



## **MONTHLY RECAP: MARCH**

### **NUCLEAR NEGOTIATIONS**

On March 1, South Korean President Lee Myung-bak called for resolving inter-Korean issues through dialogue and insisted that North Korea “must discuss with sincerity the ‘grand bargain’ deal,” which amounts to massive aid in return for full denuclearization. Amid rumors that Six-Party Talks might restart soon, North Korea’s Korean Central News Agency (KCNA) reiterated on March 2 that the United States must remove the nuclear threat against the DPRK if there was to be any progress in denuclearization talks.

One day before the joint U.S.-ROK Key Resolve/Foal Eagle military exercises were set to begin, the KCNA announced that all military talks with Washington and Seoul were suspended, and that it would bolster its nuclear deterrent for self-defense.

### **DPRK NUCLEAR ENERGY**

Just before March came to a close, the KCNA announced that the North “will witness the appearance of a light water reactor power plant relying on its own nuclear fuel in the future; in the 2010s.”

### **DPRK ECONOMY**

On March 3, papers carried an announcement by president of the North’s Taepung International Investment Group Pak Chol-su stating that a 10-year economic infrastructure plan would be introduced. The plan “envisages simultaneous implementation of six projects: food production, railways, roads, ports, electrical power, and energy.” He also stated that these projects would be funded independently of the



state budget.

Kim Jong Il made a rare public appearance on March 7 to attend a rally marking the reopening of the Vinalon Complex, a textile factory in Hamhung.

On March 9, it was reported that former DPRK foreign trade minister Rim Kyong-man has been appointed mayor of the new Rajin-Sonbong Special City (Rason). He was foreign trade minister from 2004-2008.

On March 10, the North's State Development Bank held its first board of directors meeting. According to the KCNA, the bank will have "advanced banking rules and system for transactions with international monetary organizations and commercial banks."

On the same day, a report released by the (South) Korea Development Institute revealed that the North's foreign trade had contracted by more than 5 percent in 2009, the first decline since 1998.

#### INTER-KOREAN TRADE

Further reducing the North's foreign trade would be the plan by South Korea to phase out sand imports. In 2008, sand was North Korea's biggest export to the South, worth 73 million USD. This is double what it makes off of the wages paid to Kaesong Industrial Complex workers. South Korean officials will not cancel existing contracts, but will not extend or renew them, either.

In addition, the Ministry of Unification announced on March 22 that the import quotas on six items, including crab, shrimp, and peanut products, had been halved, while the allowable amount of sesame seed was cut by two-thirds.



#### DPRK LABOR EXPORTS

North Korea has sent approximately 1,000 workers to South Africa to help the country prepare for the World Cup, which kicks off in June. North Koreans are working on four of the five stadiums under renovation.

#### DPRK TECHNOLOGY

A Russian student blogging out of Pyongyang reported on and provided snapshots of North Korea's "Red Star" PC operating system. "Red Star" runs on Pentium III 800 MHz technology, requiring 256MB of RAM and 3GB of drive space. Installation disks are sold in Pyongyang in both client and server versions.

#### INTER-KOREAN TOURISM

After several rounds of talks failed to move forward, North Korea's Asia-Pacific Peace Committee warned on March 4 that it would no longer honor contracts concerning Kungang Mountain and Kaesong tourism, and it would seize all South Korean assets related to those projects in the North if South Korea did not agree to restart the tours by the end of the month. The ROK Ministry of Unification responded that it had no intention of softening its stance on joint investigation of last year's shooting of a South Korean visitor and security assurances for future tourists.

On March 25, 16 South Korean officials and business representatives traveled to North Korea for a meeting regarding their investments in Kaesong and Mount Kungang. The meeting lasted only 15 minutes, but the ROK delegation was informed that properties would be seized and North Korea would seek a new business partner if tours were not allowed soon. The North also informed the delegation that a real estate assessment would begin on March 31, and that the 13-story separated family reunification



building build by the ROK would be included. A spokeswoman for the ROK Ministry of Unification responded, stating, “The building should not be subject to inspection as it has nothing to do with the Mount Kumgang tourism project.”

#### INTER-KOREAN COOPERATION

According to a statement released on March 4 by the World Health Organization, a program funded by South Korea has trained 6,000 DPRK doctors since late 2006, and has benefited 7 million people in the North. In particular, instances of deadly diarrheal disease in children have been drastically reduced, as has the number of deaths from surgery and childbirth.

#### COST OF UNIFICATION

It was reported on March 18 that U.S. economist Charles Wolf, from the RAND Corporation, projected the cost of reunification between North and South Korea to be approximately 1.7 trillion USD. The main culprit for such a high cost is the income disparity between the two. His estimate is that per capital GDP in North Korea is 700 USD, while it is closer to 20,000 USD in the South.

#### DPRK-JAPAN ABDUCTION ISSUE

North Korean and Japanese representatives traded accusations at the March 3 session of the UN Human Rights Council over the abduction of Japanese citizens by North Korea. Japanese representative Chinami Nishimura accused North Korea of dragging its feet, stating that it has been over 18 months since Pyongyang promised to conduct a comprehensive investigation into the missing Japanese. North Korean counselor Choe Myong Nam responded by accusing Tokyo of politicizing the issue and of using it “with a view to translating into reality its long-cherished ambition of reinvading Asian countries.”

#### DPRK RAJIN PORT RIGHTS



On March 8, it was reported that China's Jilin Province had extended its right to use North Korea's Rajin Port for an additional 10 years, adding to the decade previously agreed upon. As part of the deal, the Jilin provincial government will invest 44 million USD to expand and pave the road from the town of Wonjong, just across the border from Jilin's Hunchun, to the port. In addition, a pier and some facilities in the port were leased to Russia for 50 years.

#### NEW CHINESE AMBASSADOR IN PYONGYANG

Liu Hongcai has been named as the new Chinese ambassador to North Korea. He was previously deputy head of the CPCC International Department. On March 29, KCNA reported that Liu was welcomed at a dinner party hosted by Kim Jong Il and attended by some of the North's highest ranking officials, including vice-chairman of the National Defense Commission Kim Yong Chun, minister of the People's Armed Forces Kang Sok Ju, first vice-minister of the Ministry of Foreign Affairs, director of the WPK Central Committee Kim Yong Il, and Jang Song Thaek, Kim Jong Il's brother-in-law and member of the National Defense Commission.

#### DPRK AT SHANGHAI EXPO

DPRK Chamber of Commerce Vice-Chairman Ri Song Un stated that North Korea has completed all necessary preliminary steps to make its debut appearance at the World Expo, held this year in Shanghai. He stated that the exhibits would highlight the North's history, modern construction, customs, cultures and daily life.

#### DPRK-PIRATE RELATIONS

A North Korean chemical tanker was freed by Somali pirates on March 15 after a ransom was paid. The ship had been held since last November.



Another North Korean cargo ship, however, was attacked by pirates off the coast of Kenya on March 31. Pirates failed to seize the ship, but nine crew members were seriously injured when the Somalis opened fire with automatic rifles and rocket-propelled grenades.

#### DPRK-RUSSIA TRADE

North Korea has purchased 2,000 tons of flour from the Altai Mills, in the Altai Territory, but tariff prices may make the project unsustainable. The railway tariff from the territory to the border of North Korea is approximately 3,600 rubles/ton; more than half the cost of the flour. A spokesperson from the mill said that changes in the price of flour could drive costs to the point at which North Korea would purchase flour from China, instead.

#### U.S. CITIZEN ON TRIAL IN DPRK

North Korea announced on March 22 that American Aijolon Mahli Gomes would be indicted, “as his crime has been confirmed.” No specific charges were mentioned, but Gomes illegally crossed into North Korea on January 25, less than one month after another American, a missionary with whom Gomes had met, took a similar course of action. A Swedish diplomat has been allowed access to Gomes.

#### DPRK SANCTIONS

On March 30, Russian President Medvedev signed an order to implement sanctions approved by the UN following the North’s second nuclear test. On the same day, Japanese Chief Cabinet Secretary Hirofumi Hirano stated that he saw no reason not to extend Japanese sanctions that have been imposed since the North’s first nuclear test in 2006. The Japanese sanctions are set to expire in mid-April.

#### AIR KORYO

Restrictions against North Korea’s flag carrier, Air Koryo, were partially lifted by the European



Commission on March 30. Banned since 2006 due to its inability to meet international safety standards, two of its airplanes, a Tupolev Tu-204-300 and a Tu-204-100B, are now allowed to enter EU airspace.