities by the Japanese Self-Defense Army to the U.S. armed forces if any emergency situation occurs in regions surrounding Japan, including the Korean peninsula. The new law provides that any 'emergency situation in the

surrounding region' means a situation that can lead to a direct military attack on Japan if counter measures are not taken properly. The geographical boundary for military operations outlined in the U.S.-Japan security pact is interpreted as the 'Far East' (north of the Philippines and surrounding Japan).

Korea and Japan expanded exchanges in non-combat areas, including exchanges of military information. The Korean Defense Ministry announced on May 4 that Korea and Japan installed an emergency liaison system that enables the Korean army and Japanese military forces to exchange urgent information, and began to operate it in June. The installation of the emergency liaison system is based on an agreement made in January in Seoul between Korean Defense Minister Chun Yong-taek and his Japanese counterpart. The first liaison system has been installed between the offices of the Director of the Policy and Planning Department of the Korean Defense Ministry, and the Councilor for Defense Affairs of the Japanese Defense Office. The second has been installed between the Operation Headquarters of the Korean Navy and Air Force and their respective Japanese counterparts.

On August 5, Korea and Japan conducted their first joint marine surveillance and rescue exercises in the East China Sea, between Cheju Island and Kyushu, mobilizing about 1,300 navy personnel, 11 aircrafts and warships. They included a destroyer, an escort ship, a patrol plane and a helicopter from the Korean Navy and three destroyers, a patrol plane and two to three helicopters from the Japanese Self-defense Naval Force.

The new Korea-Japan fishery pact (January 22) regulates the

establishment of an exclusive economic zone (EEZ), fixing the middle line between the two nations (135 degrees 30 minutes of east longitude) as the border line, and recognize these zones as exclusive fishing areas for each respective nation. But in order to minimize damage that may be incurred due to a sharp reduction of fishing areas, the fishing boats of each nation are allowed to do fishery works in the EEZ of the other nation within a certain limitation, after obtaining permission from the respective nation.

The two nations are expected to maintain cooperative relations in the political, security and economic fields in general in 2000, but there lies a possibility that the two nations may show disagreement on some issues. In relation with moves to build military power by Japan and historical issues, the two nations may possibly disagree on some points. And normalizing talks between Japan and North Korea may not weaken cooperative relations between Korea and Japan. Economic exchanges and cooperations between the two nations will expand continuously, and yet trade imbalance between Korea and Japan will remain as a problem to be resolved.

C. Korea-China Relations

Commemorating the 7th anniversary of establishing diplomatic relations between the two nations, Korea and China further consolidated their 'cooperative companionship relations'. Through two summit meetings between the leaders of the two nations and the first official visit to China by the Korean Defense Minister (August 23-29) since Korean independence, relations between the two nations

developed into companionship ties in the security sector.

Chinese support for Korea's diplomatic efforts to deter the development of nuclear weapons and launch of missiles conspicuously attributed to the furtherance of Korea-China relations. Visiting China, Presidential Principle Secretary for Diplomatic and Security Affairs Lim Dong-won (February 11~13), requested the Chinese leaders to play constructive roles for solving issues of developing nuclear weapons and missiles by North Korea, and President Kim Dae-jung proposed (September 12) to China in the APEC leaders conference to cooperate in deterring the test of missiles by North Korea. To this proposal, the Chinese leader responded that it supports Korea's engagement policy toward North Korea, and expressed its intention to cooperate in that endeavor, saying "China will take every possible measure for keeping stability and peace on the Korean peninsula."

The visit by Korean Defense Minister Cho Sung-tae to China in August can be recorded as a symbolic move indicating the fact that Korea-China relations are expanding from economic cooperation-oriented ties to security cooperations. Earlier, exchanges of officials in the defense area between the two nations had been limited to those of military officers, such as visits to China by the Korean Assistant Vice Minister of Defense and the Information headquarters commander in the Joint Chiefs of Staff, and a visit to Korea by the deputy chief of staff of the Chinese Army. China could accept the visit by the Korean defense minister because its relations with Korea have improved to expand cooperations in the security area without being conscious of the North Korean attitude. During his visit to China, Minister Cho Sung-tae visited Chinese military installations, including

an army corps that joined the Korean war, an anti-missile unit in Beijing, and headquarters of the North Sea fleet in Chingtao. He also discussed with Chinese military leaders the issue of North Korean missiles, while agreeing with his counterpart to regularize the ministerial meeting between the two nations.

In four-party meetings to discuss subjects of peace on the Korean peninsula, Korea and China sought ways for mutual close cooperation. Prior to opening the fifth and sixth plenary sessions of the four-party meeting, Chinese delegate Chian Yongnian and Korean delegate Park Kun-woo visited Seoul and Beijing, respectively, and exchanged opinions on strategies toward the four-party conference. In the plenary meeting of the four-party talks, China took a role of moderating confronting positions between South and North Korea.

The two nations began to cooperate with each other in their efforts toward reducing armaments and non-proliferation of weapons. The Chinese Foreign Ministry officer in charge of armament reduction visited Korea to attend the first Korea-China meeting on the reduction of armaments and non-proliferation of weapons (June 7). The two nations discussed ways of restraining the development of mass-killing weapons, such as nuclear weapons and missiles, and shared views on the necessity for North Korea to participate in the 'Comprehensive Nuclear Test Ban Treaty' and the 'Chemical Weapons Ban Treaty'. Also, China highly praised Korea's decision not to join the TMD system project.

The establishment of a Korean consular office in Shenyang, China, reflects a leap into a new stage in relations between the two nations. Based on President Kim Dae Jung's agreement with Chinese leaders

when he visited China in November 1998, the two nations exchanged a memorandum of understanding (January 28) for establishing a Korean consular office in China. The Korean consular office provides instruments to protect the security of resident personnel at local branches of Korean industries, and the interests of Korean companies stationed in the three northeast provinces of China.

Korea and China intensified their cooperation in the international arena, too. In the APEC leaders' conference held in New Zealand, President Kim Dae-jung and President Jiang Zemin agreed to cooperate with each other to bring about peace and stability on the Korean peninsula, while Korea pledged to cooperate in the improvement of relations between China and the United States. In November, Korea, the United States and Japan held a summit meeting in Manila, and agreed to jointly study ways for mutual economic cooperation, and to hold summit talks on a regular basis.

The unfavorable comment by the Chinese Foreign Ministry (August 17) on the Korea-U.S. joint Ulji Focus Exercise, however, was proof that some dissent still existed between Korea and China. China apparently judges that reinforcement of security cooperations between Korea and the United States can irritate North Korea and that it can be a threat to China. The arrest of Korean missionaries who are conducting evangelical activities in three northern provinces of China caused a little delicate discord in diplomatic relations between Korea and China. The Chinese authorities arrested these missionaries charging for illegal evangelical activities and support for defectors from North Korea.

Korea and China maintained progressive relations in the economic

area. In 1998, trade between the two nations reached only 21.26 billion dollars due to the currency crisis in Korea (a decrease of 11.6 percent from the previous year), but trade conspicuously recovered in 1999, with an increase of 14.4 percent in imports by Korea in the first half of that year over the same period of 1998. Attributing to China's designation of Korea as one of the nations that can be visited freely by its people and Korea's abolition of formalities in issuing entry visas to Chinese nationals, the number of people of the two nations who made cross visits increased to 1 million a year. Currently, 12 airlines and 7 routes are being operated between the two nations.

But China urged Korea to redress the trade imbalance between the two nations while conducting investigations on anti-dumping practices of Korean steel products and newsprint papers since Korea continued to record huge amount of trade surplus. Based on the results of the investigation, China decided to levy anti-dumping duties on Korean newsprint papers (June 3). In working-level meetings on trade between the two nations held in Beijing (May 11-12), China urged Korea to redress the trade imbalance, and requested Korea to expand its purchase of Chinese coal. Although the two nations held working-level talks on fishery to effectuate the treaty that was initially signed when President Kim Dae-jung visited China in 1998, they made no progress due to differences in opinion on fishing conditions in each other's EEZ.

As Chinese Prime Minister Zhu Rongji and Defense Minister Chi Haotian are scheduled to visit Korea in 2000, political and military cooperations between the two nations are expected to further expand. Since it desires to bring about stability and peace on the Korean

peninsula, China will cooperate to proceed with the four-party talks in success, and it will keep supporting the Korean government's engagement policy toward North Korea.

After it obtains membership in the WTO, China will have to open its market wider to foreign commodities, including Korean products, resulting in an expansion of trade between the two nations. In such a case, the gap of the trade imbalance between Korea and China is likely to be widened, and the import of Chinese agricultural products by Korea is anticipated to increase.

D. Korea-Russian Relations

Through the summit meeting between Korea and Russia held in 1999, the first summit talk in five years, the two nations recovered normal diplomatic relations, overcoming the most serious diplomatic crisis which occurred in 1998. Economic relations of the two nations are poised to overcome the extremely difficult of 1998, and yet little progress was made in this area due to instability in Russia, such as the civil war in Chechenya and terrorist bombings as well as an economic recession.

The Korea Foundation held the first Korea-Russia forum in Moscow (March 22~23), in which representatives of the two nations from their administrative, congressional, industrial, mass communication, academia and cultural fields discussed subjects of common interest extensively. The subjects of discussion included the diplomatic policies of the two nations, security in Northeast Asia, the financial crisis and economy, and cultural exchanges. They also

exchanged views on ways to expand cooperative relations between the two nations. Presidential chief Secretary for Foreign and Security Affairs Lim Dong-won visited Moscow (March 28~31) and consulted with secretaries to President Yeltsin and high level officials at the Russian foreign ministry about President Kim Dae-jung's proposed visit to Russia, while explaining about the Korean government's engagement policy and comprehensive approach toward North Korea. In the parliamentary sector, a Russian congressional delegation led by the Chairman of the Russian federal congress Seleznev visited Korea (April 25~28) at the invitation of Korean National Assembly Speaker Park Jun-kyu. During the period of their stay in Korea, the Russian congressional delegates met with President Kim Dae-jung and discussed with Korean business leaders ways to expand economic cooperation between the two nations. A delegation of Korean National Assembly members visited the Maritime Province of Russia (May 7) and met with its governor and provincial congress leaders. The congressional leaders of the two nations discussed ways to expand exchanges of congressmen and economic cooperations between Korea and the province. Visiting Moscow (May 27~30), President Kim Dae-jung had a summit meeting with President Yeltsin (May 28), through which President Kim ensured the official support of the Russian government for Korea's engagement policy toward the North Korea, thereby concluding his diplomatic activities toward the four major powers in Northeast Asia. On that occasion, the two nations announced the 'Korean-Russian Joint Statement' for deepening partnership relations towards the 21st century, and signed an 'agreement on mutual legal assistance in criminal matters', an

'agreement on the establishment of a Korea-Russia Industrial Complex in Nakhodka Free Economic Zone', an 'agreement on cooperation of the peaceful use of atomic energy' and a 'memorandum of understanding on industrial cooperation'.

In the security and military sector, immediately after collisions between South and North Korean naval forces on the west coast of Korea, the Korean government explained the situation to the Russian government through its embassy in Korea. And the Russian foreign ministry announced a statement (June 15), saying that "it urges both parties to restrain military action and solve disputes by peaceful means." Vigorous cross visits by military leaders of the two nations were made in 1999. According to an agreement made in 1998 between military authorities of the two nations, the first 6-member Korean goodwill military delegation led by the assistant vice minister of the defense ministry visited Russia (June 16~27). The military delegation discussed with Russian military leaders topics of mutual interest, while conducting observations on a Russian infantry division, a college of chiefs of staff and a war museum. In return, Russia sent to Korea a goodwill military delegation led by a lieutenant (August 28~September 8), and the delegation made an observation on Korean military facilities and historic relics. And General Kim Dong-sun, Chief of Staff of the Korean Army visited the Russian Defense Ministry (August 28) and persuaded it to support the Korean engagement policy toward North Korea, while requesting an expansion of exchange in the military sector and a guarantee of additional support of defense equipment.

Under the threat of a possible second launch of another

long-range missile by North Korea, Minister of Foreign Affairs and Trade Hong Soon-young met with Russian Foreign Minister Ivanov (July 25) separately during the ARF conference held in Singapore. In the meeting, Minister Hong asked for the cooperation of the Russian government, explaining the possible adverse influence of an additional blast-off of missiles by North Korea on peace and stability on the Korean peninsula and Northeast Asia. Expressing concern over North Korea's moves to launch additional missiles, the Russian government asked Korea not to participate in the TMD system project being pursued by the United States and Japan. With an apparent objective to expand military cooperation between the two nations and to promote the export of Russian military equipment to Korea, Russian Defense Minister Sergeyev visited Seoul (September 2~4). Sharing the same view that North Korea's launch of additional missiles would be a threat to peace and stability on the Korean peninsula and in Northeast Asia, the defense ministers of the two nations agreed to closely cooperate with each other to deter another launch attempt by North Korea. At the same time, the defense ministers of Korea and Russia made an agreement on several programs, including holding the joint defense policy council meeting regularly, regular implementation of joint marine surveillance and rescue exercises beginning in 2000, and the establishment of emergency communication systems between the navies of the two nations. They also signed an 'agreement on exchanges in the military area between the two nations in 2000-2001' (September 3). Minister Sergeyev is said to have requested his Korean counterpart to purchase advanced weapons, including 3,000 and 2,000 ton-level submarines, next-generation anti-missile missiles S-300 and

SU-35 fighters.

Economic exchanges between Korea and Russia have been considerably retrenched due mainly to less vigorous business activities in Russia by Korean industries, who withdrew their branches from Russia or reduced the number of local staff after the foreign exchange crisis in Korea and Russia. On the other hand, Russia analyzed that the curtailment in economic exchanges between the two nations was attributed largely to Korea's tariff and non-tariff restrictions on Russian products and the economic difficulties in both nations. After the second conference of the Korean-Russian Joint Committee on Economic, Scientific and Technological Cooperation (May 11~12, Moscow) and the summit meeting between the two nations, President Yeltsin positively sought ways of promoting trade between the two nations and of establishing a Korean-Russian trade center in Moscow. Meanwhile, the two nations opened in June a new sea route between Poset in the Far Eastern part of Russia and Pusan on the southeast coast of Korea, and this is regarded as an initial measure for establishing a free economic zone in the basin of the Dumen River.

Since 1998, Korea Telecom is implementing a project of installing local telephone facilities in Vladivostok and expanding mobile communication networks in Primorskii (with a total investment of 74 million dollars by 2004), and EBRD decided in 1999 to invest 12 million dollars in this project. This is the largest investment in Russia ever projected by a Korean company after the IMF bailout economic system. A third meeting for cooperation in fields of various resources was held in Moscow (April 20~22) and subjects on the Irkutsk gas field development project, import of coal from Russia and cooperation

for the Sakhalin project were discussed.

Regarding Korean loans provided to Russia, the two nations agreed in the Moscow conference (October 22~23), after a series of working-level official meetings, to refund the 1.7-billion dollar loans from Korea by 2016 in the form of raw material, defense industrial equipment and technologies. Russia had strongly requested Korea to purchase 2 or 3 submarines under a condition of paying 70% of their price in cash and deduct the remaining 30% from the loans. The Korean Defense Ministry decided to postpone the purchase of 3 submarines until 2004. In addition, the Korean House Constructors Association dispatched a 50-member observation group (September 4) to conduct a survey on construction sites in Korean villages in 6 regions in Primorskii, and they provided support for 150 households to repair their houses and farming machines and equipment, such as tractors and combines, worth 84,500 dollars.

Mutual cooperation between Korea and Russia is predicted to be further expanded in 2000 on the ground that the year marks the 10th anniversary of their diplomatic relations, and that the economic situation in both nations is expected to recover. Because about one third of voters do not want a return to communism, the chance for the Russian Communist Party to win in the presidential election scheduled for March 26, 2000 is slim. Since Russia needs to pursue its reform policy continuously as well as economic cooperation with Korea, mutual exchanges of political and industrial leaders are anticipated to expand. Based on the agreement between the defense ministers of the two nations (September 2), the navies of the two nations will conduct a joint exercise and establish an emergency

liaison system between the two parties in 2000 for the first time in their history. Although the unfavorable foreign loan situation will be continued in 2000, the Russian economy is forecast to grow by 1% in 2000 (growth rate in 1998 was -4.6% and that in 1999 was -1%), resulting in a gradual recovery in trade between the two nations. Russia is expected to augment its efforts to sell weapons to Korea, including S-300 anti-aircraft missiles, SU-35 fighters and diesel submarines. Also, exchanges and cooperation among the cities and regions of the two nations are anticipated to expand.

II. The Situation in North Korea

1. Internal Situation

A. Political Situation

North Korea appeared to exert strenuous efforts in 'constructing a strong nation' in 1999, overcoming the impact of the death of Kim Il-sung and the 'march of hardships' caused by economic difficulties. After he resumed the office of chairman of the party's defense committee, Kim Jung-il's regime rapidly normalized, and all achievements were taken as Kim's contribution. Distinctive features of the political area in North Korea in 1999 are as follows.

First, the North Korea regime placed emphasis on enhancing the greatness of Kim Jung-il to build up his authority. Under a logic of 'Kim Jung-il is the same as Kim Il-sung', the regime stressed the greatness of Kim Jung-il and unity under his leadership. Rationale for emphasizing the greatness of Kim Jung-il is analyzed to consolidate the national system under Kim Jung-il's leadership, reducing the mental anomie of the people after Kim Il-sung's death.

Second, Kim Jung-il stepped up on-the-spot guidance in the economic sector, such as fish farms, salt factories and small and medium-sized power plants. As of the end of November, Kim Jung-il gave a total of 67 on-the-spot guidances, including 40 guidances in the military sector, 21 in the economic area and 6 in other sectors.

Third, North Korea began to emphasize the role of the Labour

Party. In an editorial in *Rodong Shinmun* (May 27) entitled "Core corps for building a strong nation", the regime stressed that the working class is the core for constructing a strong nation, showing some changes from the previous position which highly evaluated the military as the central force of revolution and construction. In order to prevent a collapse of its system due to such adverse factors as the death of Kim Il-sung and an increase in the number of people who died of hunger, Kim Jung-il's regime had provided the military with varied privileges. The order of precedence of military officers went upward continuously. Slogans for treating the army with privileges like the 'policy of placing the army first' and 'military first and workers after' were emphasized.

The regime had been stabilized to a certain extent by treating the military with privileges, but that policy brought various side effects. To avoid this situation, Kim Jung-il attempted to return to the traditional system of placing priority on the Labour Party. In the past, the participation of the military in activities of controlling the society and in construction projects reduced the mass deviation of civilians and improved productivity. However, the military-inclined policy caused some undesirable effects, such as outbursts of military adventurism like provocation on the west coast, an increase of deviation phenomena in the military and in the domineering attitude of the military toward the political party. To remove these side effects, North Korea seems to now be in the process of transferring from a 'party-military balanced system' to a 'party-dominant system'.

Fourth, the North Korean regime tried to normalize national organizations. It conducted an election for representatives of regional

assemblies (March 8), and deliberation on the national budget was made after five years. Through the 'report of the Central Election Guidance Council' (March 8), North Korea announced that 99.9% of voters joined the ballot, and 29,442 representatives were elected with 100% assent. These representatives consisted of workers, farmers, soldiers and intellectuals, with women representatives accounting for 20%~30% of the total. The formation of the supreme people's assembly in 1998, followed by the organization of regional assemblies, resulted in the consolidation of nationwide administrative organizations.

The North Korean regime made deliberations on the national budget after five years after the death of Kim Il-sung. The 10th supreme people's assembly convened its second session (April 7-9) at the Mansudae Assembly. The assembly examined the execution report of the 1998 budget and deliberated the 1999 budget, while resolving laws related to the people's economic plans. The fact that most of the agenda of this session was related with economic affairs is noteworthy because it indicates that North Korea will place more emphasis on its economy. Especially, the expression of the intention to stick to their own socialism through the laws of the people's economic plans, and rejecting the capitalistic market economy, looks like an indication of a policy that will thoroughly block 'the yellow wind' and open doors in 'the mosquito net' method. Regarding this policy, North Korea intensified its ideology orientation programs in all sectors, emphasizing the possibility of infiltration of capitalistic elements through a common editorial in the *Rodong Shinmun* and *Kuloja* (journal) under the title of "Let us denounce the infiltration of

imperialistic ideology and culture".

Meanwhile, the North Korean regime formed new ministries or divided existing ones 'in order to cope with changes quickly'. Based on an ordinance of the standing committee of the supreme people's assembly, North Korea divided the 'Urban Administration and Environment Protection Ministry' to the 'Urban Administration Ministry' and the 'Environment Protection Ministry' (March 3), and reorganized the 'Sports Ministry' into the 'Cabinet Sports Guidance Council' (November 3), while newly installing the 'Electronic Industry Ministry'. Accordingly, the North Korean cabinet consists of 2 councils, 27 ministries, 1 office, 1 central bank, and 2 bureaus.

Fifth, some of the elderly officials retired. Lee Jong-ok, who was respected by Kim Jung-il as 'the revolutionary senior', died, while Park Sung-chul and Kim Young-ju retired. These officials have not shown up in official events after the central report rally (April 24) commemorating the 67th anniversary of the North Korean army. They are deemed to be either in bad health or have turned over their positions to juniors. And yet, the traditional mixed structure of elderly and younger officials is still maintained, with a number elderly officials, such as Kim Chul-man and Paik Hak-lim in their 80s, Kim Yung-nam, Lee Eul-sul and Chun Byung-ho in their 70s, and Cho Myung-rok, Yun Hyung-muk and Kim Yung-chun in 60s, are retaining their positions. It seemed that these elderly officials like Son Jong-ho(resource exploration industry minister), Choi Jong-kun (urban administration minister), Chang Il-sun (environment protection minister), Byun Yung-lip (education minister) and Kang Rung-su (culture minister) were appointed as ministers under that principle.

In 2000, North Korea is anticipated to maintain political stability without notable changes, and Kim Jung-il is expected to make efforts to enhance his authority as the so-called 'sun in the 21st century' by being actively involved in domestic and external policies.

First, while sustaining the logic of 'Kim Jung-il equals Kim Il-sung' for political stability, the North Korean regime is expected to further promote the greatness of Kim Jung-il. The 'ideology of love for the nation, love for the race and love for the people', which is called 'the Kim Jung-il ideology', will be more refined. Therefore, it is anticipated that North Korea will place more emphasis on the 'race first ideology', which has been stressed since 1986, rather than the Juche ideology that was decorated with 'class ideology'. In its policy toward South Korea, North Korea is expected to frequently refer to the '5 principles of grand racial unity' that emphasize reconciliation and cooperation of the Korean race. It will proclaim the 'Leader Kim Jung-il' if they deem it to be necessary for idolizing him. At the same time, Kim Jung-il will increase on-the-spot guidance in the economic area to enhance his authority by solving economic problems.

Second, North Korea is predicted to keep mobilizing people, emphasizing the logic of innovative construction of a 'strong great nation'. In this vein, 'the second Chollima all-out marching movement' will be expanded and escalated. This movement is anticipated to develop into a political movement, beyond a simple labor mobilization, that sweeps out the 'trite things' and liquidates the 'old' as it did in the 1970s through the 'three revolutionary small group movement' and the 'movement of creating three revolutionary red flags'. Through this movement, the Kim Jung-il regime is expected

to try to consolidate its foundation more firmly and build a more vigorous nation in the 21st century by transfusing 'younger blood'.

Third, it is predicted that North Korea may bring up a successor to Kim Jung-il. Kim Jung-il began to emerge as an heir in 1971, when Kim Il-sung was 59 years old. Of course, it is very probable that the successor will be chosen among his family members or relatives, taking account of the Confucianism-based socialistic characteristics of North Korea.

Fourth, the 7th party convention is expected to be held. Due to the prominence of the military in the 1990s, the position of the party seemed to be conspicuously weakened. After the 6th convention, which was held in 1980, the party did not have another session. Even the central committee of the party seemed to have nearly suspended its activities. As a result, Kim Jung-il will attempt to normalize functions of the party that had decreased due to the collapse of the socialist bloc and economic difficulties by calling the party convention, while boosting the morale of the people by presenting a new vision. Traditionally, North Korea used to propagate achievements of the past and projected a new vision based on these achievements. The publicity of the improvement of the food situation and claimed achievements of Kim Jung-il to that end through regional 'second Chollima grand-marching leaders' rallies is interpreted as part of its efforts to foster a favorable atmosphere for the party convention.

If the party convention is held, a wide range of party positions are expected to be reshuffled, including replacement of primary and candidate members of the party central committee, of primary and candidate members of the political bureau of the party central

committee, of members of the party central military committee, and the appointment of the secretary bureau's secretary of the party central military committee.

B. Economic Situation

The North Korean economy in 1999 seemed to have recorded a narrow growth, attributed to support from the international community, increase in grain production, and an improvement of the energy supply situation.

North Korea concentrated on the recovery of its economy. Designating 1999 as the "epochal turning point for constructing the strong great nation" in the common editorial of 'newsletters of the party, the military and the young generation', North Korea exerted its effort in economic progress. Compared to 1998, General Secretary of the Labor Party Kim Jung-il sharply increased his on-the-spot guidance activities in 1999. Kim Jung-il made only 9 observation tours in the economic sector in 1998, but his observation tours increased to 23 as of December 12 in 1999. North Korea improved its economic systems by revising the farming law, fishery law, people's economy plans law and external economic mediation law. Unusually, North Korea deployed, in major industrial facilities like iron mills, power plants and farms, about 20,000 to 25,000 idle manpower, including discharged soldiers, women workers and women union members. To encourage economic movement, it held public gatherings. North Korea held a 'meeting of nationwide enthusiastic workers in the agricultural sector' (January 14~15), a 'conference of enthusiastic economic agitators

(March 16) and a 'conference of the second Chollima grand marching pioneers' (November 3~4).

The second session of the 10th supreme people's assembly (April 7) settled the accounts for 1998 and adopted the budget for 1999. Revenue and expenditure in 1999 was 20.38172 billion won (North Korean) (approximately 9.39 billion dollars); respectively, an increase of 103% in revenue and 101.8% in expenditure over the previous year. The budget for the private economic sector increased by 102%, of which the agricultural sector rose by 111%, the power industry area by 110%, basic industries like coal, mining, metal and machinery, and railroad transportation sectors increased by 110%, and the science development sector expanded by 110%. The expansion of the budget for major sectors in 1999 seemed to be possible by cutting the budget for light industries.

As a result of concentrating on renovation in the agricultural sector, production of grain in North Korea in 1999 increased over the previous year. North Korea announced that its grain production in that year increased by 1.4 times from the previous year to 4.28 million tons (November 16). But it stated it needed continued aid from the international community since it anticipated a shortage of food of about 1.2 million tons in 2000. The estimated grain production quantity in North Korea, based on its announcement, would reach 3.424 million tons, which is similar to the quantity estimated by the FAO and WFP, based on their joint survey. North Korea implemented land rearrangement and farming foundation improvement programs in 1999. In addition, it encouraged farmers to breed grass-eating animals like rabbits and goats which need no grain fodder, while making

efforts to raise fish. It expanded its potato growing area from Daehungdan county of Yangkang Province to other regions, including the South and North Hamkyung Provinces.

<Table III-1> Major Economic Index of North Korea(1990~98)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
• Nominal GNP (100 million dollars)	231	229	211	205	212	223	214	177	126
• GNP per capita(dollar)	1,064	1,038	943	904	923	957	910	741	573
• Actual economic grow rate(%)	-3.7	-5.2	-7.6	-4.3	-1.7	-4.5	-3.7	-6.8	-1.1
• Total trade (100 million dollars)	47.2	27.2	26.6	26.4	21.1	20.5	19.8	21.8	14.4
Export	19.6	10.1	10.2	10.2	8.4	7.4	7.3	9.1	5.6
Import	27.6	17.1	16.4	16.2	12.7	13.1	12.5	12.7	8.8
• Coal output (million M/T)	33.1	31.1	29.2	27.1	25.4	23.7	21.0	20.6	18.6
• Electric power output (billion kwh)	27.7	26.3	24.7	22.1	23.1	23.0	21.3	19.3	17.0
• Import volume of crude oil(10,000 M/T)	252	189	152	136	91	110	94	51	50
• Grain output (10,000 tons)	481.2	442.7	426.8	388.4	412.5	345.1	369.0	348.9	388.6
• Rice output(10,000 tons)	193.2	164.1	153.1	131.7	150.2	121.1	134	150.3	146.1
• Import volume of grain(10,000 tons)		129	83	109.3	49	96.2	105	163	103.6

Along with the agricultural area, North Korea also concentrated its efforts on basic industry, energy and advanced technology industry sectors that can give impetus to its economic progress. The industry that North Korea stressed most is its electric power sector. Following

the establishment of more than 5,000 small and mid-sized power plants in 1998, North Korea constructed about 700 small and mid-sized power plants in 1999, which are considerably large and can supply power to county-level factories. At the same time, North Korea put efforts toward constructing large scale hydro-electric power plants. It is building about a dozen hydro-electric power plants at Anbyun in Kangwon Province, Songwon and Hongju in Jakang Province, and Taechun in North Pyongan Province. North Korea mentioned that it will construct no more coal thermal power plants, while maintaining the same power supply capacity as before (*Chosun Shinbo*, March 12).

In the machinery sector, the Sungri Integrated Automobile Plant remodeled its cars, Sungri-58.61 and Jaju-64 (February). The Kim Chong-tae Electric Locomotive Factory is developing a new model after it developed two locomotives in 1998, named 'Forced March' and 'Red Flag', respectively the Nagwon Integrated Machinery Factory developed a large oil pressure excavator (radius of action of 8.5m, excavating depth of 6.5m, excavating capacity of 100 cubic meter per hour) (October). The Hwanghae Integrated Iron Refinery installed an oxygen thermal furnace (February). As a part of the tasks proposed by Kim Jung-il during his on-the-spot guidance tour in South and North Hamkyung Provinces, the Kim Chaek Integrated Iron Refinery made a sweeping remodeling and renovation.

In the chemical industry area, North Korea completed the first phase of the sodium sulfite production line in the Shinuiju Integrated Chemical Paper Plant (January), while beginning to repair and expand the Hungnam Integrated Fertilizer Plant. Particularly, the construction of new salt refinery factories largely increased since Kim Jung-il's

directives made in May 1998 to expand the production capacity of salt.

North Korea's trade sharply declined in 1998, and then in 1999 it is provisionally estimated to reach around 1.4 billion dollars, a slight decrease from the previous year. Its trade during the first half of 1999 posted 663.94 million dollars, a drop of 12% from the same period of the previous year (imports decreased by 11% to 231.52 million dollars, and exports dropped by 12.6% to 432.42 million dollars).

During the first half of 1999 China, which used to be its largest trade partner, took second place in trade after Japan, attributed to a drastic decline in imports of food from China. In this period, imports of energy resources like crude oil, petroleum and coal by North Korea sharply increased while that of food decreased. And North Korea's trade volume with traditional major partners declined whereas trade with Asian nations, such as Hong Kong, India and Singapore, increased, reflecting that North Korea is expanding trade with these Asian nations.

North Korea is predicted to exert strenuous efforts to recover its economy in 2000. To achieve this goal, North Korea will consolidate its socialistic economic control system domestically while opening doors in part externally.

Internally, North Korea seems to seek an increase in the production of food through farmland rearrangement programs and is producing more potatoes based on the rationale of self-supported rehabilitation, while placing more emphasis on the energy and heavy industry, including the metal machinery industry.

Externally, North Korea will step up efforts to receive more food

aid and expand economic cooperation while taking a more aggressive attitude in attracting investment from foreign countries by expediting the establishment of special economic zones and holding attraction presentations.

Attributing to these efforts, the North Korean economy is anticipated to show an upward growth curve in 2000, overcoming negative growth in the 1990s.

C. The Social Climate

In 1999, North Korea intensified its ideological education and social control policy in order to restrain the people's discontent caused by the shortage of food, and to promote social integration. Especially, North Korea utilized the people's loyalty to Kim Il-Sung through celebrating, in the year of 1999, the 5th anniversary of his death while trying to prevent the estrangement of the military and the people caused by economic difficulties, propagating Kim Jung-il's so-called 'military first policy', meaning "to construct socialism led by the military, armed with a revolutionary military spirit".

Initially, the North Korean regime mobilized various levels of social organizations to incite workers to pay loyalty to Kim Jung-il and to join in the 'socialism forced march' movement. Through the Activist Conference of Agricultural Workers (January 14-15), a conference of ideology program workers in mass organizations (January 26-27), the 35th general convention of the 7th agricultural workers union (February 3), and a conference of chairmen of ri-level farmers' unions (March 28), North Korea urged the people to push the 'second

Chollima grand marching movement'. After that, North Korea held a convention of pioneers of the second Chollima grand marching movement (November 3) and provincial conferences of pioneers of the second Chollima grand marching movement (November 15, November 27) as a means to strengthen ideological armament and organizational solidarity, which are collapsing due to the difficult economic situation, and to provide technological training and urge a production increase.

In 1999, urban workers and discharged soldiers were deployed in rural areas en masse to increase production of food and economic construction. To produce potatoes and raise live stock, women factory workers in Pyongyang and Kaesung (early February) as well as 1,000 discharged soldiers (March 13) moved 'voluntarily' to Daehungdan county, Yangkang Province, while other groups of discharged servicemen were deployed in the Komdok Mine and 2.8 Jikdong Youth Coal Mine. The number of workers who were deployed in major industrial facilities in 1999 are estimated to be between 20,000 to 25,000.

In order to prevent deviation of the youth from the socialistic system and to secure their labor power in the 'socialism forced marching' movement, North Korea implemented youth mobilization programs. As the difficult food situation began to recover, North Korea took measures to reestablish disintegrated social discipline, holding a series of gatherings of youth, including the 'combined rally of workers, farmers and students in Pyongyang (April 26) supporting and encouraging South Korean workers, farmers and students to join in the struggle', the 17th general meeting of the central committee of the Kim Il-Sung Socialism Youth League (June 12), the convention of

Exemplary Primary Workers of the Youth League (September 29~30) and the conference of its team leaders across the nation (September 30~October 1), and the 18th General Conference of Youth Leagues (October 30).

Meanwhile, North Korea implemented propaganda and anti-American orientation programs to pacify the people's serious discontent stemming from food difficulties. North Korean mass communications tried to soothe the people by emphasizing that the shortage of food was caused by abnormal weather rather than a failure in agricultural policy. The media reported that agricultural products were seriously affected by abnormal weather like drought, high temperature and cold weather (Central Broadcast, July 6), localized torrential downpour and typhoon Olga which seriously hit Hwanghae, Kangwon and Pyongan provinces. These caused heavy casualties and inundations in the Kaesung region (Central Broadcast, August 5).

Through its anti-American orientation programs, the North Korean regime intended to intensify the consolidation of systems by pacifying the people's dissatisfaction due to economic difficulties, while reducing the ideological confusion the people may experience as its relations with the United States are improved in the future. In the common editorial in the new year's day edition of its newspapers (January 1), North Korea agitated anti-American sentiment, and *Rodong Shinmun* encouraged in its editorial firm vigilance and antagonism against the United States (July 27, November 7). As part of its anti-American orientation program, North Korea arranged for the people to observe a class education hall being installed (January '98) in the People's

Culture Palace and War Museum in Shinchun.

In particular, North Korea moved in 1999 the U.S.S. Pueblo, which was seized by the North in 1968, from Wonsan to Pyongyang. North Korea had been conducting anti-American orientation programs by arranging for people to visit the monument of repelling the U.S.S. Sherman(1866) erected on the bank of the Daedong River, and it moved the U.S.S. Pueblo to a place neighboring the monument, stepping up the orientation program. Also, North Korea attempted to consolidate the people's unity, making use of the incident of the Nokun-ri massacre by the U.S. army that occurred in South Korea during the Korean War. Political party, administrative and labor organizations in Pyongyang, including Kim Jong-tae Electric Locomotive Integrated Plant, held rallies (November 22, November 25) impeaching criminal acts of the U.S. army committed during the Korean War.

In relation with collisions on the west coast (June 15), North Korea denounced South Korea while mobilizing the people to solidify its system. North Korea tried to unite its people by agitating hatred and antagonism against South Korea and the United States through various rallies.

Although North Korea intensified social control to intercept the 'yellow wind' and expanded ideological education to propagate its system, the collapse of rationing systems caused by the shortage of foods weakened the fundamental social integrity. The number of North Korean people who crossed the border with China to seek food was estimated to reach 100,000. In 1999, hundreds of them stayed in regions along the border line, while 10,000 to 20,000 were been

observed defecting to China. Moreover, about 200,000 teenagers have been wandering around market places, railway stations or beneath bridges in search of food stuffs, and they are gathering in border areas, possibly leading them to cross the border.

Naming the year 2000 as "the year of marking the 55th anniversary of the nation's liberation and foundation of the party", the North Korean regime is advocating an advancement in establishing a strong prosperous nation through the second Chollima movement. Next year, during the 50th anniversary of the outbreak of the Korean War, North Korea is anticipated to step up its struggles against South Korea by making use of the purported incidents of the massacring of Korean citizens by the U.S. army, including the one in Nokun-ri, while utilizing its internal integration.

In 2000, North Korea will try to restrain the expansion of social deviation due to economic difficulties. North Korea will upgrade its ideological education to prevent relaxation of the people's vigilance, reinforce various control instruments to detect deviators, tighten crackdowns on farmers' commercial deals and black markets, and control the border lines between China and North Korea.

Simultaneously, it will intend to restore management systems in the economic sector, such as farm fields and factories, as well as in the public sector, including education and health. Owing to foreign aid, recovery of its economic situation and an increase in foreign currency holdings, North Korea will be able to improve the rationing systems in relatively neglected regions and classes. Consequently, the overall social disintegration phenomena, including social deviation and defection, are expected to diminish.

D. The Military Situation

The North Korean military placed political importance on loyalty to Kim Jung-il, prevention of social deviation caused by economic difficulties, modernization of weapons and introduction of advanced military equipment. But its disastrous defeat in the 'collision on the west coast' (June 15) caused serious damage on the pride of the North Korean military and hurt its morale.

To overcome the internal and external crisis caused by the unfavorable economic situation, North Korea administered the nation 'in a communistic way as though in wartime'. For efficient control and mobilization, Kim Jung-il, as the chairman of the defense council, utilized the military as the core of national power. The so-called 'military first policy' worked as Kim Jung-il's governing method. According to a common editorial of the *Rodong Shinmun* and *Kuloja* (June 16) entitled "The military first policy of our party assures victory with no defeat", is a ruling method of solving problems under the military first principles and to achieve great socialistic tasks, taking the military as the mainstay of revolution. The North Korean regime asserted that it has built a solid military foundation that can win every war against the 'imperialists' under the vigorous leadership of Kim Jung-il for the military first revolution, and it can establish a strong socialistic great nation, especially an economically strong nation, through the military first policy.

To nurture the military as the leading power for maintaining its political system, Kim Jung-il implemented varied morale boosting programs. First, Kim Jung-il attended events in military corps or

military-related programs almost every week. As of December 12, Kim Jung-il performed a total of 67 public activities, with 40 of them being related to the military. Second, Kim Jung-il continued to provide privileges to senior military officers. He placed senior military officers, including Cho Myung-rok, Kim Yung-chun, Kim Il-chul, Paik Hak-rim and Lee Yong-mu, in higher ranks than secretaries of the party central council, thereby emphasizing the importance of the military and inciting the loyalty of the people. Third, he promoted 79 general-level military officers (April 13). Lee Byung-sam was promoted to four-star general, Kwon Ok-pil and Kim Sun-ju to lieutenant generals and 76 colonels were promoted to major generals. It is especially notable that General Lee Byung-sam and one lieutenant general are political council members of the military. The special consideration on these two generals in the military control system seemed to be a part of a policy to incite the loyalty of the military, and an expression of willingness to maintain political control over the military in the future. Fourth, the North Korean regime offered consolation programs for frontline commanders and field troops. The programs included a 'Convention of Company Commanders of the North Korean People's Army' (February 27~28). Through these programs, Kim Jung-il intended to reinforce the combat strength of the military and incite loyalty toward him by fostering the morale of lower-rank officers which was lowered due to deteriorated welfare, diffused corruption, prohibition of marriage to lower-rank officers and enforcement of their barracks life. It also held the 'Conference of the People's Army Representatives of the Kim Il-Sung Socialism Youth League'. This seemed to be an attempt to promote their loyalty to

Kim Jung-il by boosting the morale of the military youth league, while intensifying the role of the league in the military and encouraging it to perform a pioneering function in the second Chollima grand marching movement.

In response to Kim Jung-il's military-favored policy, the military showed an attitude of vowing loyalty to him. Conspicuous events expressing loyalty to Kim Jung-il by the military include a central report rally congratulating the 57th birthday of Kim Jung-il (February 15), a central report rally commemorating the sixth anniversary of the inauguration of Kim Jung-il as the Defense Council chairman (April 9), a central report rally congratulating the 87th birthday of Kim Il-sung (April 14), a central report rally commemorating the 67th anniversary of the military foundation (April 24), a ceremony commemorating 61st anniversary of founding the nation (September 9), and a ceremony commemorating the 54th anniversary of the founding of the party (October 10). Through these events, the North Korean military stressed 'Kim Jung-il's extraordinary resources and outstanding military-favored policy', 'Kim Jung-il's military achievements and rationale of military-favored policy', 'urging the determined guard of Kim Jung-il', 'establishment of discipline of the military and reinforcement of training', 'establishment of a revolutionary intelligent and moral military', 'comprehensive intensification of combat and political training', 'unity of the military and civilians', and 'urging the determined guard of Kim Jung-il system'.

Traditionally, the North Korean military mobilized a large number of troops for economic construction projects. They were mobilized

mainly for the construction of roads, bridges and tunnels as well as for farmland rearrangement programs. As social deviation increased due to economic difficulties, army troops assumed responsibility for guards of border regions and important facilities. But the aggravated economic situation and shortage of military supplies pushed soldiers to plunder farmers, resulting in disharmonious relations between the military and civilians. To resolve such unfavorable relations, North Korea has been implementing the military-civilian unity movement. For instance, to celebrate the successful completion of a farmland rearrangement projects in Kangwon Province, it held a military-civilian rally in Wonsan city which was participated in by more than 50,000 soldiers and civilians (April 3).

In the meantime, North Korea expedited its modernization of weapons despite the economic crisis. North Korea is known to have imported advanced weapons from Russia, including new fighters, and organized a missile division. The North Korean military reinforced its conventional combat strength by concentrating on complementing its comparatively inferior weapons, such as long-range guns, submarines, infiltration troops and chemical weapons.

Also, the North Korean army raised its combat operation capability by deploying offensive troops along the frontline under a strategy to strengthen its preparation for actions. Namely, it seemed that the North Korean military has upgraded its defense systems and postures for important facilities and regions while reorganizing and redeploying a part of its troops. The new measures include the reorganization and redeployment of artillery and mechanized units, changes in commanding and controlling systems in the corps,

expansion of underground military facilities, redeployment of anti-aircraft guns in air fields and anti-aircraft bases, the expansion of emergency air fields, redeployment of anti-aircraft guns, reinforcement of missile bases, and the improvement of defense systems in Pyongyang and coast regions.

At the same time, North Korea continued to develop the long-range missile, Daepodong No.2. Although North Korea temporarily shelved the test launch of the missile according to an agreement with the United States made in Berlin (September 12), North Korea has a strong attachment to the development of missiles. The fact that North Korea expanded its two missile brigades into a division proves this intention. 'Pyongyang Broadcast' admitted (April 23) that it spent 'several hundred thousand dollars' for the test launch of a missile in 1998, despite economic difficulties, while it was praising the achievements of Kim Il-sung. Unless large scale compensation and the North Korean regime's security are guaranteed by the United States and the international community, North Korea will not suspend the development of missiles for which it has poured such a huge amount of money.

Evidently, the North Korean military was considerably shocked by the collision on the west coast in 1999. In June, North Korean naval vessels crossed the northern limit line in the West Sea in an attempt to raise tension against South Korea prior to the South-North vice ministerial-level talks and the U.S.-North Korea negotiations, but its fleet retreated as it was being heavily damaged by immediate and strong counter-attacks by the South Korean navy. In the wake of that collision, North Korea imputed responsibility for the incident to South

Korea in a general-level conference at Panmunjom, the truce village (June 15), and through the statement of its navy headquarters, pledging revenge with one 'hundred thousand severe damages'. Later, North Korea declared the invalidity of the northern limited line through 'a special announcement' of its People's Army general staff office. The North Korean attitude was analyzed to invalidate the NLL and turn the border line area in the West Sea into internationally troubled waters, attempting to increase military tension.

In 2000, North Korea is expected to keep a military-favored policy based on 'military first principles'. This policy will allow ranking military officers to remain in positions of high power and the military to continuously intervene in economic and social affairs. For the sake of security of its political system, the North Korean regime is anticipated to continue to modernize conventional weapons, deploy major military forces nearer to the demilitarized zone, and develop missiles and mass-killing weapons. But it is predicted that North Korea will not intentionally dare military provocation since it desires to improve external relations and build a favorable atmosphere for inter-Korean economic cooperations. And yet, there still exist possibilities for accidental military collisions between the two Koreas in relation with the ordinary collection of intelligence on South Korea and demonstrations for nullification of NLL by North Korea.

2. Relations with Major Powers

A. Relations with the United States

Tension between North Korea and the United States continued into 1999 since August 1998 when the suspected Kumchang-ri underground facilities were revealed and North Korea tested its medium range missile. To resolve these problems, Charles Kartman, U.S. special envoy for peace talks on the Korean peninsula, and Kim Kye-kwan, vice foreign minister of North Korea, proceeded with the fourth plenary meeting of the four-party conference (January 19~22, Geneva), simultaneously with the third negotiations meeting (January 16~17, January 23~24) to define the underground facilities at Kumchang-ri. In the plenary talk, North Korea demanded food aid of 1 million tons instead of 300 million dollars of compensation. The United States responded that any compensation for the inspection of the facilities is unthinkable, but it can consider the support of food on the humanitarian standpoint if North Korea shows sincerity toward the inspection.

The two parties reached a final agreement in their fourth talks (February 27~March 16, New York) on the inspection of Kumchang-ri facilities. North Korea allowed a U.S. delegation to visit Kumchang-ri facilities in May, while the United States promised to supply, in return, 500,000 tons of food through WFP, 1,000 tons of seed potatoes and 100,000 tons of grain through U.S. civilian organizations. After conducting an examination on Kumchang-ri underground facilities (May 20~24), the U.S. inspection delegation announced a statement

saying that it did not find any tracks of developing nuclear weapons, clearing up suspicions of the facilities.

After the settlement of the Kumchang-ri issues, the two nations held their fourth missile talks (March 29~30, Pyongyang). In this meeting, the United States strongly requested North Korea to suspend any additional launching, development and exporting of missiles, but North Korea asked for financial compensation as before, leading the meeting to fail in drawing an agreement.

Meanwhile, Coordinator Perry visited Pyongyang (May 25~28) to gauge North Korea's reaction to the inclusive approach toward North Korea. Coordinator Perry explained to Kim Yong-nam, Chairman of North Korea's Supreme People's Council, and other high level officials about the inclusive recommendation plan toward North Korea, which was agreed to by South Korea, the United States and Japan. North Korea expressed an unusually hospitable attitude to Perry's visit, reporting his activities immediately, but it did not express any clear position toward the inclusive negotiation plan.

Since then, collisions occurred between the warships of South and North Korea on the West coast (June 15), and the United States became aware of the preparation for the second launch of North Korea's Daepodong missile with a range of 4,000~6,000km. As an indication of an additional launch of a missile became visible, Special Envoy Kartman and Kim Kye-kwan of North Korea reopened closed-door talks (June 22~23, Beijing). And in the U.S.-North Korea negotiations (August 3~4, Geneva), which coincided with the 6th four-party conference (August 5~9, Geneva), the U.S. side urged North Korea to halt preparations for launching the missile and accommodate

Perry's negotiation plan, but North Korea did not give a clear answer.

Eventually, North Korea agreed with the United States in the Berlin meeting (September 7~12) to postpone testing of the missile, while the United States lifted economic sanctions toward North Korea. According to this agreement, the United States administration announced (September 17) its decision to ease economic sanctions toward North Korea within a sphere regulated by the Act for Trading with Hostile Nations, the Defense Product Act, and the Export Control Act. The decision allowed the import of most North Korean products to the United States and vice versa, transmission of individual and commercial funds, and transportation of passengers and cargoes through ships and aircrafts.

In his keynote address to the 54th United Nations General Assembly (September 25), Paek Nam-soon, Foreign Minister of North Korea officially confirmed that it would not launch another missile while the U.S.-North Korea high-level talks were proceeding, in order to improve relations between the two nations. But he repeated the North's previous position that the matter of missiles was a matter of national autonomy.

On the other hand, the Perry report was submitted to the U.S. Congress (September 15) after the Berlin agreement. The Perry report suggested a three-staged plan to solve the North Korean issue fundamentally. The short-term goal of the report is to make North Korea suspend the next missile test, and for the United States to partially lift economic sanctions against North Korea, while South Korea and Japan take pertinent measures. The mid-term objective is to

have North Korea completely cancel its nuclear and missile development plans and pursue normalization of relations between the U.S. and North Korea. The long-term goal is to cease the Cold War on the Korean peninsula and northeast Asia. In order to achieve these goals as desired, the Perry report proposed both inclusive and integrated approaches.

But a group of Republican congressmen who expressed strong doubt on the effectiveness of Perry report organized a North Korea advisory group in the Congress and published (November 3) an alternative policy report to offset the Perry report. These congressmen criticized the Clinton administration's policy toward North Korea, claiming that North Korea's overall threat, including nuclear weapons, further increased during the past five years despite the Geneva Agreement on nuclear development.

The United States and North Korea held meetings in Berlin (November 15~19) in preparation of high-level talks aimed at discussing inclusive approaches based on Perry's proposal. In the Berlin conference, the two nations discussed various subjects, including an additional lift of economic sanctions on North Korea by the United States, the establishment of liaison offices, a guarantee of the suspension of missile testing from North Korea, and detailed procedures for high-level talks. But the two sides concluded the meeting with no results due to different positions over the selection of an agenda. Through its Foreign Ministry spokesman, North Korea expressed (December 8) skepticism to the possibility of continuing dialogues with the Clinton administration.

As U.S.-North Korea relations showed signs of improvement after

the Berlin agreement, the U.S. Defense Department accepted the North Korean request to make direct deals for returning the remains of U.S. army soldiers and for receiving them directly in Pyongyang (October 25). These moves on the part of the United States are seen as an expression of its willingness to improve relations between the two nations more aggressively.

U.S.-North Korea relations are expected to further progress in 2000. During the first half, the two nations are expected to hold high-level talks in relation to inclusive negotiations and actively discuss pending issues between the two nations. They are also expected to open respective liaison offices in Pyongyang and Washington.

The United States, in particular, is anticipated to strongly request North Korea to suspend its exporting of missiles and to join the Missile Technology Control Regime (MTCR). But negotiators of the two nations do not seem to be easily able to find a common ground. While North Korea is demanding financial compensation for suspending exports of its missiles, the U.S. Congress, which is dominated by Republican congressmen, opposes any payment of compensation in relation with nuclear and missile negotiations to North Korea. Therefore, the plight of missile negotiations will depend on the kind of compensation to be offered by the United States. But unless it is guaranteed the maintenance of its political system and large scale economic reward, North Korea will not easily abandon its missile development projects.

In light of these points, the United States and North Korea are predicted to take gradual measures for improving relations through negotiations in 2000, but it will be difficult to expect a rapid progress

in the improvement of their relations.

B. Relations with China

Friendly and cooperative relations between North Korea and China expanded in 1999 as North Korea made efforts to restore their once-estranged relations, which occurred due to the normalization of diplomatic relations between South Korea and China, and North Korea's U.S.-inclined foreign policy. North Korea needed aid from China to ease its food shortage and other economic difficulties, while China could not remain indifferent to North Korea's inclination toward the United States. The most important momentum for restoring North Korea-China relations was the visit to China by a large scale North Korean delegation led by Kim Young-nam, Chairman of the Standing Committee of the Supreme People's Assembly (June 3~7).

Kim Young-nam's visit to China, being the first one by a North Korean top-level official in the seven years since Kim Il-sung's visit in October 1991, bore very deep political meaning. Kim Young-nam and his delegation had a series of meetings with Chinese leaders, including Li Fung, Standing Chairman of the Chinese People's Assembly (June 3), Prime Minister Zhu Rongji (June 4), Jiang Zemin, General Secretary of the Party (June 4), Tang Jiashien, Foreign Minister and Tsu Haotien, Defense Minister. Kim's delegation also met with Hwang Jhi, Secretary for Shanghai of the Party (June 6). The 60-member delegation, comprising representatives from the party, administration and military, such as Choi Tae-bok (from the party),

Hong Sung-nam and Paik Nam-soon (from the administration), Kim Il-chul (from the military) and Yu Mi-yong (from the party), contributed a lot to restoration of diplomatic relations with China, while boosting legitimacy of the Kim Jung-il regime. Especially, the delegation obtained 150,000 tons of foods and 400,000 tons of cokes from China, which substantially helped North Korea recover from its difficult economic situation. Through the meetings of these high-level officials of the two nations, both sides affirmatively praised each other's achievements in establishing the 'strong great nation' (North Korea) and 'Chinese-style socialistic system' (China), and the two nations restored their traditional amicable relations.

It is analyzed that North Korea's effort to restore relations with China was to induce competitive support from both China and the United States, while wiping out the misunderstanding of China toward North Korea's U.S.-leaned policy. The reason for excluding economic representatives from the delegation seemed to be prevent any misunderstanding that North Korea intended to learn Chinese-style innovation and open-door policy. In this vein, it is evaluated that the primary purpose of the visit to China by the North Korean delegation was to improve political and diplomatic relations between the two nations.

Even though it seems recovery of relations between the two nations, should occur naturally North Korea and China held events showing amicable relations. In commemoration of the 38th anniversary of the signing of the 'North Korea-China friendship, cooperation and mutual aid pact' (July 11, 1961), the two nations held receptions at their embassies in each others nations. Wang Kwanging, Vice

Chairman of the Standing Committee of the Chinese People's Assembly, attended the party held (July 9) at the North Korean embassy in Beijing, while North Korean Ambassador Joo Chang-joon attended the reception co-hosted by the Chinese People's External Friendship Association and China-North Korea Friendship Association (July 7). Meanwhile, Yang Hyung-sup of North Korea attended the reception held by the Chinese embassy (July 13) in Pyongyang.

Through remarks at these events, the two nations emphasized the historical significance of pacts between the two nations which contributed to establishing traditional friendly relations and friendship among leaders of the two nations, including Kim Il-sung and Mao Zedong. The two nations also pledged to continue friendly relations in the future. One thing to be noted is the fact that, unlike North Korea-Russia relations, the two nations did not mention anything about the revision of the pact. Accordingly, the pact remains to be valid as it stipulates in its Article 7, saying "Unless the two parties do not agree to revise or abandon this pact, it remains in effect".

On the occasion of the 50th anniversary of the normalization of diplomatic relations between North Korea and China (October 6), the two nations held a series of events that solidified mutual fraternity. First, top leaders of the two nations exchanged congratulatory cables and foreign ministers held meetings. Jiang Zemin sent a gift to Kim Jung-il, while Chinese Foreign Minister Tang Jiashien visited Pyongyang and had meetings with his counterpart (October 5) and Kim Young-nam (October 6) in North Korea. At the commemorative party, North Korea said it supports China's unification and efforts for establishing socialism, while China mentioned that consolidation of

friendship and cooperation between the two nations corresponds with their fundamental interests. The 50th anniversary of normalization of diplomatic relations between the two nations seemed to have expedited the transference of relations from the traditional 'blood alliances' to generalized and practical 'friendly cooperative relations'.

On the other hand, as part of its gesture for emphasizing friendly relations with China, North Korea supported the launch of missiles by China. Through an editorial in *Rodong Shinmun* (August 12), North Korea appraised China's test of missiles (August 2) as a rightful counter-measure against U.S.-Japan military collusion, while emphasizing its launch of missiles as 'a matter belonging to national autonomy'. The editorial also argued that the United States has no right to interfere in its missile issue as it belongs to its autonomy. It seemed that North Korea was asserting its own autonomy over its own missile problems, on the occasion of its comments supporting the test of missiles by China, as part of its resistance against collusion among South Korea, the United States and Japan to restrain its development of missiles.

Relations between North Korea and China in the military sector also improved. Vice defense minister of North Korea Yo Chun-sok (July) and Kal Jin-bung (June), commander of the Shenyang regional unit of the Chinese Army, exchanged visits, which was followed by a visit to Pyongyang (August 3-10) by a 3-member delegation led by Lui Pin, foreign affairs councillor of the Chinese Army. Also, the North Korean Defense Ministry held a reception commemorating the 49th anniversary (October 25) of participation in the Korean War by the Chinese People's Voluntary Army. At this reception, Yang

Hyung-sup of North Korea and Li Pin, charge d'affaires of the Chinese embassy in Pyongyang, "vowed to further promote their relations in succession to friendly relations among leaders of the two nations".

It is anticipated that exchanges between North Korea and China will be invigorated in 2000. China is expected to expand its support toward North Korea lest its influence on the North diminish as U.S.-North Korea and Japan-North Korea relations improve. In promoting betterment of its relations with the United States and Japan, North Korea will intend to properly utilize relations with China. Particularly, amicable and cooperative relations between North Korea and China will become more intimate through mutual visits by high-level officials of the two nations.

C. Relations with Japan

North Korean relations with Japan fell into their worst situation over due to the launch of a missile by North Korea in August 1998. Diplomatic relations between the two nations had been driven to a near severance since the Japanese government took negative measures, such as the cessation of food support, halt of operations of chartered planes, halt of its support of KEDO, and cessation of negotiations for normalizing relations.

However, their relations began to improve in December 1998. In New York, Lee Kun, deputy delegate of the North Korean mission to the United Nations, contacted the director of the northeast Asia division of the Japanese Foreign Ministry in December 1998. In

January 1999, Song Ho-kyung, vice chairman of the North Korean Asia-Pacific Peace Council met Nakayama Masaaki, chairman of the budget committee of the Japanese congress. In his new year policy speech made in January 1999, Japanese Prime Minister Obuchi expressed the intention that Japan would improve relations with North Korea through dialogues and exchanges if threats of missile testing are removed. Embassies of North Korea and Japan in Beijing made contacts with each other. In April, Koreshike, director general of the Asia department of the Japanese foreign ministry, and high-level officials at the North Korean Asia-Pacific Peace Council had secret talks on pending issues, including the reopening of normalization negotiations in Singapore.

And Prime Minister Obuchi announced that Japan agreed with the United States in the U.S.-Japan summit meeting held in Washington, D.C. (May 3) that the United States, Japan and South Korea would jointly take counter-measures against North Korea's nuclear and missile development issues by pursuing 'dialogue and restraint' strategies simultaneously. In his press interview made after the summit talks, Prime Minister Obuchi emphasized that "he would make positive efforts to open dialogue channels with North Korea". When the Japanese prime minister met with a group of Korean journalists (May 14), he mentioned that "it is the basic policy of the Japanese government to provide positive cooperation to North Korea in the economic sector after diplomatic relations between the two nations are normalized".

But when North Korea's preparation for launching a second missile were confirmed in June and July, relations between the two

nations began to freeze again and Japan placed more emphasis on restraint rather than on dialogue. Based on its policy to improve relations through contacts and dialogues, Japan pursued pressure diplomacy toward North Korea's missile issues by expanding its military role and intensifying military power.

To such a firm policy of Japan, North Korea announced through its Central Press a message that it would willingly conform with the Japanese desire for improving relations along with its government's statement (August 10), containing 'three principles to be abided by Japan' as follows. First, Japan is requested to abandon its pressure policy toward North Korea. Second, Japan should make a sincere apology for its past crimes and pay compensation. Third, North Korea will take corresponding counter measures if Japan persists in a power confrontation.

However, as North Korea agreed with the United States to postpone its missile test in U.S.-North Korea high level talks in Berlin in September, Japan and North Korea resumed dialogues in pursuit of normalization of relations. With that background, diplomatic authorities of the two nations made secret talks in Singapore (October 18~20), and the Japanese government announced (November 2) that it would lift the freezing of operations of chartered planes between Japan and North Korea.

The visit to Pyongyang by a Japanese suprapartisan delegation led by former Prime Minister Murayama (December 1~3) laid a stepping stone for resuming normalization talks between the two nations. The two sides agreed, first, to reopen normalization talks and hold a preliminary meeting toward the end of the year, second, to proceed

talks between the Red Crosses and governments of the two nations on the support of food to the North and visits by Japanese women married to North Koreans to their home towns, and third, to arrange a visit to Japan by a delegation of the North Korean Labor Party in 2000. Thus Japan lifted all of its sanctions against North Korea which it had taken in 1998 after North Korea launched its missile.

The Red Crosses of the two nations had meetings in Beijing and agreed on the reopening of home town visit programs for Japanese women married to North Koreans in the first half of 2000, donation of food to North Korea by Japan, North Korea's cooperation for a survey of missing Japanese citizens, and a survey on Koreans who disappeared before 1945 (December 21). This agreement laid a stepping stone for normalizing relations between the two nations.

When the donation of food to North Korea and home town visit programs for Japanese women in the North are realized in 2000, relations between Japan and North Korea are expected to see progress. Talks for normalizing diplomatic relations between the two nations will proceed through several committees, and their agenda is expected to include the amount and time of payment of economic compensation for normalizing relations. But different views on solving the issue of kidnapped Japanese people and North Korean missile issues are anticipated to hamper the progress of negotiations.

D. Relations with Russia

In 1999, North Korea and Russia initialed a new treaty replacing the alliance treaty of 1961 and observed traditional commemorative

days, but mutual visits by high-level officials of the two nations decreased. North Korea imported weapons and their parts from Russia and CIS nations through diversified channels, and the two nations agreed to promote economic cooperation, but implementation of the accord was delayed due to the economic difficulties of the two nations.

Vice foreign minister of North Korea Ri In-gyu and his Russian counterpart Karasin initialed the 'North Korea-Russia Friendship, Goodneighbourliness and Cooperation Treaty' (March 17, Pyongyang). Contents of the new pact were not revealed, but the article of 'making automatic military intervention' in the previous treaty was reportedly replaced by a new article of 'consulting when threats on security occurs'. A phrase 'supporting the Korea confederation system' that has been asserted by North Korea was known to be not included in the new treaty. Russian foreign minister Ivanov planned to visit Pyongyang in late May to formally sign the new treaty, but it was delayed due to existing unfavorable situations in both nations.

Through mutual visits of high-level officials the two nations discussed their pending issues, seeking progress in their relations. When he visited Pyongyang (March 15~17), Russian vice foreign minister Karasin exchanged views with Paik Nam-soon, North Korean foreign minister, on subjects of their common interest. Their subjects included a way of promoting relations between the two nations, situations on the Korean peninsula and in the international arena, the matter of joining Russia in the four-party talks, and the issue of the TMD project. They also supported North Korea's participation in multilateral forums, such as ARF.

A delegation of the North Korean Supreme People's Assembly led by Hong Sung-u visited Moscow (April 2~7) and had meetings with the speaker and vice speaker of the Russian federal congress, President of the Russian Communist Party Zyuganov, and members of the international affairs committee of the Russian federal congress.

In response, the Russian Ambassador to South Korea Afanasiev made the point clear that the Russian government opposed a forced investigation on the Kumchangri underground facilities (January 28). And Russia took a negative attitude toward North Korean missile tests on the grounds that it might not only instigate the United States and Japan to expedite the TMD project, but also there arose tension and armament competition in Northeast Asia.

North Korea purchased weapons and components in 1999 from Russia and CIS nations through legal and illegal channels, to which South Korea and surrounding nations expressed concern. It was confirmed in June 1999 that North Korea was assembling about a dozen MiG-29 fighters which it had imported in the previous year, and it was reported that North Korea bought 19 tanks from Belarus (March 6). It was also confirmed that North Korea imported 34 MiG-21 fighters in April from a non-government organization in Kazakhstan, a dozen of which were already assembled. To solve problems in assembling the MiG-21 fighters, North Korea attempted to steal its design drawings from Russia, but the attempt was detected, resulting in the forced departure of the North Korean officials involved (June 8).

The two nations virtually concluded border negotiations that had been prolonged for 9 years. The two nations had difficulties in setting

starting points because the border line, which extends the length of 17km around the mouth of the Tumen River, is partly submerged beneath water when the water-level rises in summer, but it appears in winter when the water-level recedes. In working-level talks, the two nations agreed (October 27) to sign in February 2000 in Moscow an accord regarding conditions of demarcating the border line and conducting field measurements, and then to begin the field survey during April and June 2000.

Sluggish trade and economic cooperation between North Korea and Russia continued in 1999. The slow trade between the two nations was basically attributed to constraints in the trade environment, such as the unsettled North Korean debt to Russia in the amount of 4.6 billion dollars, chronic shortage of foreign currency on both sides, frequent nonfulfillment of contracts by North Korean trading companies, and an increase in railway transportation fares. The two nations held the third meeting of the 'Trade, Economy, Science and Technology Cooperation Subcommittee' in Moscow and signed (June 11) the protocol.

North Korea's economic cooperation with Russia was concentrated on the Far Eastern region in general. Mayor of Nakhodka and North Korean Consul General in that city Ko Sung-kuk discussed (March 3) ways to build cooperative relations between North Korea and cities in the Maritime Province in economic and cultural areas and to construct a soccer field in Nakhodka equipped with 10,000 seats, employing North Korean engineers and workers. Russian engineers helped the mackerel pike cannery in Shinpo to resume operations in the latter half of 1999. Under the contract between the two nations, 70% of the

total output of the joint venture plant is to be supplied to Russia and the rest to North Korea. The plant will also produce walleye pollack cans. The construction of a joint venture plant in Shinpo seemed to reflect the fact that Russian companies in the Far Eastern region are interested in establishing plants in North Korea to take advantages of low taxes, cheap manpower and low crime.

Although the logging treaty between the two nations was terminated as of the end of 1998, the issue of extending the period of the treaty was not resolved between the Khabarovsk and Amur provinces in 1999. In light of past experiences, it is analyzed that the two sides have different views on matters of dividing logs. In summer 1998, two North Koreans were arrested while they were dealing 3kg of drugs in Nakhodka, and they were sentenced by a court in the Maritime Province to 8 years' and 5 years' imprisonment, respectively.

To ease the shortage of food, North Korean Ambassador to Russia Park Ui-choon visited Novosibirsk Province in early 1999 and requested the provincial government to provide support of food and seed potatoes. The Ukrainian government decided (July13) to reopen humanitarian aid toward North Korea which it had suspended since March 1998 due to its domestic political issues. Ukrainian support included sugar, flour, grain and other necessities.

It is predicted that a visit to North Korea by the Russian foreign minister, which has been delayed, will materialize in 2000 and that he will formally sign the 'North Korea-Russia Friendship, Goodneighbourliness and Cooperation Treaty'. If materialized, it will be the first Russian foreign minister's visit to Pyongyang in 10 years

since a visit by the USSR's foreign minister Shevardnadze, as well as the first one since the Russian Federation was founded. Accordingly, the two nations are expected to overcome unfavorable relations which had been aggravated in past years and establish friendly relations on general terms. With the conclusion of the new pact, the two nations are expected to resume political dialogue and exchanges of high-level officials. It is also anticipated that North Korea will maintain close relations with leaders of the Russian Communist Party or nationalistic political parties who exercise influence on policies toward the Korean peninsula.

Russia is expected to keep opposing North Korea's missile tests because it judges that North Korea's missile development program incited the TMD project of the United States and Japan. Meanwhile, North Korea, shocked by its defeat in the collision on the west coast with the South Korea navy, will attempt to import weapons and parts from Russia and CIS nations by legal or illegal channels. The Russian government is expected to sell more weapons and components to North Korea since Russia is ready to ship such equipment to any nation as long as they pay hard currency for it.

It is very likely that North Korea and Russia may resume the meetings of 'the Trade, Economy, Science and Technology Cooperation Committee' in 2000. Through this, North Korea will seek the restoration of economic cooperation between the central governments of the two nation while improving relations with provincial governments in Siberia and Russia's Far East regions, which are blessed with abundant natural resources and adjacent with North Korea geographically. And North Korea is expected to continue to

request humanitarian support from Russian provincial governments and CIS nations, such as food and medicine.

3. The Attitude toward South Korea

As it had done in the previous year, North Korea pursued in 1999 a policy of acquiring practical profits through civilian cooperative exchanges, while minimizing contacts between authorities of the two governments. At the same time, North Korea constantly exercised united front tactics under the cloak of the idea of nation and autonomy.

In the wake of the launch of the Kim Dae-jung government, Pyongyang had demanded Seoul to change its North Korea policy to wards a reconciliatory one, and indicated that it could come to the conference table between government authorities if South Korea fulfilled preconditions, such as the repeal of the national security law, disorganization of the National Security and Planning Agency, and the suspension of joint military exercises. In 1999, North Korea made more specific and direct proposals. On February 3, 1999, North Korea held its 'Joint Conference of Administration, Parties and Organizations', and proposed to hold 'high-level political talks between the South and the North' in the latter half of the year, under the condition that South Korea will abolish its military alliance with foreign powers, suspend joint military exercises with foreign forces, repeal the national security law, and guarantee the freedom of unification activities in the South. It added that, in the high-level meeting, the two parties can discuss such subjects as the

implementation of the basic agreement between the South and the North, mutual exchanges and cooperations, and separated families. Since then, North Korea showed a flexible attitude, relieving conditions for high-level talks, saying "it would not care about the timing, place and format in making contacts and dialogues for unification" although it continued demanding the implementation of the proposed preconditions.

With this background, the two Koreas arranged a vice ministerial-level meeting in Beijing through secret contacts to discuss pending issues between the two sides, including the separated family issue. South Korea agreed with its northern counterpart to supply 200,000 tons of fertilizer (June 3). But North Korea ruptured the South-North vice ministers talks which began on June 22 on the pretext of the collision on the west coast. Despite its urgency for contacting South Korean authorities for economic benefits such as obtaining fertilizer, North Korea broke off the talks for the following reasons. First, Pyongyang feared the negative effects of expanded inter-Korean relations on maintaining its political system. Second, North Korea pursued a 'United States first, South Korea next' strategy, placing more emphasis on improving relations with the United States. It had showed a less aggressive attitude in the U.S.-North Korea high level meeting (June 23~24) that was held in Beijing simultaneously with the inter-Korean dialogues.

Even after the breakdown of the vice ministerial-level talks, North Korea tenaciously demanded South Korea to fulfill the proposed preconditions. These moves were apparently intended to shift the responsibility to South Korea for the stalemate of the inter-Korean

talks, and to take a unification frontline offensive through inciting nationalist emotion under the cloak of 'the nation' and 'autonomy'. Particularly, North Korea attempted to arouse conflicts between conservatives and radicals in the South in relation to issues of revision or abolishment of the National Security Law by intensifying the offensive to repeal that law, taking advantage of a move toward revising the law that was happening within South Korean politics.

Meanwhile, North Korea began to cross the North Limit Line on the west coast under a pretext of catching blue crabs (June 7). Facing intentional and constant provocations by North Korean warships, the South Korean navy took a resolute measure, pushing them back by 'collide and repulse operations'. In the course of counter attacks against North Korean provocation, the two sides exchanged fire, initiated by North Korean warships.

In the light of its timing, place and method, the collision on the west coast was a well calculated multi-purpose provocation. First, North Korea, by invading the NLL, intended to stress that inter-Korean issues can be solved not by South and North Korea, but by the US and North Korea while elevating its position in U.S.-North Korea negotiations. Second, it attempted to test South Korea's willingness to maintain the engagement policy toward North Korea and the principle of separating politics and economy. The North also intended to split public opinion in the South. Third, it tried to expand its territorial waters by nullifying the NLL and arousing dispute over the water. Fourth, North Korea sought to obtain practical profits by securing fishing ground and protecting fishery activity. Fifth, it intended to promote internal unity by heightening military tension.

Accusing the west coast collision of being South Korea's 'intentional and planned provocation', North Korea declared that it would limit or prohibit South Koreans' visits to Pyongyang or contacts with North Koreans for a while. Notwithstanding this declaration, North Korea kept an attitude of pursuing economic profit, such as the Mt. Kumkang tours and support of fertilizer, instead of aggravating the situation, by restraining from taking any additional military retaliatory actions. Announcing the nullification of the NLL (September 2) unilaterally and setting the 'maritime military control zone' by arbitrarily extending the borderline between the Hwanghae Province and the Kyunggi Province, North Korea claimed that "it would exercise all rights of self-defense", but it did not make any further provocations.

In 1999, North Korea denounced South Korea's engagement policy toward it as an 'anti-North Korea and confrontation policy'. In particular, feeling uneasy about an expansion of international support for the engagement policy, Pyongyang criticized Seoul's move forward toward international cooperation for such policy relations. It accused (August 18) that "the sunshine policy is a trick to absorb North Korea into the free democratic system by inducing us toward renovation and opening, under the cloak of reconciliation and cooperation".

Although it denounced the "engagement policy", North Korea accommodated civilian-level exchanges based on 'the principle of separating politics from economy' for acquiring pragmatic profit. For instance, North Korea invited a soccer team of the Korean Confederation of Trade Unions and held 'soccer games of inter-Korean laborers' (August 12), and held 'unification basketball games' in

Pyongyang, inviting men's and women's basketball teams of the Hyundai Group (September 28). In particular, Kim Jung-il agreed (October 1) with Chung Joo-young, honorary chairman of the Hyundai Group, who had visited North Korea to lead the basketball teams, to develop a special economic zone on the North Korean west coast region. North Korea also agreed with Samsung Electronics to jointly develop software programs. And, North Korea opened an Internet home page, Chosun Infobank (October). In addition, North Korea invited popular singers of South Korea and staged 'the peace and friendship concert for the year of 2000' (December 5), and 'the national unification concert' (December 20).

Along a different vein, North Korea detained a South Korean tourist in Mt. Kumkang for the reason that the tourist tempted a North Korean environment supervisor to defect to the South (June 20). But the sightseeing tours to Mt. Kumkang resumed (August 5) after the tourist was released in five days and negotiations on guaranteeing the security of tourists between North Korea and the Hyundai Group were resolved. In dealing with this case, North Korea the position of preventing the cessation of the sightseeing program for a longer period of time than the original contract stipulated or its cancellation, once again pursuing economic profits.

As in previous years, North Korea promoted the importance of the nation in 1999, upholding Kim Jung-il's 'five points for the grand unity of the nation'. As part of this plan, North Korea held the 99th grand unification festival' and the 10th pan-national convention commemorating the Liberation Day. North Korea made particular note of the fact that representatives from the South Korean headquarters of

the Pan-national Unification Union joined the convention for the first time in 10 years, constituting a 'real tripartite solidarity' among Koreans in the South, the North and abroad. North Korea also made use of the soccer games of inter-Korean laborers for its propaganda offensive by defining it as a part of the unification festival. Thus North Korea intended to take an initiative in unification issues by propagating the participation of civic organizations from the South, while attempting to strengthen its unification frontline under the cloak of 'autonomy and grand unity of the nation'.

In 2000, North Korea is expected to continue tactics of avoiding government-level contact authorities while expanding civilian-level exchanges. But it will be possible for North Korea its intention for opening dialogue between the two authorities under the condition that Seoul fulfill the proposed preconditions, instead of completely ceasing dialogues. In this way, Pyongyang will try to obtain fertilizer and assistance from Seoul.

North Korea will gradually expand economic projects like the Mt. Kumkang tourism, and will selectively accommodate exchanges of performing arts and sports that can contribute to the improvement of its external image and to increase benefits.

On the other hand, North Korea will continuously pursue unification frontline tactics, including its demand for the legal guarantee of activities by the Federation of Korean Trade Unions and the Korean Confederation of Trade Unions, and a political offensive toward South Korea making use of the general elections scheduled to be held in April. North Korea, however, is anticipated not to intentionally provoke actions that may suddenly freeze inter-Korean relations.

III. Inter-Korean Relations

1. South-North Dialogues

In early 1999, North Korea proposed to hold high-level inter-Korean talks, but these talks did not materialize. Through letters mailed to 150 leaders in the South, including the president and leaders of political parties and social organizations, North Korea proposed to hold talks between government authorities and bi-lateral political negotiations (February 3). In the letter, North Korea mentioned that it could include in the agenda the issues of fulfilling the Basic Agreement between the Two Koreas, exchanges and cooperation, and separated families, but it requested South Korea to accept such difficult preconditions as the suspension of South Korea-U.S. joint military exercises, abolition of the National Security Law, and guarantee for uninhibited activities of the pro-North Korean organizations, the Korean Confederation of Trade Unions and the Federation of Korean Trade Unions.

It seemed that the North Korean proposal for dialogue contained the intention to attenuate international pressure on the suspected underground facilities in Kumchang-ri while soothing conservative opinions in the United States in relation to the Perry Report which was being drafted. At the same time, it also intended to weaken conservative opinion in South Korea negative to investment in North Korea and economic cooperation. In anycase, South Korea offered 50,000 tons of fertilizer as a favorable gesture to the North Korean proposal.

Meanwhile, the resumption of the vice ministers' talks remained as the focal point of interest after they broke down in April 1998. The vice ministerial-level meeting was ruptured because South Korea desired to donate fertilizer in relation to the separated family issue based on the reciprocity principle, whereas North Korea wanted South Korea to provide fertilizer first and discuss separated family issues later. In a National Security Council meeting held in January 1999, President Kim Dae-jung expressed his intention to apply the reciprocity principle more flexibly, saying 'the government will deal with the separated family problems in diversified ways and flexibly'. Under the circumstances, the South Korean delegation led by Kim Bo-hyun, assistant to the Prime Minister, and that of North Korea led by Chun Kum-chul, vice chairman of North Korean Asia-Pacific Peace Council, had secret talks in Beijing and announced an agreement. The main content of the 'June 3 agreement' was that South Korea would supply 200,000 tons of fertilizer by July 1999 to the North, half of which would be delivered by June 20, and the two parties would begin the vice ministerial-level talks on June 21. The agreement stipulated that subjects of mutual interests including the separated family issue would be on the agenda, and that the separated family issue would be discussed first.

But the negotiation atmosphere was frozen after North Korea violated the NLL (June 7) and escalated the conflict to the point of exchange of fire (June 15) between the two military forces. The North Korean delegation gave notification that it would attend the meeting as late as two days before opening it (June 19), but postponed the meeting because 22,000 out of the 100,000 tons of fertilizer was not

shipped to the North as scheduled. So the first round of vice ministerial-level talks began in Beijing (June 22, June 26), one day later than originally scheduled. In the first meeting held on June 22, the North Korean delegation asked for an apology and explanation for the collision on the west coast, without mentioning the subject of separated families, the agenda of the meeting. South Korea requested North Korea to take visible measures initially for solving the separated family problem, including the exchange of lists to confirm their situations and addresses, exchanges of letters and reunions. And South Korea expressed its desire to organize joint committees to implement the inter-Korean Basic Agreement between the two Koreas, normalize operations of liaison offices (operations had halted since November 1996), regularization of the vice ministerial-level talks, and their elevation into high-level meetings. In addition, South Korea pointed out that the NLL issue should be discussed and resolved by a general-level meeting between the United Nations Command and North Korea since its jurisdiction belongs to the armistice management systems.

In the meeting which resumed on June 26, South Korea clarified its position that it would supply the second shipment of 100,000 tons of fertilizer when talks on separated family issues made progress, whereas North Korea persistently demanded an apology for the collision on the west coast.

During the second session of the vice ministerial-level meeting (July 1~3), delegations of the two parties held one general meeting, and two meetings of chief delegates (July 1, July 3). In the meeting held on July 1, North Korea suggested first to begin discussions on the

separated family issue on the day when South Korea starts the first supply of the second shipment of fertilizer, and then it demanded an explanation on a statement made by Hwang Jang-yup, former secretary of the North Korean Labor Party who is in exile in the South, carried by 'the Chosun Monthly', (July issue), regarding the collision on the west coast. The South Korean delegation proposed to arrange the meeting of about 100 separated families around the full moon festival in September and to arrange a meeting of the same number of separated families every month thereafter. Also, South Korea suggested an exchange of lists of about 300 separated family members every month beginning in August, exchange of mail, installation of a meeting place at the truce village of Panmunjom, and the arrangement of cross visits to Seoul and Pyongyang by each of 100 elderly separated family members in September and October, respectively.

In light of the incident of detaining a South Korean tourist in Mt. Kumkang, the South Korean delegation proposed to form a 'special committee for guaranteeing individual security', emphasizing the necessity for the government authorities of the two nations to take actions for guaranteeing individual security. North Korea responded that tourists' security is a matter to be discussed between Hyundai and North Korea's Asia-Pacific Peace Council and it should not be intervened in by government authorities.

Because of the North Korean side's unreasonable attitude of bringing up the issue of the collision on the west coast, which was not included in the agenda, while evading discussion of the separated family issue, the South Korean delegation announced its withdrawal (July 2). North Korea suggested in the afternoon of the same day the

creation of exclusive contacts between the chief delegates of the two parties. The chief delegates met each other (July 3), but the vice ministerial-level conference broke down after all because neither of the two parties changed their positions.

The different positions of the two parties in resolving principle matters, objectives, and problems other than the agenda led the South-North vice ministerial-talks to a conclusion that bore little fruit, despite the June 3 agreement.

As far as principle matters were concerned, South Korea proposed the supply of 100,000 tons of fertilizer first, and another 100,000 tons after holding the vice ministerial-level meeting, applying a flexible reciprocity. On the contrary, North Korea wanted to hold the meeting after the provision all 200,000 tons of fertilizer, entirely disregarding reciprocity and changing positions from the June 3 agreement.

Regarding the objectives of the talks, South Korea intended to lay a stepping stone for full-fledged South-North dialogue by discussing the issue of separated families, fulfillment of the South-North Basic agreement, normalization of the operation of liaison offices at Panmunjom, regularization of the vice ministerial-level meeting and its evolution to prime ministerial-level talks. In contrast, North Korea regarded the vice ministerial-level meeting as a temporary conference to acquire pragmatic profits from the South, notwithstanding the June 3 agreement that called for discussions of subjects of mutual concern, such as the separated family issue.

While South Korea wanted to exclude the issue of the west coast collision from the vice ministerial-level meeting, North Korea persistently demanded an apology for the collision and the

prevention of similar incidents.

Through the Central Broadcast (September 13), North Korea mentioned bi-lateral and multi-lateral South-North dialogues, repeating three preconditions which it suggested in its 'February 3 proposal toward the South'. In his address at the U.S. Council on Foreign Relations (September 27), North Korean Foreign Minister Paik Nam-soon said, "South-North summit talks can proceed if South Korea respects the three principles of the July 4 Joint Statement and favorably responds to North Korea's proposals".

Taking account of these facts, North Korea may possibly propose again a South-North high-level meeting during the first half of 2000. Even though it may suggest the high-level talks, North Korea is expected to constantly assert its February 3 preconditions, including suspension of South Korea-U.S. joint military exercises, abolition of the National Security Law, and guarantee of the uninhibited activities of pro-North Korean organization. Therefore, it is predicted that the high-level meeting, although it may be held, will be hard pressed to produce any substantial outcome unless North Korea concedes on its preconditions.

Meanwhile, the South-North vice ministerial-level meeting is expected to be held in the first half of 2000 in relation to the donation of food, fertilizer and agricultural chemicals to the North. But, since support toward North Korea is a politically sensitive matter in the South, the vice ministerial-level meeting is likely to be held after the general election in April. It is predicted that the two parties can draw out an agreement on confirming the situation of separated families, the exchanges of letters and model reunions, provided that

South Korea applies the principle of reciprocity flexibly and North Korea responds favorably.

Also, the possibility of materializing a South-North high-level meeting for realizing the Kim Dae-jung government's policy for peace on the Korean peninsula cannot be ruled out, considering the building of a favorable environment for peace through the continuous and consistent pursuit of the engagement policy toward North Korea.

2. The Four-party Talks

As the four nations agreed in the third four-party meeting held in October 1998 to organize a peace system subcommittee and a tension reduction subcommittee, the four-party talks, which were held three times in 1999, were led by these subcommittees. The peace system subcommittee discussed the topics of the parties concerned, the process of establishing a peace system, and a guarantee of such a peace system, while the tension reduction subcommittee dealt with the reduction of tensions and programs for building confidence. But North Korea's attitude throughout these meetings, which concentrated on the North Korea-U.S. talks, affected the progress of these four-party meetings. Around the time of the fourth four-party conference (January 19~22), North Korea had meetings with the United States for the Kumchang-ri underground site issue, and the two nations negotiated on the missile test issue almost simultaneously with the sixth four-party talks (August 5~9). Such an attitude by North Korea seems to reflect hoped to it can make use of the four-party conference for improving its relations with the United States.

On the other hand, the four nations agreed on the procedures to be taken by the operating subcommittees in the fourth meeting. They agreed, first, to make decisions based on a unanimous consensus; second, to transfer those subjects that are unresolved by subcommittee meetings to the meetings of the chief delegates; third, to report the results of the subcommittee meetings to the general meeting by documents; and fourth, to express opinions freely in the subcommittee meetings.

But the four-party conference could hardly find a point of compromise since South Korea and the United States intended to promote an atmosphere for settling peace through confidence building whereas North Korea pressed for the withdrawal of U.S. military forces from Korea and the conclusion of the U.S.-North Korea peace treaty prior to others. In the fourth four-party conference, South Korea proposed to install a hotline between the military authorities of South and North Korea, to notify each other of major military exercises, exchange visits by military personnel, study the installation of humanitarian corridors in the demilitarized zone as suggested by Switzerland, and hold a four-party conference quarterly. North Korea, however, reiterated its assertion of the withdrawal of the U.S. armed forces from South Korea and conclusion of the U.S.-North Korea peace pact, pointing out that the cause of high tension lied in the U.S. hostile policy toward North Korea and in the unequal positions of the four nations.

As differences in positions between the U.S.-South Korean camp and North Korea continued through the fifth (April 24~27) and sixth (August 5~9) four-party meetings, they could not produce any results.

While South Korea and the United States maintained the position of building up mutual confidence gradually from areas that could be implemented, North Korea repeatedly tried to include issues of withdrawing U.S. military forces from Korea and concluding the U.S.-North Korea peace treaty in the agenda. Thus the positions of the U.S.-South Korean side and North Korea stood face to face without finding an agreement point.

Whether the four-party conference will be held again and succeed or not, if ever held, is related with the progress in the U.S.-North Korea high-level talks for inclusive negotiations based on the Perry Report. If the U.S.-North Korea high-level meetings are held, the four-party conference will also be held to foster a favorable atmosphere for dialogue. In such a case, however, North Korea is anticipated to place more emphasis on solving issues of peace on the Korean peninsula through the U.S.-North Korea high-level talks while participating in the four-party conference perfunctorily. Moreover, taking account of the possibility that contradictory positions of the U.S.-Korean side and North Korea on the agenda and approaching methods of the four-party conference will continue, it seems to be difficult to expect any conspicuous outcome from the four-party talks in a short period of time. And yet, the four-party conference may possibly produce some results since North Korea may change its conventional position in relation with the U.S.-North Korea talks.

3. Light-water Reactor Project

The main construction work of the light-water reactor project has

been postponed due to the following: delays in negotiations on the attached agreement between KEDO (Korean-peninsula Energy Development Organization) and North Korea; delay in the talks among South Korea, the United States and Japan on the apportionment of costs; loan treaties between KEDO and South Korea, and between KEDO and Japan; endorsement of treaties by respective governments; and negotiations on the principal contract. According to the original plan of the project, it was scheduled to undertake the initial engineering work during a one-year period beginning in August 1997, and start the main construction work in August 1998. Investing 71.92 million dollars, the initial engineering work was completed in August 1999, but the engineering work had to be prolonged to a fifth work phase (August 16~December 15). In the fifth phase, KEDO constructed a variety of infrastructure in addition to engineering work. In preparation for a sharp expansion in the size of the construction work as well as in the number of workers, the organization expanded the infrastructure and welfare facilities for workers.

As KEDO signed the 'principal contract' with the Korea Electric Power Corporation (KEPCO) (December 15), it began to implement the main construction work. The principal contract fixed the amount of expenses for construction work and allocation principles. Due to a delay in signing the principal contract and in endorsing the loan offering treaties by participating nations, KEDO has earmarked expenses for construction work on credit so far. Based on the apportionment resolution adopted by South Korea, the United States and Japan (November 9, 1998), South Korea is responsible for 3.22 billion dollars (3 trillion 542 billion Korean won), accounting for 70%

of the total construction budget of 4.6 billion dollars, and Japan will take charge of 1 billion dollars (116.5 billion yen), while the United States will play a leading role in raising funds when shortages occur.

The principal contract calls for KEPCO to take charge of comprehensive management of the project, pilot operations of the plant, training of North Korean operating personnel, installation and operations of varied necessary basic facilities, and general management of facilities. KEDO will provide land, guarantee the security of local engineers and workers, and communication facilities. KEPCO Technology will be responsible for the design of the power plant, and Korea Heavy Industries & Construction will take charge of equipment and base materials, while other enterprises like Hyundai, Dong-Ah, Daewoo and Korea Heavy Industries will carry out the actual construction. And foreign companies, such as ABB, GE, Mitsubishi and Hitachi, will also supply components to KEDO.

Meanwhile, loan treaties between the South Korean government and KEDO, and between the Japanese government and KEDO were effectuated on August 19 and July 15, respectively. Based on the treaty, the Korean government will provide KEDO with a long-term loan of 3 trillion and 542 billion won in Korean currency with no interest from the South-North cooperation fund. KEDO takes legal responsibility for repaying the loan. The loan is regulated to be refunded in 20 years with a three-year grace period after completing construction of the power plant, on the basis of bi-annual installment payment. It is required to refund the loan in cash in principle, but it also can be repaid by commodities. The total amount of loans to be offered by South Korea can be divided into approximately 400 billion

won per year if it takes 9 years to complete the construction work.

To raise funds for the reactor project, South Korea revised 'the South-Korea Cooperation Fund Law' (May 25). The South Korean government has decided to raise funds for the project by levying additional electric charges (September 10). The South-North Cooperation Fund planned to collect 3% additional electric charges to provide loans to KEDO, but it decided to raise a fund of 330 billion won needed for 1999 by issuing national bonds. It also decided to determine the timing of collecting additional electric charges after the economic situation recovers, and collect the charges for five years, after which it will reconsider whether or not to collect continuously. But the revised South-North Cooperation Fund Law was not passed by the National Assembly as of December 15, 1999.

In addition to this, the United States' program of supplying heavy oil to North Korea had undergone difficulties due to opposition from Congress. The U.S. Congress slashed the total amount of the budget of 35 million dollars for supply of heavy oil to North Korea (September 17, 1998). The same amount as this budget was revived in the 1999 fiscal year, but its execution was subject to clarification of the suspected Kumchang-ri underground facilities. The U.S. Congress also made conditional the implementation of the U.S.-North Korea Geneva accord by both parties and the achievement of satisfactory results in restraining the development and export of missiles by North Korea. Fulfillment of these conditions were obliged to be reported to Congress. As surveys conducted in May on the underground facilities in Kumchangri proved that they had no relation with nuclear development, the U.S. administration was given a free hand to supply heavy oil to North

Korea. As of early November 1999, the United States had supplied 500,000 tons of heavy oil to North Korea as scheduled, and the total quantity of heavy oil provided by the United States reached 2.15 million dollars since the Geneva agreement was signed.

In relation with North Korea's move to test an additional missile, the Japanese government took the most stern position. In July, the Japanese government warned that it would halt payment of its allotment for construction of the light-water reactor if North Korea launches a missile again. The Japanese position is different from the one maintained by South Korea and the United States that maintain support for the light-water reactor project through KEDO even if North Korea tests a missile again. After the launch of a missile by North Korea, Japan applied sanctions on North Korea in 1998 (such as suspension of negotiations for normalizing relations with North Korea, freezing of food support, and the halt of operations of chartered planes), and postponed the signing of the document providing for the financial allotment of the light-water reactor project. Persuaded by the United States, Japan signed the document (October 21, 1998). Following North Korea's decision to put off an additional launch of a missile based on the U.S.-North Korean agreement made in September in Berlin, Japan decided to lift sanctions against North Korea and continue support for the light-water reactor project.

To provide legal grounds for the implementation of the light-water reactor supply pact, KEDO and North Korea have been negotiating for subsequent protocols. As of the time of this writing, 6 protocols were concluded, 2 are under negotiation and negotiations for 7 other protocols are yet to be initiated. In January and April, 1999, the two

parties negotiated the protocol for training programs. The Korea Institute of Nuclear Safety announced that it would take charge of the safety management of the reactor during the period of its construction (June 17).

In 2000, major construction work for the light-water reactor are expected to be implemented, which will result in an increase in personnel and material exchanges between the two parties. And, as long as North Korea refrains from the launching of another missile, the United States is anticipated to supply heavy oil to North Korea steadily.

However, the successful implementation of the light-water reactor project requires solutions to a large number of technical problems. For instance, a contract with the Export/Import Bank of Japan for a loan of 1 billion dollars for construction work was not completely resolved. It is probable that the purchase contracts for major components, in which enterprises from KEDO member nations are interested, will affect the progress of the reactor construction project. And negotiations with North Korea for 7 protocols, including the training of operators of the nuclear power plant and disposal of used fuel, are expected to encounter difficulties.

4. Exchanges and Cooperation

A. Economic Cooperation

<Inter-Korean trade>

Inter-Korean trade in 1999 was largely invigorated compared with

that of 1998, which was affected by the IMF (International Monetary Fund) bailout system. Inter-Korean trade, which marked a record of 308.34 million dollars in 1997, reached 221.94 million dollars in 1998, a decline of 28% from 1997, due to hikes in the foreign exchange rate and a shrink in domestic demand caused by an overall economic crisis in the South. But it began to recover in 1999 and posted 287.68 million dollars during the first 10 months, an increase of 59.7% over the same period of the previous year. Since this figure represents a rise of 3.9% over the same period in 1997, a year which marked record high trade revenue, inter-Korean trade in 1999 is estimated to have reached approximately 320 million dollars.

It is noteworthy that exports to North Korea accounted for 67.2% of the total inter-Korean trade, while imports from the North took 32.8%. This phenomenon has continued since 1998 (imports 41.5%, exports 59.5%), which was largely attributed to an increase in trade of non-commercial products, such as the donation of heavy oil and fertilizer to North Korea, shipment of machinery and equipment needed for construction work of the light-water reactor and development of sightseeing tour facilities in Mt. Kumgang, as well as shipment of base materials, parts and facilities for the entrusted assembling of industrial products in the North.

Accordingly, inter-Korean commercial trade was posted at 150.68 million dollars (imports of 94.28 million dollars, exports of 56.41 million dollars) between January and October 1999, a rise of 29.4% (imports 26.4%, exports 34.8%) over the same period in the previous year. This figure accounted for 52.4% of the total trade amount for the year between the two sides. It is analyzed that the increase in

imports was attributed mainly to imports of assembled industrial products and agricultural commodities, and the lower increase in imports compared with exports was due to the fact that the number of product items and quantity that could be imported from North Korea was limited.

<Table III-4-1> Trends of Inter-Korean Trade

(unit: \$1,000)

year	import			export			total		
	deals	product items	amount	deals	product items	amount	deals	product items	amount
'89	66	25	18,655	1	1	69	67	26	18,724
'90	79	23	12,278	4	3	1,188	83	26	13,466
'91	300	44	105,719	23	17	5,547	323	61	111,266
'92	510	76	162,863	62	24	10,563	572	100	173,426
'93	601	67	178,167	97	38	8,425	698	101	186,592
'94	827	73	176,298	495	92	18,249	1,322	159	194,547
'95	1,124	105	222,855	2,720	174	64,436	3,844	265	287,291
'96	1,648	122	182,400	2,980	171	69,639	4,628	280	252,039
'97	1,806	140	193,069	2,185	274	115,270	3,991	385	308,339
'98	1,963	136	92,264	2,847	380	129,679	4,810	486	221,943
'99.1	2,392	162	94,399	2,863	368	193,283	5,255	488	287,683
~10	(1,561)	(117)	(74,616)	(2,339)	(338)	(104,427)	(3,800)	(432)	(179,043)

Note: 1: Figures in () are data of the same period of 1998.

2: Rice support to North Korea worth \$237.213 million is excluded from the total trade amount in 1995.

In inter-Korean trade, South Korea appeared to have posted a surplus after 1998, but the surplus was merely a nominal figure, and South Korea posted a deficit in reality. In 1999, the actual trade balance of South Korea showed a deficit of 37.87 million dollars as of the end of October.

As of the end of October, textiles, agricultural, forest and marine products, which largely increased in volume from the previous year, took the largest share in total imports. Imports of textiles accounted for 38.9% of the total, showing a decline compared with 43.8% in the same period of the previous year, but it increased by 12.3% in quantity. Imports of agricultural, forest and marine products represented 36.5% of the total, an increase not only in proportion, which accounted for 21.7% in the same period of the previous year, but also in quantity with a high growth rate of 112.5%.

In exports, non-metal minerals (25.5%), chemical products (21.8%), textiles (15.7%), and machinery and vehicles (13.1%) took a large share of the total. Bunker C oil accounted for 20.5% of the total non-metal minerals, and compound ammonium sulfate and urea fertilizers took 19.8% of the total chemical products. Of these products, heavy oil for the light-water reactor construction project and fertilizers took a large portion.

In relation to the approval of trading products, the two parties readjusted a part of items to be included in the list of products for approval. Instead of excluding croakers (frozen) from the list of products for approval, they added four items to the list of products for approval, including pocket lighters, rice straw and two kinds of blue crabs. The readjustment was made in consideration of reducing

effects on the South Korean industry, prevention of epidemics and illegal imports, and protection of manufacturers. Consequently, the number of product items required to obtain approval for importing increased from 178 to 182.

The number of trading companies and product items also increased continuously. The number of trading firms reached 378 in 1998, a decrease of 14.5% from the year before, but in 1999 it increased to 490 as of the end of October, a rise of 29.6% from the previous year. Despite the recession in 1998, the number of product items increased to 485 from 385 in 1997, and it grew to 488 in 1999 as of the end of October.

<Entrusted production>

Inter-Korean trade in the entrusted production sector recovered in 1999 to a level higher than 1997, reaching \$82.71 million during the first 10 months in 1999. It is estimated to have posted nearly \$100 million by the end of the year. Trade of entrusted production increased by 38.3% from the previous year, accounting for 28.8% of the total inter-Korean trade of the year (\$36.22 million). Textile products accounted for a dominant proportion of entrusted production trade. It took 82.2% of the total in imports and 69.6% in exports. Inter-Korean trade of entrusted production showed a typical format of trade between an advanced nation and a developing country in which the former manufactures or assembles products in the latter, taking advantage of using the latter's low wages.

The number of companies that participated in entrusted production trade and that of product items showed continued growth.

The number of firms increased from 72 in 1998 (48 firms in 1997) to more than 130 as of October 1999. And the number of product items increased from 144 in 1998 (98 in 1997) to 169 as of October 1999.

Meanwhile, the South Korean government revised (August 11) the guideline for approval procedures on products and materials eligible for inter-Korean trade and on their import/export procedures, allowing companies to bring in and out materials, equipment and finished products without obtaining itemized approval from the Minister of National Unification even if the deals are in leasing or free supply format.

<Table III-4-2> Status of Entrusted Production Trade
(unit: \$1,000)

year	import	export	total
'89	0	0	0
'90	0	0	0
'91	0	0	0
'92	638	200	839
'93	2,985	4,023	7,008
'94	14,321	11,343	25,663
'95	21,174	24,718	45,892
'96	36,238	38,164	74,402
'97	42,894	36,175	79,069
'98	41,371	29,617	70,988
'99.1~10	44,078 (34,308)	38,631 (25,510)	82,709 (59,818)

*Note: Figures in () are data in the same period of 1998.

<Economic cooperation>

In general, inter-Korean economic cooperation did not produce a substantial outcome in 1999, except for the Mt. Kumkang sightseeing tour programs. Although the conditions for promoting economic cooperation improved by simplifying administrative procedures and formalities based on measures to boost inter-Korean economic cooperation taken in April 1998, several incidents like the west coast collision and detainment of a Mt. Kumkang tourist by the North refrained South Korean industries from entering the Najin-Sunbong economic zone, which North Korea opened for foreign industries. The Mt. Kumkang sightseeing tour project is quite significant in that it opened a new era for inter-Korean economic cooperation. But it led inter-Korean economic cooperation to be dominated by a small number of large enterprises in limited areas, resulting in an effect that other smaller cooperative projects were comparatively neglected.

Haeju Inc. and Pyongwha Automobiles obtained licenses as new cooperation companies in January and August, respectively. Haeju collaborated with North Korea's Kwangmyungsung Corporation in producing and marketing marine products. In the cooperation, Haeju is providing ships and fishing expertise, while its North Korean partner is responsible for fishing works, storage of marine products, and operation of freezing warehouses. The period of this cooperation is 5 years and its capital amounts to \$2.99 million. Pyongwha Automobiles plans to construct a joint-venture car repair and assembly plant with Chosun Ryonbong Inc. of North Korea with capital of \$300 million (investing \$5.8 million in the first phase project).

Only these two companies obtained approval for bi-lateral

cooperation in 1999, which is a sharp decrease from the previous years. Government authorities approved 16 companies for inter-Korean cooperation in 1997 and 13 in 1998. The total number of companies that obtained approval for cooperation as of this date reaches 42. As of the end of October 1999, 15 cooperation projects were approved, but none in 1999.

In 1999, the government authorities approved revisions on the Mt. Kumkang sightseeing tour project of the Hyundai Group (January 15), the agricultural cooperation project of the International Corn Foundation (March 25), and support of the Korea Electric Power Corp. (KEPCO) for construction of the light-water reactors. The Mt. Kumkang sightseeing tour project was changed from a joint venture to a single investment by Hyundai, and the agricultural cooperation program of the International Corn Foundation was expanded to develop new corn seeds. The amount of funds to be provided by KEPCO for the light-water reactor project increased from \$45 million to \$114.308 million.

The Mt. Kumkang sightseeing tour project expanded its operations to include a hotel, beach resort, hot spring and ski resort, and the investment amount increased from \$95.83 million to \$100.33 million, by taking over \$4.5 million, which was originally planned to be invested by North Korea. Business areas also expanded to comprise the inner Mt. Kumkang, Tongchun and Sijungho regions. Hyundai was awarded the right to exclusively develop and use these regions for 30 years, including land and facilities. The North Korean counterpart of the International Corn Foundation was changed from the Agricultural Science Research Institute to the Agricultural Science

Institute. Its investment increased from 3.09 billion won to 11 billion won, and farming area expanded from 1,000 ha to 10,000 ha.

In other cooperation projects, the once suspended joint venture between Taechang and its North Korean counterpart for developing underground water in Mt. Kumkang, and another one between the 'Korea Green Cross Corporation' and North Korea for producing thrombosis medicine resumed. These two joint venture firms are expected to begin operation in early 2000. The Korea Tobacco and Ginseng Corporation agreed with North Korea's Kwangmyungsung Corporation (October 29) to produce and sell cigarettes with a joint brand name of South and North Korea. Hyundai Asan and Ilsin Chemical have started to produce vegetables with Chosun Mt. Kumkang Sightseeing Corporation at Onjungri, Kosung County in North Korea, and are supplying them to Mt. Kumkang sightseeing operations and excursion steamers.

It is analyzed that the reduction in the number of inter-Korean cooperation approved by the government authorities was because North Korea took the position of maintaining direct relations with South Korean private companies, shunning the government. Currently, the most noteworthy ongoing project is the plan for constructing an industrial complex on the west coast, which is under negotiations between Hyundai's honorary chairman Chung Joo-young and chairman of the North Korean Asia-Pacific Peace Council Kim Yong-soon. After signing an agreement (September 28), Hyundai and its North Korean counterpart are conducting surveys in search of the most ideal site, which is yet to be decided. It is foreseeable that the industrial complex construction project will materialize sooner or later since North Korea is deeply interested in it.

<Table III-4-3> Companies Approved for Inter-Korean Cooperation
(As of November '99)

(unit: \$10,000)

company	business	investment amount	approved date
Daewoo	· Production of underwear, bags, jackets - Nampo Industrial Complex * Jan.26,'96-Founded Mirjok Industry Corp. * June '96-Began remitting investment funds	512	May 17, 1995
Taechang	· Development of underground water in Mt. Kumkang	580	May 22 1997
Korea Telecom	· Communication service in support of light water reactor construction project		Aug. 1 1997
Korea Electric	· Support for construction of light water reactor (PWC)	4500→ 5,346	Aug. 16 '97 →Oct. 16 '97
Korea Exchange Bank	· Opening branch on site of light water reactor		Nov. 6 1997
Korea Green Cross Corp.	· Production of thrombosis medicine	311	Nov. 14 1997
Aja Communication	· Production of film for TV and other media advertisements featuring North Korean landscapes	25 per film	Feb. 18 1998
Mihung Food Industry	· Collection, processing and market of North Korean marine products	47	Mar. 3 1998
International Corn Foundation	· Tests on producing new corn seeds, selection of ideal arable land, and joint development of new seeds	₩ 3.09 bil. (22) → ₩11 bil.	Jun. 18,'98 → Mar. 25,'98
Dure Village	· Joint operation of farms and contracted production	220	Jul. 27 1998
Taeyoung Marine Industry /LG International	· Growing and production of scallops and related business	65	Aug. 28 1998
Korea Land	· Development of real estate in North Korea, rental, sale and consulting	60	Aug.28,'98
Hyundai Marine Merchant /Kumkang Development Industry /Hyundai Asan	· Mt. Kumkang sightseeing tours (Sep. 7, '98) · Hyundai Construction Expansion of roads for Mt. Kumkang sightseeing tour (Jan. 15,'98) - first phase project ('98-June '99) - Construction of quay, lounge, performance hall, restaurant, store and hot spring (joint venture → independent investment)	9,583 → 10,033 * take over 450 invested by North Korea	Sep.7, '98 Jan. 15, '99

Paeksan Industry	· Production of mushroom embryos to distribute in S. Korea, and production of mushrooms for export	81	Oct. 28 1998
Hyundai Electronics /Korea Telecom /Onse Telecom	· Communication projects for Mt. Kumkang sightseeing tour (1st phase: construction of lines between Onjungri and Jangjun, installation and operation of inter-Korean communication networks via third country)	13 (1st phase)	Nov. 11 1998

*Material: Ministry of National Unification

The South Korean government held the 60th meeting of the Inter-Korean Exchange and Cooperation Promotion Council (October 21) and resolved the guideline for support to the inter-Korean exchange and cooperation fund. According to the guideline, investments in North Korea, inter-Korean trade and pilot and strategic entrusted production businesses as well as such programs that can help improve the situation of inter-Korean economic cooperations are eligible for financial support. The guideline stipulates that the financial support (loans with annual interest of 6% for up to 7 years) will be provided within 50% of the total budget of a program in Korean currency, under the condition that the loan should not exceed the amount after deducting funds raised by itself or received from North Korea or financial organizations in a third country in loans.

In inter-Korean economic exchange and cooperation in 2000, first, commercial trade is expected to make a limited increase in areas other than entrusted production trade. The slow commercial trade between the two parties is attributed to a shortage of foreign exchange in North Korea and excessive transportation costs. Second, entrusted

production in North Korea is predicted to expand a little. It is anticipated that its expansion will be limited because of declining profitability due to high transportation expenses and a rise in wages affected by a hike in the foreign exchange rate. Third, non-commercial exports will increase steadily. Exports of material and equipment for the construction of the major facilities of the light-water reactor, as well as for facilities for the Mt. Kumkang sightseeing tour programs, is expected to expand continuously. Fourth, it cannot be ruled out that the project of constructing an industrial complex on the west coast may be promoted, opening a new era in inter-Korean economic cooperation. And it is predicted that investment in North Korea by South Korean enterprises will be invigorated backed by low-interest loans from the government-supported inter-Korean exchange and cooperation fund.

B. Socio-cultural Exchanges

Exchanges in the socio-cultural field, which have been increasing since the commencement of the new 'people's' government, slightly decreased in number in 1999 compared with that of 1998. However, socio-cultural programs exchanged in 1999 were more significant than before in their contents, while the Mt. Kumkang sightseeing tour program expanded steadily. As of November 1999, by which the Mt. Kumkang sightseeing tour project reached its first anniversary, the number of tourists exceeded 140,000, a different phenomenon from the past. A new trend in socio-cultural exchanges was reflected in a steady expansion in cooperative programs in this area, too.

Particularly, despite unfavorable incidents like the west coast collision and the detention of a Mt. Kumkang tourist, socio-cultural exchange and cooperation was not interrupted. Obviously, this was a phenomenon that could not be found in the past, when they were intermittently implemented according to political changes.

During the period between June 1989 and September 1999, inter-Korean exchanges were made in educational and academic fields (145 programs, 1,911 persons), the religious area (111 programs, 867 persons), culture and arts (85 programs, 675 persons), sports (57 programs, 517 persons) journalistic and publication areas (53 programs, 146 persons), tourism industry (47 programs, 145 persons) and science and environment fields (42 programs, 278 persons). But these figures are incomparable with the enormously large number of Mt. Kumkang tourists. Although a small number of selected North Korean workers and guides are deployed in Mt. Kumkang, the sightseeing tour program in that part of North Korea can be evaluated as to have made an epochal turning point in personnel exchanges between the two parties since a large number of South Korean people can visit a region in North Korea any time. The sightseeing program is also highly significant on the socio-cultural standpoint because the perception of South Korean tourists of North Korea conspicuously changed, and it is expected that the attitude of North Korean people will be changed in the long run.

In 1999 (as of the end of September), the number of contacts between the people of the two parties decreased compared to that of in the previous year, including religion (17 programs), culture and arts (17 programs), sports (13 programs), education and academia (12

programs), tourism industry (6 programs), journalism and publication (8 programs), science and environment (5 programs).

In the religious sector, representatives from religious circles in South and North Korea and Japan held a conference in Beijing (April 25~27) under the topic of the "Role of Religionists for the Unification of Korea". In the conference, the religionists announced 'the 1999 Beijing declaration', urging believers to make efforts for unification. As they did in the previous year, South Korean religious people continued to visit North Korea, while contacting people there. A six-member delegation from the western region chapter of the Korean Methodist Church Association led by ministers Kim Myung-ki and Eun Hi-kon visited North Korea (May 18~25) and discussed with leaders of the North Korean Christian Federation ways to establish a third church in Pyongyang and supporting Pyongyang Seminary. At the invitation of the North Korean Buddhist Federation, two Buddhist priests, Jisun and Myungjin, from the Racial Harmony Promotion Committee of the Korean Buddhist Fraternities Association visited North Korea (May 25~June 1). This was the first official visit to North Korea by representatives from the Korean Buddhist Fraternities Association. Leaders of the South Korean Chundokyo religion had a meeting in Beijing with their counterparts in North Korea (August 24~26) and agreed to organize a standing consultation organization through which the two parties will discuss matters on a joint survey of historical places of the Donghak Revolution and other joint programs.

In the culture and arts area, 'the Peace and Friendship Concert 2000' was held at Bongwha Theater in Pyongyang (December 5),

participated in by popular singers from South and North Korea and Roger Clinton, the brother of U.S. President Bill Clinton, following a performance in Pyongyang by the Little Angels, a traditional music and dance troupe in South Korea, in the previous year. Sending its correspondent in Hong Kong to Pyongyang (November 30~December 7), CNN of the United States covered the concert at Bongwha Theater and the activities of Roger Clinton in North Korea. SBS in South Korea broadcasted (December 10) recorded programs of the concert, which was jointly organized by Koraecom and North Korea's Asia-Pacific Peace Council. The cultural event, which was held under the name of Roger Clinton's concert, was participated in by a number of South Korean popular singers, such as Patty Kim, Tae Jin-a, Sul Un-do, Jeks Kiss, and Pinkle. At the invitation of Kim Yong-soon, Chairman of North Korea's Asia-Pacific Peace Council and concurrent Secretary of the Central Council of the Labor Party, 11 prominent South Korean artists, including Kwon Ok-yon (76 years old, a member of the Art Academy), visited North Korea (August 31~September 7) and travelled around scenic places, including Mt. Kumkang and Mt. Myohyang. Their visit to North Korea is quite significant in that it was the first visit to the North by a group of leaders in South Korean cultural and artistic circles after the division of the nation. Some scenic places in North Korea were introduced to the South through indirect channels such as tourists to Mt. Kumkang, but it was the first chance for South Korean painters to take a first-hand view of them. In addition, SN21 Enterprise, a performing art program organizer, and Rep. Kim Kyung-jae, a member of the National Assembly, staged an inter-Korean popular music concert and a

composite concert in North Korea, respectively, elevating the level of cultural and artistic exchanges between the two sides.

As in previous years, exchanges in educational and academic areas were made mainly in third countries. A large number of students of the two sides held a seminar in Beijing for the first time after the west coast collision. In Beijing, 203 students (143 from South Korea, 60 from North Korea) held the fifth joint seminar of students from South and North Korea (July 25~29) under the topic of "The Role of Youth for Establishing Unified Fatherland". The seminar was attended by members and professors of the World Peace Youth Union-Collegiate Association for the Research of Principle from South Korea and students and faculty members from North Korean universities, including Kim Jung-chul, advisor of North Korea's Asia-Pacific Peace Council. And environment specialists from the South and North held a conference in Beijing (September 27), which was attended by Chang Joon-kap, deputy director of the Forest Protection Research Institute in the North Korean Ministry of Land Environment Protection, and representatives from 'the Forest of Peace', an organization supporting the protection of forests in North Korea. In the conference, North Korea requested various equipment and materials needed for growing trees in North Korea. The fourth international seminar on the computerization of Korean language was held in Yanbian (August 13~15), attracting attention as an exemplary event in inter-Korean joint academic study. At a conference hall in the Yanbian post office, scholars from the two sides held a reception commemorating publication of an inter-Korean common dictionary of computer terminologies. It was an outcome of a joint research project

which took five years. It contains about 2,500 computer vocabulary words selected by scholars from the two sides based on Article 2382 of ISO and their explanations. It also includes an index written in the Korean, Chinese and Japanese languages. The Korean Language Information Society plans to hold a seminar on the topic of the computerization of Korean language in 2000 in a place other than Yanbian.

In the sports sector, conspicuous inter-Korean exchanges were made in 1999, recording the first cross visits between the two sides after 1990. Men and women's basketball teams of the Hyundai Group visited North Korea (September 28-29) and participated in 'Unification Basketball Games', meaning goodwill basketball games between the South and the North. The two parties held soccer games in Seoul (October 1990) 9 years before the basketball games. The two parties agreed to expand goodwill sports games to volleyball and table tennis, holding these games regularly every six months in Seoul and Pyongyang in turn. And a team from the Korean Confederation of Trade Unions participated in workers' soccer games held in Pyongyang (August 16). It is meaningful that it was the first soccer game held between workers of the South and the North after the division of the Korean peninsula. The President of the Korea Soccer Association and concurrently Vice Chairman of FIFA Chung Mong-joon visited North Korea (November 15-18) at the invitation of the North Korean Asia-Pacific Peace Council and discussed subjects of mutual interests, such as holding a part of World Cup soccer games in 2002 in North Korea, exchanges of soccer games between the two sides, and the founding of regularized international soccer games

among the four northeast Asian nations which could substitute for Dynasty Cup soccer games.

In the mass media field, visits to North Korea by newspaper reporters sharply increased in 1998, but in 1999, basketball games held in Pyongyang were relayed on TVs to South Korea either live or by recorded film, laying the groundwork for exchanges in the broadcasting area. Although the TV broadcast was made by converting North Korea's PAL mode to NTSC mode, it is meaningful in that it opened exchanges in the broadcasting field in a real sense.

SBS also recorded scenes of the 'Peace and Friendship Concert 2000' (December 5) using broadcast equipment of North Korea's Central TV, and broadcasted its program in South Korea (December 10). It is expected that the government's announcement of a measure (October 22) allowing South Korean people to view North Korean satellite TV broadcasts will work affirmatively for invigorating exchanges in this area. Based on this measure, South Korean mass media are able to use North Korean satellite TV programs for their purposes, while individuals can view these TV programs freely using antennae and converters.

In line with an expansion of exchanges and cooperation in the socio-cultural sector in 1998, the two sides concluded the Mt. Kumkang sightseeing tour project, which was followed by a cruise of the first excursion ship (November 18, 1998), carrying South Korean tourists to Mt. Kumkang. As of November 1999, more than 140,000 individuals visited North Korea for sightseeing purposes, marking a milestone in the socio-cultural aspect. Therefore, it is expected that the Mt. Kumkang sightseeing tour project will have a great effect on

socio-cultural exchanges between South and North Korea. And, it is predicted that sports exchanges will be expanded since Hyundai is constructing a gymnasium in Pyongyang based on the agreement between the Hyundai Group and the North Korean Asia-Pacific Peace Council, and the two parties are seeking to expand exchanges in sports after a visit to Pyongyang by Hyundai's basketball team.

Inter-Korean socio-cultural exchanges and cooperation in 1999 were somewhat reduced in terms of volume. Especially, no personnel exchanges were made during the first half in educational-academic, cultural-artistic, journalistic and publication fields, which were active in the previous year, except for visits to North Korea by athletes and leaders in the religion, science and environment sectors. South Korea sought to promote exchanges and cooperation programs in socio-cultural fields in 1999, but they ended with little result. The reason is mainly to the attitude of North Korea in that it was not enthusiastic about less profitable areas like socio-cultural exchanges and cooperative programs, based on their experiences. During the first half of 1999, three organizations in South Korea obtained licenses for socio-cultural exchange programs, and one program was approved. In sum, exchanges and cooperation in the socio-cultural field in 1999 made substantial progress in terms of quality, while expanding into different areas.

It is expected that the South Korean government will consistently pursue its policy toward North Korea in 2000 stressing a wider contacts, dialogues and cooperation with the North, and demands for exchanges and cooperation in the civilian sector will increase. And a favorable environment is anticipated to be formed for the expansion

of socio-cultural exchanges as the Mt. Kumkang sightseeing tour project got on a stable track. In 2000, exchanges of cultural and artistic programs that have commercial value as well as sporting exchanges are predicted to be invigorated in general. In particular, it is anticipated that a large number of tangible achievements in the sports sector will be made, including the resumption of inter-Korean basketball games, construction of a gymnasium in Pyongyang by Hyundai, and talks on the a joint hosting of the World Cup soccer game in 2002. In general, socio-cultural exchanges and cooperation will be expanded to broader areas on an improved level, particularly in relation to the Mt. Kumkang sightseeing tours. But the North Korean regime is concerned about the possibility of social instability caused by the influx of new culture from outside, and it is more interested in the economic aspects of socio-cultural exchanges and cooperation, resulting in a negative effect on their progress. In this vein, North Korea is expected to respond selectively to socio-cultural exchange and cooperation, while demanding unreasonable compensation.

5. Humanitarian Issues

A. The Human Rights Issue

In its 'Evaluation on the Global Freedom Situation 1998-99' (December 4), Freedom House, a human rights organization in the United States, classified the North Korean freedom situation as the lowest level in the world, pointing out that not even basic elements

for a society exist in North Korea. Human rights in North Korea fell into the worst situation in which even the people's right to live is severely jeopardized due to an absolute shortage of food rations caused by the economic and food crises.

Under the slogan of 'Forced March and Self-revival', the North Korean regime left the people alone asking them to support themselves without rations from the government. It transferred the slogan of self-revival from the national economic development strategy to individual citizens. Although their figures differ from each other, many organizations and agencies estimate that an enormous number of North Korean people have died of starvation since 1994.

Due to aggravated economic difficulties, the situation of medical care is serious. Due to a shortage of medicine, hospitals can only diagnose patients and make prescriptions without providing them with medicine. Even simple medical instruments like injectors and clinical thermometers are in serious shortage. In many cases, patients have to buy necessary medicine in markets. About 70 tuberculosis sanatoria, which are known to be accommodating at least one million patients, are not heated in winter forcing a large number of patients to return home. It is presumed that the infection ratio of not only epidemics like paratyphoid and cholera but also tuberculosis is very high due to water pollution caused by the economic crisis.

Seriously unfavorable living conditions in North Korea forced the people to flee to China, whose human rights conditions are in a seriously deteriorated situation. 'Good Friends' conducted a five-month survey (November 6, 1998~April 3, 1999) on the situation of North Korean exiles in 2,479 villages in 29 cities and counties of China's

northeastern provinces. The organization estimated that the number of North Korean escapees in these villages ranges between 140,000 and 200,000. If North Korean teenagers wandering around China are added, the number of escapees is estimated to reach more than 300,000. Since they have to survive evading the danger of arrest, the escapees are not only suffering from exploitation of labor and destroyed health but also are exposed to various crimes, such as human trade, robbery, theft and murder. The most uneasy element confronted by these escapees is forced repatriation to North Korea, and the number of defectors who were sent back to the North reached 1,857 from Yanbian and 584 from three northeastern provinces, according to Good Friends.

The number of North Korean defectors who came to South Korea increased. In 1999, 136 (as of December 10) escapees came to South Korea, doubling that of the previous year.

International society showed continued interest in human rights issues in North Korea. Following the announcement of a special report on North Korea's open execution cases by Amnesty International (January 22, 1997) and adoption of a resolution on North Korean human rights issues by the United Nations Human Rights Subcommission (August 19, 1998), 21 leading intellectuals in Europe announced 'a declaration on North Korean' (March 10), arousing the interest of intellectuals around the world. South Korean Minister of Foreign Affairs and Trade Hong Soon-yung raised the issue of North Korean defectors in his special address made at the 55th United Nations Human Right Committee (March 25, Geneva), which was the first official statement by the South Korean government on that issue.

'The Citizens' Alliance to Help Political Prisoners in North Korea' held its first civilian-level international conference at Ewha Women's University (November 3~5) under the topic "Human rights in North Korea-problems of refugees".

And yet, human rights issues in North Korea remain hidden because its society is closed and the international community, including the United States, is dealing with the issue with political considerations. The international community showed more interest in restraining the threatening actions of North Korea, such as the development of nuclear weapons and missiles, rather than in exercising influence on its human rights situation.

In light of the characteristics of the North Korean system, it seems to be difficult to anticipate any improvement in its human rights situation in 2000. Unless the difficult economic and food situation in North Korea is fundamentally solved, the threat on the rights of the North Korean people to live is expected to continue, and its medical situation will worsen. Despite a slight improvement of the food situation owing to an increase in grain output and support from the international community in 1999, the number of deaths from malnutrition and disease is predicted to increase.

But the open execution of criminals will gradually be reduced due not only to pressure from international society but also because of unfavorable changes in the people's attitude towards it. The North Korean regime began to realize that open executions cause an increase in imitated crimes, sympathy for the executed, and repulsion of government authorities.

Since it is seeking to promote its cooperation with the United

States, Japan and Europe, North Korea may possibly show a progressive attitude toward human rights issues, recognizing the interest of the international community in human rights problems.

B. Support to North Korea

The international community provided support to North Korea equalling a total value of \$1.43 billion between June 1995 and the end of 1999. In 1999, the international society provided North Korea with combined support (\$579.56 million), direct support by individual nations (\$403.16 million) and support through civilian organizations (\$94.62 million).

The South Korean government and civilian organizations played important roles in offering support to North Korea. The amount of support provided by South Korea reached \$360.37 million, accounting for 25% of the total support to North Korea (See <Table III-5-1> and <Table III-5-2>). Joining in the support programs of the international community, the South Korean government, on a humanitarian standpoint, provided North Korea with support at a total value of \$300.97 million during a period of four and a half years (June 1995~October 31, 1999) through WFP, IFRC, UNICEF and the Korea Red Cross. In 1999, both the South Korean government and civilian organizations offered relief supplies to North Korea at a total value of \$44.44 million. Relief materials included fertilizer provided by the government, corn, flour, seed potatoes, clothes, medicine, medical equipment and ambulances.

In order to encourage support to North Korea on a civilian level,

the South Korean government allowed diversified support channels (February 10). After announcing 'a guideline for invigorating civilian-level support for North Korea' (March 18, 1998), the South Korean government allowed civilian organizations to offer support to North Korea individually (September 18, 1998) through the Korea Red Cross. In implementing support programs, the Red Cross takes charge of support procedures (transmission of memoranda to North Korea and attachment of labels) while civilian organizations assume responsibility for purchase of support materials, transportation and monitoring. But civilian support through the Korea Red Cross was evaluated to be inefficient, whereas civilian organizations have wanted to make direct contacts with North Korea.

So the South Korean government changed the procedure for civilian support to North Korea to diversify support channels. The government authorities allowed civilian organizations to provide support to North Korea individually after evaluating the legitimacy and specialty of their materials, and their ability to secure transparency in the distribution of supported materials.

After the change of procedure for civilian support to North Korea, a large number of organizations implemented their support programs autonomously. Most active among them were nine organizations such as the Headquarters of the Movement for Helping Each Other Among Brethren, Korea JIS, Catholic National Reconciliation Council, Korea Neighbor-Loving Association, Federation of Supporters for North Korean Brethren, Group of Rotary Club Presidents in Korea, World Vision, Eugene Bell Project, and the International Corn Foundation. These organizations provided North Korea with materials, including

clothes and foods, at a total value of \$2.53 million. At the same time, 16 other organizations offered support to North Korea through the Korea Red Cross, worth about \$1.67 million.

Support materials for North Korea are expected to expand in 2000. The South Korean government clearly allows civilian support to the North without any conditions based on the autonomy of civilian support organizations and humanity-oriented love for brethren. And more than a score of private organizations are supporting North Korea continuously.

Support for agricultural development and health and medical care are also anticipated to expand. To help North Korea solve food problems fundamentally rather than providing consumable foods, a consultative body of civilian organizations for supporting North Korea was founded (April 29).

<Table III-5-1> Support to North Korea by International Community (June 1995~November 31, 1998)
(Unit: \$10,000)

	period	amount	conduit organization	remarks
South Korean government	'95~'98	27,272	UN org and direct support	rice, grains
	'99	2,825	direct support	11.5 tons of fertilizer
	subtotal	30,097 (₩26.07 bil.)		
South Korea NGOs	Sep. '95~Dec. '98	4,321	IFRC Korea Red Cross	corn Korean cattle
	Jan. '99~	1,619 (₩19.4334 bil.)	Korea Red Cross /independent	grains and others
	subtotal	5,940 (₩66.6 bil.)		
UN organization	Sep. '95~Dec. '98	41,765		
	Jan. '99~	20,263		
	subtotal	62,028		S. Korea 4,072 others 57,701
International Red Cross	Oct. '95~Dec. '98	3,777		
	Jan. '99~	420		
	subtotal	4,197		S. Korea 496 others 3,701
Individual nations	Sep. '95~Dec. '98	25,216		
	Jan. '99~	15,100		
	subtotal	40,316		excluding S. Korea
International NGOs	Sep. '95~Dec. '98	5,689		
	Jan. '99~	72		
	subtotal	5,761		excluding S. Korea

*Applied exchange rates the time of support. Amount of support by international organizations is based on their announcement.

<Table III-5-2> Support to North Korea in 1999

(Unit: \$10,000)

	amount	remarks
South Korea government	2,825	<ul style="list-style-type: none"> - direct support of 115,000 tons of fertilizer *₩33.9 billion (\$1=1,200 won) *Korea Red Cross and government's support (Mar. 30~June 22), total 1550,000 tons, worth ₩46.2 billion)
South Korean NGOs	1,619	<ul style="list-style-type: none"> o Support of fertilizer by Korea Red Cross (Mar. 30~June 5): 40,000 tons, worth 12,333 million won o Channel of Korea Red Cross(3rd additional support): 20 organizations, 2,776.81 million won <ul style="list-style-type: none"> - flour-2,746 tons, corn-3,015 tons, dry milk-42 tons, sugar-65 tons, seed potatoes-150 tons, medicine and clothes o Independent channels (Feb. 10~): 9 organizations, 4,323.63 million won <ul style="list-style-type: none"> - Federation of Supporters for North Korean Brethren: clothes-2,027 boxes, flour-1,000 tons, fertilizer-100 tons, sprays-1,000 units, shovels-5,000 units (1,070.94 million won) - Eugene Bell: X-ray vehicle-1 unit, super sonic diagnosis system-4 sets, tuberculosis treatment equipment, tonic(1,185.64 million won) - Korea Neighbor-Loving Association: milk sterilizing tank-2 units, cream segregating equipment, veterinary medicine (32.85 million won) - Korea JIS: dental treatment equipment, fertilizer-384 tons, sugar-42 tons, powdered milk-20 tons (289.31 million won) - World Vision: medicine, greenhouse materials, seed potatoes-1.5 tons (277.37 million won) - Headquarters of the Movement for Helping Each Other Among Brethren: clothes, medicine, corn- 1,000 tons, 450 milk goats (1,192.21 million won) - Group of Rotary Club presidents in Korea: ambulance-2 units, medicine(40.31 million won) - International Corn Foundation: seed potatoes-10 kinds(1 million won) <p>*cooperation programs worth 1.4 billion won are excluded.</p>

		- Catholic Racial Reconciliation Council: fertilizer -1,000 tons(234 million won) *Exchange rate: \$1=1,200 won
UN organization	20,263	- U.S.-\$175 million (estimate), EU-\$7.98 million, Sweden-\$3.83 million, Canada-\$3.4 million, Australia-\$2.7 million, Norway-\$2 million, Denmark-\$1.95 million, Finland-\$720,000, Ireland-\$270,000 - results/goal-38%
International Red Cross	420	- results/goal-46%
Individual nations	15,100	- EU-\$37.4 million (Agreed in March 1999, nations including \$4.4 million carried over from previous year), U.S.-\$32 million (100,000 tons of foods+potato growing programs), Switzerland-\$3 million, China-\$78.6 million (150,000 tons of foods+400,000 tons of coke)
International NGOs	72	- NRC, VIVA

C. Separated-family Problems

The attitude of the North Korean authorities toward separated-family problems did not change in 1999. Recognizing members of separated families in North Korea as remnants of betrayers, North Korea took an antagonistic policy to them. And North Korea has been evading the separated-family issue for fear of an influx of outside information through the reunion of separated families.

Selecting the separated-family issue as the highest priority task, the current Kim Dae-jung's 'People's Government' has exerted efforts to bring about the reunion of separated families. As part of its efforts, the South Korean government accommodated North Korea's intention

to link the separated-family issue with economic support. Hence a inter-Korean vice ministerial-level meeting on the separated-family issue was held again in 1999 following the one held in 1998.

The vice ministerial-level meeting held in Beijing in 1998 (April 11~17) ended without any tangible result due to different positions. South Korea, based on the reciprocity principle, proposed that North Korea at least clarify the time for installing meeting facilities for separated families, in response to South Korea's supply of fertilizer to ease food difficulties in the North. In contrast, North Korea demanded South Korea to supply fertilizer first, and then discuss separated-family issues.

Prior to holding the following vice ministerial-level conference, the South Korean government accepted through an informal contact (June 3) North Korea's assertion to supply fertilizer first and then discuss separated-family issues. The two sides agreed to discuss separated-family issues in the vice ministerial-level meeting after South Korea initially donated 100,000 tons of fertilizer, half of the promised 200,000 tons. Although South Korea fulfilled the agreement by supplying 100,000 tons of fertilizer to the North, the meeting eventually broke down.

In the first inter-Korean vice ministerial-level meeting held in Beijing (June 22~26), South Korea proposed detailed programs for resolving separated-family issues and urged North Korea to discuss these subjects. But North Korea evaded that subject, bringing up the west coast collision and Hwang Jang-yup's interview. Especially, North Korea took the position that it needed time to handle the separated-family issue because inter-Korean relations were strained due

to the west coast collision. In the second meeting (July 1~3), North Korea argued that "it would be possible to begin discussion on the separated-family issue when South Korea would inform them of a plan for supplying the remaining fertilizer and begin its shipment". Namely, North Korea requested the supply of the remaining fertilizer without giving any specific plans for resolving the separated-family issues.

Exchanges among separated-family members through a third country increased steadily in 1999. Also, the South Korean government expanded its support for the reunion or exchanges of separated-family members on the civilian-level.

The number of exchanges or contacts among separated-family members through third countries between 1990 and November 30, 1999 includes 1,852 cases of confirmation of whereabouts, exchanges of 5,111 letters, and 444 cases of meeting in third countries. In 1999, the number of whereabouts confirmed and exchanged letters increased, and meetings of separated families in third nations increased nearly by double of that in the previous year. (See <Table III-5-3>).

<Table III-5-3> Exchanges of Separated-family Members
Through Third Countries

year	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	total
whereabouts confirmation	35	127	132	221	135	104	96	141	377	461	1,852
exchange of letters	44	193	462	948	584	571	473	644	469	595	5,111
meeting in third countries	6	11	19	12	11	17	18	55	108	181	444

After enforcing a guideline for procedures of issuing passports to aged separated-family members to visit North Korea (September 1, 1998), which stipulates registration with the government to receive passports, the South Korean government simplified procedures for exchanges, by implementing (May 25) a guideline for simplifying procedures for exchanges of separated-family members. But only five members of separated families in South Korea visited the North since 1998. The number of such separated-family members is expected to increase gradually. Although its exact aggregate will not be available, the number of visits to North Korea by South Korean businessmen who are members of separated-families will not be small.

To ease the emotional pain of separated-family members and to solve their problems practically, the South Korean government supported exchanges of separated-family members indirectly (indirect exchanges through third nations). It sought ways to establish civilian exchange channels that can help confirm life or death of family members in the North and realize meetings in third countries.

The South Korean government enacted a guideline for expenses for exchanges of separated-family members (December 15, 1998), and paid a part of the expenses needed for exchanges of separated family members in third countries. According to this provision, the government provided a certain amount of funds to separated family members who intended either to confirm life-or-death or addresses, or meet family members in the North. The guideline provides approximately 400,000 won for confirming whereabouts and 800,000 won for meeting, and double the support amount to pension recipients and families of unreturned prisoners of war.

The guideline also stipulates the support of up to 20 million won to (1) organizations that arrange exchanges of separated family members, as approved by the Ministry of Unification and (2) other organizations that contributed to fostering exchanges of separated family members ('Inter-Korean Separated-family Exchange Council', newspaper and broadcasting companies).

To support expenses for exchanges of separated-family members, the South Korean government allocated a budget of 123 million won in 1998, and 300 million won in 1999.

The South Korean government announced its policy that it will promote exchanges of separated family members at the civilian level through third countries by increasing the budget for supporting such activities in 2000. Accordingly, the number of reunions of separated family members through third countries and visits to the North is anticipated to further increase in 2000.

Also, the two sides may possibly reach an agreement in the inter-Korean vice ministerial-level talks on the confirmation of life or death of separated-family members, exchanges of letters, and exemplary reunion of selected separated-family members. But the reunion of separated-family members in a large group through institutionalized arrangements of the two governments will be hard to materialized unless the North Korean regime changes its position toward their reunion. Fearing an influx of information from the outside, the North Korean regime regards it as a political issue.

D. Unreturned Prisoners of War

The number of South Korean prisoners of war who were detained by the North during the Korean War and were not sent back reaches 19,000, according to an announcement of the Defense Ministry. Through the armistice commission, the South Korean government requested North Korea to repatriate these prisoners of war eleven times (September 9, 1953~December 14, 1964), but North Korea rejected these requests. Prisoners of war in North Korea are known to have been undergoing miserable lives, suffering from forced labor in poor environments. As a result, most prisoners of war died of disease or malnutrition, and the surviving ones had to live under surveillance and discrimination.

The real situation of South Korean prisoners of war in the North was revealed by prisoners of war who succeeded in escaping from the North and returned home. By the end of 1999, a total of eight prisoners of war returned to South Korea. In 1999 alone, three war prisoners, Sohn Jae-sul (March), Huh Pan-yung (May) and Park Hong-gil (November), returned home. Others are Cho Chang-ho (October 1994), Yang Sun-yong (December 1997), Chang Mu-hwan (September 1998), Kim Bok-gi and Park Dong-il (December 1998). As of the end of September 1999, the number of surviving prisoners of war in North Korea whose names are listed by the South Korean government reached 244. The list was made based on the witnesses of defectors and prisoners of war who escaped from North Korea.

To support funds for the housing and settlement of returned war prisoners, the South Korean government enacted and proclaimed the

'Law on Treating Korean Army Prisoners of War' (January 29). This was a measure taken for supporting settlement and self-support of the returned prisoners of war.

Until 1999, North Korea denied the existence of unreturned prisoners of war. Therefore, South and North Korea had not made any contacts for discussing matters of repatriating prisoners of war in the real sense. On the contrary, North Korea demanded the unconditional return of Communists who were released from prison, including Kim In-seo, Kim Yung-tae and Ham Se-hwan, claiming that they were prisoners of war. In the name of North Korea's Red Cross and the 'Chosun Council for Rescuing Unconverted Long-term Prisoners in South Korea, North Korea constantly sent letters to the Korean Red Cross, the UN Human Rights Commission and international human rights organizations requesting the repatriation of the communists imprisoned in the South.

President Kim Dae-jung, in his press conference held on occasion of the first anniversary of his inauguration (February 22) and remarks commemorating the Independence Movement Day on March 1, urged the setting of meetings between government authorities of the two sides to discuss subjects of exchanging South Korean war prisoners and citizens kidnapped by the North with Communists released from prison in the South. But the North Korean regime rejected this proposal, denouncing that it was a merchant's theory.

In an attempt to dilute the issues of prisoners of war and the human rights situation in the North, North Korea is expected to constantly request the return of Communists who were released from prison through varied mass media. For the repatriation of war

prisoners detained in North Korea, South Korea is anticipated to arouse the attention of the UN Human Rights Commission and International Red Cross while seeking close cooperation with international human rights organizations, including Amnesty International. Also, South Korea is predicted to deal with the prisoners of war issues through diversified channels, such as the military armistice commission, dialogues of military general-level dialogues and the four-party talks, in the long run.

6. Inter-Korean Relations in the International Arena

During 1999, South and North Korea had many chances to encounter each other at many international conferences and in international organizations. But these contacts could not help build cooperative relations between the two sides due to continued confrontation and discord or failure in making direct dialogue.

The United Nations is one of the key international arenas that offers the chance for mutual contact between South and North Korea. Prior to the 54th General Assembly of the United Nations, North Korea was selected as one of the five vice chairman nations which were allocated to Asia out of a total 21 vice chairman nations. The positions of the two Koreas conflicted with each other in the UN General Assembly in 1999, as usual. Unlike in previous years, however, North Korea tried to utilize the UN General Assembly for positive diplomacy.

In his address before the UN General Assembly (September 30), South Korean Minister of Foreign Affairs and Trade Hong Soon-young

stressed that South Korea's engagement policy toward North Korea aims to resolve issues on the Korean peninsula, the last legacy of the Cold War. It is "not intended to affect the stability of North Korea or absorb it but to help it overcome economic difficulties and to promote the coexistence and co-prosperity of the two Koreas". Minister Hong also urged the international community to support South Korea's policy, adding that "it is a policy of cooperation and generosity pursuing the coexistence of the two political systems in the course of accomplishing national unification". He encouraged the North Korean regime to solicit support from the international community to ease the serious food shortage that was jeopardizing the right to eat and the lives of its people. He also urged it to come to the table of inter-Korean dialogues for solving food problems since the South Korean government was ready to support the improvement of agricultural structures in North Korea. And then, Minister Hong called upon North Korea to abide fully by IAEA safety measures as one of the nuclear Non-proliferation Treaty (NPT) nations and to cooperate with South Korea to implement the 'Joint Declaration for the Denuclearization of the Korean Peninsula'.

In contrast with South Korea's position, North Korean Foreign Minister Paik Nam-soon, in his speech delivered in the UN General Assembly (September 25), criticized South Korea's engagement policy saying, "it is a conspiracy to absorb North Korea into its democratic system by changing North Korea, on which even South Korean officials commented in public that its present policy is the same as the U.S. peace-transition strategy that caused the Soviet Union to collapse". And he repeated its previous assertions saying that

reunification of the Korean peninsula should be realized through the (Koryo) confederal system, while concluding a U.S.-North Korea peace treaty, dissolving the United Nations command in South Korea, and repealing the national security law of South Korea. But he did not directly mention the issue of withdrawing U.S. armed forces from South Korea. Targeting the United States, Minister Paik asserted that "the assumption that the Korean peninsula will become the second Balkan peninsula is appearing as a reality, and that the human rights issue was an excuse for war on the Balkan peninsula while the missile issue is likely to be used as a pretext". However, he formerly reaffirmed the postponement of its missile test-firing stating, "North Korea is currently proceeding high-level talks with the United States at the latter's request to discuss pending issues and it will not launch missiles as long as the talks are underway. He stressed that North Korea 'would respond with sincerity' to U.S. efforts for improving relations.

On the occasion of his attendance in the UN General Assembly, Minister Paik actively contacted European nations, including Italy, Switzerland, Denmark, Austria, Finland and Norway. In his meetings with the foreign ministers of these nations, Minister Paik asked them to offer additional supplies of food, while trying to convince them of the North Korean position that the missile issue was a 'matter of sovereignty'. He also indicated in an interview with the Voice of America (VOA) (September 27) the possibility of an inter-Korean summit meeting on condition that South Korea would change its attitude toward the North.

In 1999, the IAEA treated as one of the important issues the fact

that North Korea did not fulfill its responsibility of taking nuclear safety measures. The IAEA board meeting (June 7~11, Vienna) adopted a press release explaining the situation on nonobservance of the responsibility for nuclear safety measures by North Korea, and the chairman's urging North Korea to faithfully fulfill the IAEA safety measures. In the third preparatory meeting (May 10~21, New York) for the NPT appraisal conference slated for 2000, South Korea reminded a large number of nations that it was necessary to examine the situation of North Korea's fulfillment of responsibilities for safety measures as regulated in the treaty, and emphasized that constant surveillance on North Korea by the IAEA was essential in order to prevent further nuclear development activities. The United States, Japan, Canada, Australia and Germany (representing 15 EU nations and 12 middle and east European nations), requested North Korea to fulfill the safety measures treaty early and to fully comply with proposals made by the IAEA earlier, such as the preservation of information. In the plenary session of the 54th UN General Assembly, a resolution on the IAEA report that included clauses on the North Korean nuclear development issues was adopted (November 15) with the support of 122 favors, 1 opposition (North Korea) and 6 abstentions.

Officials from the two Koreas came across in some international conferences organized by UN organizations. North Korea sent 2 officials including Chung Sung-il, director of the disarmament section of its foreign ministry, to an arms control conference (March 18~20, Kathmandu), which was sponsored by the UN Asia-Pacific Disarmament Center. In the conference, the North Korean

representatives argued that unification of the Korean peninsula based on the 'Koryo' confederal system and withdrawal of U.S. forces from South Korea would contribute to security in northeast Asia and that the missile issue belonged to its 'sovereignty'. But the delegations from the two Koreas did not have the chance to make direct contact with each other. In September, the Council on Security and Cooperation in the Asia-Pacific Region (CSCAP), an unofficial multilateral forum dealing with security affairs in the region, convened in Tokyo, Japan, but North Korea did not attend the meeting although it said it would. Participants in the conference presumed that the North Korean delegation did not come to the meeting because it would be placed in the difficult position of addressing the issues of its long-range missiles and the Perry Report.

Besides these, representatives from South and North Korea had the chance to encounter each other in many other international conferences but they did not experience any specific conflicts or cooperative relations since North Korean delegates did not want to have direct talks. Both parties also sent delegations to the 101th IPU (Inter Parliamentary Union) General Assembly (April 11, Brussels), the 55th ESCAP General Assembly (April 22~23, Bangkok), the 52nd WHO General Assembly (May 17~28, Geneva), ITU council meeting (June 14~25, Geneva), the 30th FAO General Assembly (November 9~23, Rome), and the 8th UNIDO General Assembly (November 29~December 3, Vienna). In international economic organization conferences such as the general assemblies of FAO and UNIDO, North Korea requested economic support, explaining that economic difficulties in North Korea were due to unprecedented

natural disasters. These explanations were accompanied by the public statements of Kim Jung-il, Chairman of North Korea's Nation Defense Commission. In a general assembly meeting of UNIDO, the North Korean delegate expressed that it would expand cooperative relations with developing nations for the industrialization of North Korea, while demanding that advanced nations not force developing countries to 'globalize'.

Meanwhile, civilian-level contacts between the South and the North in the international arena gradually increased. In commemoration of the 50th anniversary of its foundation, Yanbiab University held an international conference July 22~24 under the topic of the "Situation and Future of the Korean Race Foward the New Millenium". The conference was attended by eight scholars from North Korea, including Choi Jin-hyuk, vice chairman of the Chosun Social Scientists Association, and 17 scholars from South Korea including researchers from the Korea Institute for National Unification. Participants in the conference made active discussions on Korean racial issues in an amicable atmosphere. The fifth conference on unification issues, which has been held since 1995, being jointly organized by the Korean Unification Forum of South Korea and the Socio-political Science Association of North Korea, was held in Beijing (October 26~27). Scholars from the two Koreas and other countries attended. In the 34th World Gymnastics Championship Games (October 16) which was held in Tianjin, China, athletes from the two Koreas made fair and favorable competition with each other. And high-level officials of soccer organizations of South and North Korea, China, and Japan reportedly agreed in principle to hold soccer games among the four

nations in August, 2000 (December 6).

In 1999, North Korea participated actively in conferences of international economic organizations. Expressing its appreciation for the donation of food by the international community, North Korea requested the international society to provide continued assistance for the improvement of its economic situation. In particular, North Korea demonstrated its enhanced diplomatic activities active positive contacts with foreign ministers of European nations by its foreign minister Paik Nam-soon when he attended the UN General Assembly. But North Korea has not participated so enthusiastically in the international conferences concerning security affairs and concentrated on publicizing its position if it did. Thus contacts between the South and the North in the international arena had to be very limited, without placing any cornerstone for establishing cooperative relations between the two sides.

It is anticipated that in 2000, North Korea will step up its efforts to improve diplomatic relations with European nations, based on its expanding relations with the United States and Japan, while European nations will expand their contacts with the North keeping pace with the improvement of U.S.-North Korea and Japan-North Korea relations. In this context, it is expected that North Korea will be more active in international organizations and conferences, bringing more chances for the two Koreas to meet each other. But in the case U.S.-North Korean talks on issues of weapons of mass destruction make little progress, the approach toward North Korea by the international community will be affected, possibly putting North Korea in a difficult position in pursuing diplomatic activities in international society.

And North Korea will make unceasing efforts in 2000 to obtain more food and economic assistance from international economic organizations such as WFP, FAO and UNIDO, and NGOs as well as civilian associations. Since the South Korean government is willing to support such international activities of North Korea, it is likely that inter-Korean cooperation will materialize to a certain extent. On the civilian level, inter-Korean exchanges and contacts in academic, athletic and cultural fields through third countries are anticipated to further expand. And yet, the controversial positions of the two Koreas will continue in 2000 because North Korea is expected to repeat its assertions in international conferences, including UN assemblies, in relation to security issues on the Korean peninsula. It will do this by publicizing the 'Koryo' confederal system and 'five principles for the grand unity of the Korean people' and demanding a conclusion to the U.S.-North Korea peace treaty, the dismantlement of the UN Command, and the withdrawal of U.S. forces from South Korea.

Chronological Review

- Jan. 1 *Rodong Sinmun*, the organ of the central committee of the Workers' Party, *Joson Inmingun*, the organ of the Ministry of the People's Armed Forces, and *Chongnyon Jonwi* (Youth Vanguard), the organ of the central committee of the Kimilsung Socialist Youth League, published a joint New Year's editorial titled, "Let this year mark a turning-point in building a powerful nation."
- 11 Kim Jong Il, the General Secretary of the Worker's Party and the Chairman of the National Defense Commission (NDC), visits the Academy of Science.
- 11 Kim Jong Il attends a New Year performance of the "merited choir" of the Army.
- 10 The (North) Korea Central Broadcasting Station (KCBS) says Kim Jong Il recently visited Taechon General Hydroelectric Power Station.
- 13 A "central report meeting" is held at the Central Worker's Hall to mark the 40th anniversary of the Worker-Peasant Red Guards.
- 14 A national meeting of "ardent" agricultural officials opens in Pyongyang to discuss ways to boost farm production.
- 19 A spokesman for the Committee for the Peaceful Reunification of the Fatherland issues a statement condemning the 20th Korea-U.S. Military Committee Meeting (MCM) and 30th Security Consultative Meeting (SCM).
- 19 The Committee for the Peaceful Reunification of the

- Fatherland issues a statement claiming that Kim Gyong-pil, a North Korean diplomat in Germany, and his wife were "kidnapped" by South Korean agents.
- 20 The KCBS says Kim Jong Il recently visited the Choehyon Military Academy.
 - 21 The KCBS reports that the delivery of 80,000 tons of Chinese crude oil, donated to North Korea was completed on Jan. 14.
 - 22 The fourth-round meeting of the four-party peace talks to achieve a permanent peace on the Korean peninsula closes in Geneva.
 - 26 The Presidium of the Supreme People's Assembly (SPA) announces that elections for deputies to the local people's assemblies will be held on March 7.
 - 27 The closing ceremony of a two-day meeting of ideological propagandists at key social associations is held in Pyongyang.
 - 28 *Rodong Shinmun* demands compensation from the United States for "breaching" the 1994 U.S.-North Korea Agreed Framework.
 - 29 A foreign ministry spokesman issues a statement criticizing Seoul's conclusion of a Seoul Korea-Japan fisheries treaty on Jan. 22, terming it a "provocative and treacherous" move that undermines the dignity of the Korean people.
- Feb. 3 The 35th plenary session of the Central Committee of the Union of Agricultural Working People is held in Pyongyang.
- 3 A joint conference of political parties and social organizations is held at the People's Palace of Culture. The

conference proposes that Seoul hold high-level inter-Korea "political talks" in the second half of this year.

- 4 Chung Ju-yung, honorary chairman of Hyundai Business Group in Seoul, arrives in Pyongyang.
- 4 The second plenary session of the Council for National Reconciliation is held in Pyongyang.
- 9 The KCBS says Kim Jong Il conducted an inspection tour of Army Unit No. 615.
- 10 The KCBS says Kim Jong Il recently visited Kangwon Province.
- 11 The Central News Agency (KCNA) issues a memorandum denouncing the South Korean government led by Kim Dae-jung, which marks the first anniversary of its inauguration.
- 12 Kim Jong Il visits Army Unit No. 682 and a women's anti-aircraft battery under Army Unit No. 991.
- 15 A "central report meeting" to mark Kim's 57th birthday is held at the April 25 House of Culture.
- 16 A banquet hosted by the Party Central Committee is held in Pyongyang for foreign delegates visiting North Korea to celebrate Kim Jong Il's 57th birthday.
- 25 The 16th plenary session of the Kimilsung Socialist Youth League is held in Pyongyang.
- 27 The opening ceremony of the meeting of army company leaders is held at the Pyongyang Gymnasium.
- 27 North Korea and China conclude in Beijing an agreement on a 1999-2000 program for culture exchange.

- Mar. 3 A decree of the SPA Presidium announces the division of the Ministry of City Management and Land Environment Protection into two independent ministries City Management and Land Environment Protection.
- 5 A foreign ministry spokesman blasts a 1999 human rights report by the U.S. State Department, which criticized human rights abuses in North Korea.
- 5 A spokesman for the Disarmament and Peace Institute, issues a statement blasting joint efforts by the United States and Japan to develop the Theatre Missile Defence (TMD) Program.
- 7 Kim Jong Il casts a vote for the local people's assembly at the Hamhung Branch of the Academy of Sciences.
- 7 Elections for provincial, city, and county people's assemblies are held throughout the nation.
- 9 Chung Ju-yung, honorary chairman of the Hyundai Business Group in Seoul, arrives in Pyongyang via the truce village of Panmunjom.
- 9 Delegates of the International Atomic Energy Agency (IAEA) fly into Pyongyang to attend a meeting.
- 11 Kim Jong Il conducted an on-site guidance tour in Kangwon Province.
- 13 The KCBS says Kim Jong Il recently visited an army unit on Mt. Jihye, along the eastern front, and a women's anti-aircraft battery under the army unit.
- 15 Russian Deputy Foreign Minister Grigory Karasin flies into Pyongyang.

- 16 North Korea and the United States sign an accord in New York on a U.S. inspection of a suspicious northern underground site in Kumchang-ri in the North.
- 16 A national meeting of "ardent" economic agitators is held at the People's Palace of Culture.
- 17 North Korea and Russia initial in Pyongyang a treaty of *friendship, good-neighborliness and cooperation.*
- 20 A deputy chief of the WHO's South-East Asian bureau flies into Pyongyang.
- 25 A national meeting of scientists and technicians is held at the People's Palace of Culture.
- 26 A foreign ministry spokesman makes public a statement urging an immediate halt to NATO's air strikes on Yugoslavia.
- 29 The KCBS says Kim Jong Il visited Combined Army Unit No. 324.
- 29 The fourth round of the U.S.-North Korea missile talks opens in Pyongyang.
- 30 The KCBS says Kim Jong Il visited industrial facilities in South and North Hamgyong provinces.
- 31 North Korea-U.S. talks are held in Pyongyang to discuss technical matters for planned U.S. access to the underground site in Kumchang-ri in the North.
- Apr. 5 Kim Jong Il visits the headquarters of Combined Army Unit No. 567.
- 5 A Chinese cultural delegation, led by a deputy cultural minister, flies into Pyongyang from China.

- 6 A parliamentary delegation led by Deputy Foreign Minister Choe Su-hon leaves Pyongyang for Belgium, to attend the 101st inter-parliamentary conference.
- 7 The second session of the 10th-term SPA is opened in Pyongyang.
- 9 The "central report meeting" is held in Pyongyang to mark the sixth anniversary of Kim Jung Il's appointment as NDC chairman.
- 13 Kim Jong Il issues "order No. 00114" as Supreme Commander of the Army to promote 79 army leaders.
- 14 The "central report meeting" is held at the April 25 House of Culture to mark Kim Il Sung's 87th birthday.
- 15 Kim Jong Il visits an Army Unit defending Kaepung County, Kaesong City.
- 20 *Rodong Shinmun*, the organ of the Worker's Party, says it has never recognized the U.S. troops stationed in the South as "peace-keeping forces," demanding an immediate withdrawal of the forces from Korea.
- 24 The fifth round of four-party talks between North Korea, South Korea, the United States and China, aimed at achieving permanent peace on the Korean peninsula opens in Geneva.
- 25 Kim Jong Il pays a visit to the Kumsusan Memorial Palace, where the embalmed body of his late father Kim Il Sung lies in state, to mark the 67th birthday of the People's Army.
- 25 Kim Jung Il visits Army Unit Nos. 963, 690 and 946 to mark

- the "67th" anniversary of the People's Army.
- 25 A central report meeting is held at the April 25 House of Culture to mark the 67th anniversary of the Army.
 - 27 A delegation from the South Korean Confederation of Trade Unions, led by its deputy head Lee Gyu-jae, flies into Pyongyang to prepare for an inter-Korean laborers' soccer match.
 - 27 A foreign ministry spokesman accuses the United States of allowing Seoul to test-fire a longer-range missile.
 - 28 Kim Jung Il visits Songam Myonggi Cattle Farm which has recently been expanded by military servicemen.
- May 1 Rodong Shinmun strongly berates the Japanese parliament for passing bills relating to the guideline for U.S.-Japan defense cooperation, saying the new Japanese military policy has brought Pyongyang-Tokyo relations to a state of war.
- 4 A food inspection team of the World Food Program, led by bureau chief Tun Myat, flies into Pyongyang.
 - 5 The KCBS says Kim Jung Il visited Army Unit No. 287 in the frontline area.
 - 6 The KCBS says Kim Jung Il visited a fish farm run by People's Security Forces Unit No. 1216.
 - 7 The KCBS says Kim Jung Il made an on-site guidance tour of Kangwon Province.
 - 8 The KCBS says Kim Jung Il attended a light comedy, "Comrade," staged by the April 25 Film Studio of the People's Army.
 - 11 The KCBS says Kim Jung Il recently made an inspection

- tour of Army Unit No. 9595.
- 11 A foreign ministry spokesman issues a statement accusing the United States and NATO of bombing the Chinese Embassy in Belgrade, saying it is a "shameless criminal act infringing upon the country's sovereignty."
 - 14 Charles Kartman, U.S. envoy for peace settlement on the Korean peninsula, flies into Pyongyang.
 - 14 *Rodong Shinmun*, criticizes the U.S. State Department for listing North Korea as a state which sponsors terrorism in its 1998 report.
 - 18 A group of U.S. nuclear and arms-control experts arrive in Pyongyang to inspect a suspected underground nuclear facility in North Korea.
 - 18 The KCNA says Kim Jung Il visited a military academy for tankmen and automobile drivers.
 - 19 The KCBS says Kim Jung Il attended an art performance given by the family members of army servicemen of Unit No. 593 and No. 337.
 - 21 The KCNA reports Washington's announcement of a 400,000-ton food donation for North Korea.
 - 22 A central report meeting is held at the April 25 House of Culture to mark the 60th anniversary of late leader Kim Il Sung-led troop's victory in a battle against Japanese police in the Musan area, bordering China.
 - 25 U.S. presidential envoy William Perry, former secretary of defense, arrives in Pyongyang.
 - 28 Kim Jung Il makes an inspection tour of Army infantry No.

4 at a frontline area.

- 31 Kim Jung Il visits Army Unit No. 833.
- June 1 A North Korean women's soccer team leaves Pyongyang to participate in the 3rd Women's World Cup to be held in the United States.
- 3 Kim Yong-nam, chairman of the Presidium of the Supreme People's Assembly, arrives in China leading a government delegation. He holds talks in Beijing with Li Peng, chairman of the Standing Committee of the Chinese National People's Congress.
 - 4 Kim Yong-nam pays a courtesy call on Chinese President Jiang Zemin and Prime Minister Zhu Rongji.
 - 4 *Rodong Shinmun* carries a lengthy commentary that denounces South Korea's North Korean policy, called an "engagement policy."
 - 12 The 17th plenary sessions of the 8th-term Central Committee of the Kimilsung Socialist Youth League is held in Pyongyang.
 - 15 A "central symposium" is held in Pyongyang to mark 35th anniversary of the day Kim Jong Il began to work at the Central Committee of the Workers' Party, which falls on June 19.
 - 15 The KCNA claims that the recent exchange of gunfire in the west sea was started by the South Korean navy's preemptive attack on the North's boats, and reiterated its call for an "apology" from Seoul.
 - 17 The KCBS says Kim Jong Il has recently visited industrial

- sites in Jagang Province.
- 21 A spokesman for the Asia-Pacific Peace Committee claims that Min Young-mi, a South Korean woman who detained by North Korea during a tour to Mt. Kungang, was a "special agent" dispatched by South Korean authorities.
 - 22 Generals from North Korea and the United Nations Command (UNC) hold a meeting at the truce village of Panmunjom concerning the North's patrol boats' violation of the Northern Limit Line (NLL) and the naval clash in the West Sea.
 - 22 Radio Pyongyang reports in detail about the key address of the North Korean delegation at the inter-Korean vice-ministerial level talks held in Beijing.
 - 29 The KCBS says Kim Jong Il inspected Army Unit No. 409.
 - 28 The KCBS says Kim Jong Il made a guidance tour of cooperative farms in Anbyon County, Kangwon Province.
- July 1 The KCNA reports that the second inter-Korean vice minister-level meetings is held in Beijing.
- 8 Kim Jong Il pays a visit to the Kumsusan Memorial Palace marking the 5th anniversary of the death of his farther, Kim Il Sung.
 - 8 The KCNA insists that the breakdown of inter-Korean vice ministerial level talks is attributable to the South's insincere attitude during the talks, saying some "obstacles" must be removed if there is to be smooth dialogue.
 - 9 A "Night to Remember the Late Leader Kim Il Sung" is staged at the East Pyongyang Grand Theater.

- 10 A national symposium is held at the Central Youth Hall to mark the 105th birthday of Kim Hyong-jik.
- 10 U.S. Senator Robert Torricelli flies into Pyongyang for a visit.
- 13 Kim Jong Il makes a guidance tour of North Pyongan Province.
- 13 A foreign ministry spokesman criticizes Japanese Prime Minister Keizo Obuchi for requesting Beijing and Ulan Bator to exercise their influence on Pyongyang not to test-fire another ballistic missile, saying that North Korea has a sovereign right to launch a satellite.
- 15 The National Reconciliation Council releases a statement which claims almost half the 500 head of cattle donated by the Hyundai Business Group died, denounces South Korea's National Intelligence Service for causing the deaths by feeding them materials such as vinyl rope and long nails.
- 20 A mission of the Japanese New Socialist Party and a delegation of the IAEA fly into Pyongyang for visits.
- 23 *Rodong Shinmun* carries an editorial which urges the North Korean people to boost the economy by accelerating in "full gear" the "Second Chollima Grand March" in the latter half of the year.
- 27 Kim Jong Il makes an inspection tour of naval unit No. 155.
- 29 *Rodong Shinmun* criticizes Japan's lower house of parliament for passing a bill to legalize the "Hinomaru" flag and "Kimigayo" anthem, both "symbols of Japanese militarism."
- 31 The Asia-Pacific Peace Committee criticizes Seoul for lingering over the resumption of Mt. Kumgang tours, saying

that it will take stern measures "if Seoul continues to impede the South Korean compatriots' desires to visit the tourist spot."

- Aug. 3 The KCBS reports that torrential rains submerged over 40,000 hectares of cultivated land in Kaesong and South and Pyongan Provinces.
- 3 The KCNA reaffirms that the Mt. Kungang tours to be resumed on Aug. 5 is a "civilian" project between the Asia-Pacific Peace Committee and South Korea's Hyundai Business Group, demanding Seoul stop intervention in the project.
- 3 A two-day North Korea-U.S. high-level talks opens in Geneva to discuss Pyongyang's missile threats.
- 5 Catherine Bertini, executive director of the WFP arrives in Shinuiju, North Pyongan Province bordering China.
- 5 The sixth-round meeting of four-party talks opens in Geneva.
- 10 The KCNA reports that 37 South Korean labour representatives arrive in Pyongyang to participate in inter-Korean workers' soccer games scheduled for Aug. 12-13.
- 12 The KCBS says Kim Jong Il recently made on-site guidance tours of a potato farm in Taehongdan County, Yanggang Province.
- 13 An opening ceremony of the "Grand Pro-Reunification Festival for the Independence and Great Unity of the Nation" and the 10th All-Korea Rally is held at Kimilsung Stadium in Pyongyang.
- 17 A meeting between generals from the North Korean People's

- Army and UNC is held at Panmunjom.
- 19 Kim Jong Il visits a certain fish farm, the location of which was not revealed.
 - 23 The KCBS says Kim Jong Il recently visited a newly-built poultry farm in Pyongyang.
 - 23 U.S. Congressman Tony Hall, a Democrat from Ohio, flies into Pyongyang for a visit.
 - 26 The 31st plenary session of the 5th-term Central Committee of the Democratic Women's Union is held in Pyongyang.
 - 30 Kim Jong Il makes an inspection tour of Army Unit No. 635.
- Sep. 1 The KCBS says Kim Jong Il recently visited a fish farm, the location of which was not revealed.
- 2 The General Staff of the People's Army issues a "special communique" declaring "invalid" the maritime border in the Yellow Sea separating the two Koreas, which was established by the UNC at the end of the 1950-53 Korean War.
 - 4 The KCBS says Kim Jong Il recently watched a light comedy, "Comrade," performed by the artists of the April 25 Film Studio.
 - 4 The SPA Presidium decorates Chong Song-ok, the woman marathoner who won a gold medal in a world championship, with the titles of "Republic Hero" and "People's Athlete."
 - 8 Kim Jong Il makes an inspection tour of Army Unit No. 963.
 - 8 A "central report meeting" is held at the April 25 House of

- Culture to mark the 51st founding anniversary of the Pyongyang regime.
- 9 High-ranking military leaders pay a visit to the Kumsusan Memorial Palace, where the embalmed body of the deceased leader Kim Il Sung is on display, to mark the 51st anniversary of the North Korean regime.
 - 15 A Foreign Ministry spokesman issues a statement which harshly blamed the U.S., South Korea and Japan for imposing "military threats" to the North in a joint statement released after the trilateral summit meeting held on the fringes of an Asia-Pacific summit in New Zealand.
 - 17 The KCBS reports Foreign Minister Paek Nam-sun arrives in New York to attend the 54th UN General Assembly.
 - 20 An evening meeting is held at the April 25 House of Culture to mark the 50th anniversary of the death of Kim Jong-suk.
 - 23 Foreign Minister Paek Nam-sun delivers a speech to the foreign ministers' meeting from non-aligned movement countries held at UN headquarters, in which he calls for unity and solidarity among the countries to cope with the current world trend of globalization.
 - 24 Kim Jong Il makes a three-day guidance tour of industries in South Hamgyong Province from Sep. 22.
 - 25 Foreign Minister Paek delivers an keynote address at the 54th U.N. General Assembly, reaffirming North Korea's decision to suspend the missile test-firing.
 - 27 Foreign Minister Paek tells the Voice of America (VOA), a

- U.S. radio station, that his country is ready for summit talks with the South if it complies with Pyongyang's previous proposals for a high-level political meeting, which include the withdrawal of U.S. troops from the South.
- 28 Chung Ju-yung, honorary chairman of the Hyundai Business Group in South Korea, arrives in Pyongyang via the truce village of Panmunjom.
- 28 Inter-Korean goodwill basketball matches are held at the Pyongyang Gym.
- 28 A delegation from the Korean Peninsula Energy Development Organization (KEDO) flies into Pyongyang to consult on working-level issues related with the construction of two light water reactors.
- 29 The opening ceremony of the meeting of "model" junior officials of the Kimilsung Socialist Youth League is held at the April 25 House of Culture.
- 29 A ground-breaking ceremony for a gymnasium, an inter-Korean joint venture project organized by Hyundai, is held in Pyongyang, and attended by Hyundai's Chung and Party Secretary Kim Yong-sun.
- Oct. 1 Foreign Minister Paek Nam-sun pays a courtesy call on UN Secretary-General Kofi Annan in New York.
- 5 A parliamentary mission led by SPA Vice Chairman Chang Chol leaves for Berlin to attend the 102nd plenary session of the Inter-Parliamentary Union.
- 5 Chinese Foreign Minister Tang Jiaxuan flies into Pyongyang to join celebrations to mark the 50th anniversary of

- establishing diplomatic relations.
- 6 Kim Jong Il makes an inspection tour of Army Unit No. 507.
 - 10 Kim Jong Il watches a performance given by the "merited choir" of the People's Army in honor of the 54th anniversary of the Workers' Party.
 - 10 High-ranking leaders of the Party, government and the military pay visits to the Kumsusan Memorial Palace, where the embalmed body of deceased leader Kim Il-sung is displayed, to mark the 54th anniversary of the Workers' Party.
 - 12 Kim Jong Il visits an islet-defence guard of Army Unit No. 1130.
 - 12 The Central News Agency reports that the country started satellite TV broadcast on Oct. 10, marking the 54th anniversary of the Workers' Party.
 - 14 Kim Jong Il visits the newly built Kwangmyongsong Saltworks in Kumya County, South Hamgyong Province.
 - 16 A friendship mission from the Chinese People's Liberation Army flies into Pyongyang for a visit.
 - 17 Kim Jong Il inspects Army Unit No. 1224.
 - 19 Rogong Shinmun reiterates North Korea's disagreement with the proposal of South Korea, the U.S. and Japan to form "a multi-party security cooperation system" in Northeast Asia.
 - 25 The KCNA says North Korea returned to the U.S. side the four sets of remains of American soldiers killed during the 1950-53 Korean War.

- 28 Kim Jong Il visits a food-processing factory for the military.
- 30 The Kimilsung Socialist Youth League holds its 18th plenary session in Pyongyang to discuss ways to increase the role of its sub-organizations.
- Nov. 3 An opening ceremony of the national meeting of forerunners in the Second Grand Chollima March is held at the April 25 House of Culture.
- 11 The KCBS says the U.S. completed on Nov. 6 the delivery of 500,000 tons of heavy oil to the North, the amount promised for this year under the U.S.-North Korea Agreed Framework.
- 15 North Korea and the U.S. begin a fresh round of talks in Berlin on enhancing bilateral relations including the proposed visit to Washington by a senior North Korean official and ways to implement the lifting of sanctions imposed on the North.
- 17 Vice Agricultural Minister Kim Yong-suk, in a keynote address to the plenary meeting for the FAO in Rome, says North Korea harvested 4.28 million tons of grain this year.
- 18 The KCBS says Kim Jong Il visited Army Unit No. 715.
- 19 The KCBS says Kim Jong Il recently attended a performance staged by the "youth mobile propaganda squad" of the Army.
- 29 Kim Jong Il makes an inspection tour of People's Army Unit No. 775.
- Dec. 1 A 16-member Japanese parliamentary mission, led by former Prime Minister Tomiichi Murayama, flies into Pyongyang for

- a visit.
- 2 Roger Clinton, a pop singer and half-brother of U.S. President Bill Clinton, arrives in Pyongyang to join in the "2000 Peace and Friendship Concert" scheduled for Dec. 5.
 - 5 Kim Jong Il visits a fish farm recently built by servicemen of People's Army Unit No. 583.
 - 6 Kim Jong Il visits Army Unit No. 776.
 - 12 Kim Jong Il, general secretary of the Workers' Party and chairman of the National Defense Commission, makes an inspection tour of the Ryongjong branch of the Ryongyon County Integrated Farm in South Hwanghae Province.
 - 19 Chairman of the SPA Presidium Kim Yong-nam cables a congratulatory message to Chinese President Jiang Zemin on the country's regaining control over Macau.
 - 21 Red Cross societies of North Korea and Japan agree in Beijing on the need to reopen talks aimed at normalizing diplomatic ties between the two countries.
 - 23 Kim Jong Il visits Army Unit No. 488.
 - 23 A national meeting is held in Pyongyang to jointly mark the 8th anniversary of North Korean leader Kim Jong Il's appointment as Supreme Commander of the Army and the 82nd birthday of his natural mother Kim Jong-suk.
 - 23-24 Inter-Korean friendship basketball games between players from the South's Hyundai team and North Korea are held in Seoul.
 - 24 A Foreign Ministry spokesman welcomes the KEDO's signing of a contract to build two nuclear reactors in the North, but

says the U.S. should pay for losses in case of a delay in the project.

- 24 Kim Jong Il watches a performance given by the People's Army "Merited Choir."
- 25 A 62-member North Korean delegation, including basketball players, returns home, wrapping up a four-day visit to Seoul.