

MONTHLY RECAP: DECEMBER

KAESONG INDUSTRIAL COMPLEX

On December 1, North Korea began enforcing restrictions on the number of South Koreans allowed to stay in the Kaesong Industrial Complex, limiting ROK workers to only 880, which is 20 percent of the number of South Koreans issued permits, and according to the South Korean Ministry of Unification, only half the number that are in the complex on a normal work day. The North also withdrew permission to bring any South Korean publications into the KIC. Previously, 20 different papers from 9 different publishers had been allowed. Cross-border rail traffic and tourism has also been suspended. As concerns heighten over the future of the project, companies in the complex have reported up to 60 percent decline in sales, and seven companies have pulled out of contracts to set up operations in the KIC.

ANTI-DPRK LEAFLETS

On December 2, South Korean activists defied the wishes of both the North and South Korean governments and attempted to launch more balloons with leaflets denouncing Kim Jong Il and the North Korean government. The ROK government has taken the stance that as the launches are not illegal, it cannot prevent them, but in light of the damage they have done to inter-Korean relations, it wishes they would desist. On the 2nd, other ROK activists denouncing the fliers tried to physically prevent the balloon launch, causing police to intervene. A large number of the leaflets reportedly dropped in the North's South Hwanghae Province, causing the DPRK to mobilize the military for clean-up operations.

After meeting with Grand National Party Chairman Park Hee-tae, leaders of the Fighter for Free North Korea (FFN) and the Abductee's Family Union (AFU), the two groups organizing leaflet drops, pledged on December 5 to discontinue the campaign temporarily, and see if there is any change in the North's attitude toward the South.

ROK ESPIONAGE

North Korea reported that it had arrested a South Korean spy tasked with assassinating Kim Jong Il. The report stated that a spy named Ri had been sent acoustic and tracking equipment for tailing the leader, and given "violent poison" and training by South Korea's intelligence agency. South Korean authorities deny any involvement, but South Korean rights activist Choi Sung Yong claimed to have worked with Ri, and confirmed that Ri had passed information on to the North Korean military, but stated that there was no assassination plot.

ROK POW RETURN PROPOSAL

It was reported on December 22 the North Korea had conveyed through unofficial channels that it is willing to return some South Korean prisoners of war and civilian abductees in return for economic benefits. ROK President Lee Myung-bak had previously offered economic aid for the return of South Koreans held in the North. The South Korean government believes more than 1000 citizens are in the North, including approximately 560 prisoners of the Korean War.

DPRK DEFECTORS

Defectors from North Korea have been reporting increased punishments for those caught while trying to escape. Some are reporting sentences of more than one year, when previously, the average punishment was six months. At the same time, the ROK Ministry of Unification has reported that it has doubled the capacity of the Hanawon, a government-funded facility offering transition assistance for defectors, so that capacity now stands at 600.

SIX-PARTY TALKS

DPRK Chief Negotiator Kim Kye-gwan met with U.S. envoy Christopher Hill on December 4 in order to, according to Hill, review “the major issues we have all been working on...disablement, the fuel oil, and the issue of verification.” But after two days of meetings, the two failed to end the stalemate over a verification regime for the North’s denuclearization.

On the same day, the U.S. Congressional Commission on the Prevention of Weapons of Mass Destruction Proliferation submitted a report to the incoming Obama administration, warning that it cannot rule out the use of “direct force” against the DPRK in the event negotiations fail, stating, “In the case of North Korea, this requires the complete abandonment and dismantlement of all nuclear weapons and existing nuclear programs.”

While all parties were preparing for the next round of talks, North Korean official media announced, “We will neither treat Japan as a party to the talks nor deal with it even if it impudently appears in the conference room, lost to shame...[Japan] has neither justification nor qualification to participate in the talks.”

Six-Party Talks opened on December 8 but were halted after four days of negotiations without any breakthroughs on a verification regime. On December 12, U.S. State Department spokesman Sean McCormack stated that all five countries negotiating with the North agreed to suspend heavy fuel oil shipments until Pyongyang agrees to verification protocol, although Russian negotiator Alexei Borodavkin stated that Moscow “is currently completing the third shipment of 50,000 tons of heating oil to North Korea. In the next several months we will be able to deliver the remaining 50,000 tons.” He also stated that Russia “had not agreed upon any joint arrangements with the U.S. about a delay or suspension of fuel oil shipments to North Korea.”

DPRK AND NUCLEAR POWERS

The U.S. Joint Operation Command released a report in December stating, “The rim of the great Asian continent is already home to five nuclear powers: China, India, Pakistan, North Korea and Russia.” After receiving criticism for officially recognizing the North as a nuclear power, Department of Defense spokesman Stewart Upton stated, “As a matter of policy, we do not recognize North Korea as a nuclear state.”

KAL 858 BOMBING

At the end of November, Kim Hyun-hee, the North Korean convicted of bombing Korean Air 858 in 1987, wrote an open letter denouncing “pro-North leftists” in the Roh Moo Hyun administration. She claims that in 2003, the South Korean National Intelligence Service pressured her to say that the bombing had not been directed by Kim Jong-il, and pushed her to

conduct media interviews highlighting suspicious aspects of the KAL 858 investigation.

USS PUEBLO LAWSUIT

Four former crewmembers of the USS Pueblo filed a lawsuit in the United States in 2006 seeking compensation for kidnapping, imprisonment, and torture at the hands of the North Korean government. On December 30, a federal judge issued ruling against Pyongyang, awarding more than 65 million USD to the sailors. The North Korean government did not respond.

DPRK NATURAL RESOURCES

North Korean media reported that new coal and iron reserves had been found. The report stated that “an exploration team in South Pyongan Province has secured a number of fields for natural resources, including coal, while the teams in South Hwanghae and Kangwon provinces made progress in locating iron ore.”

ORASCOM IN THE DPRK

It was reported on December 15 that Egyptian telecom corporation Orascom launched North Korea’s first Wideband Code Division Multiple Access (WCDMA) cellular network. Orascom has a 25-year license, with exclusive rights for the first four years, and tax exemptions for the first five.

One day later, it was reported that Orascom had opened Ora Bank in Pyongyang. The bank's CEO Naguib Sawiris stated that the bank would help develop better relations between Egypt and North Korea, and would handling processing subscriber payments for the new cellular network as well as handling remittances from North Korean workers overseas.

DPRK BOND LOTTERY

It was reported on December 26 that North Korea had held the latest round of lottery drawings for government bondholders. Bonds were sold in 2003 in 500, 1000, and 5000 won denominations, with plans to repay through a lottery system in which first place winners receive 50 times the face value of the bond, second place receiving 25 times the amount, third place collecting 10 times, fourth with five times, sixth with 3 times, and seventh with double. The last round of drawings was in January.

KIM JONG IL IN PUBLIC

On December 24, the (North) Korean Central News Agency reported that Kim Jong Il made a total of 91 public appearances in 2008, five more than he made in 2007.