

MONTHLY RECAP: JANUARY

DPRK Domestic Issues

Kim Jong Il's first visit of the year was reported on January 6 to have been to the Ryesonggnang hydro-electric power plant. Generally, the leader's visits in the first months of the year, along with the New Year's Joint Editorial, which focused on economic recovery, set the tone for the coming year's policies. His second inspection of the year was to a military unit.

Defectors claim that prostitution is on the rise in North Korea, and on January 9, the aid group 'Good Friends' reported that the DPRK has begun to close massage parlors as part of a crackdown on prostitution. The agency reported that in the DPRK there was a "steady campaign to weed out decadent foreign culture," and that in September, DPRK soldiers were ordered to avoid alcohol, sex, and money.

On January 16, it was reported that Kim Jong Il had instructed all DPRK institutions to reduce their bureaucracies, including senior staff, by thirty percent.

Figures released by North Korea's Korean Central News Agency indicate that the DPRK's population had increased to 23.6 million in 2004, the latest available figures. According to DPRK figures, the population has grown from 22.1 million in 1996.

North Korea announced the closure of its Australian embassy on January 22. While the DPRK will continue to maintain diplomatic relations with Australia, it apparently can no longer afford

to maintain an embassy in Canberra.

According to a report released by the International Red Cross, North Korea has the largest number of people in the world killed by natural disasters over the past decade. The report states that 458 thousand North Koreans have died from natural disaster, 38 percent of the disaster-caused deaths in 220 countries from 1997-2006.

A U.S. Senate investigation reported that the DPRK funneled as much as 2.7 million USD through a bank account set up from UN development projects. The report stated that North Korea used the UN account due to fears that the United States would block its ability to transfer money internationally.

DPRK Nuclear Negotiations

2008 opened with the United States and Japan releasing statements expressing their disappointment at North Korea's failure to meet its December 31 deadline to fully disclose the extent of its nuclear programs, while North Korea's New Year's Joint Editorial called for "stability on the Korean Peninsula and peace in the world" as well as an end to hostile U.S. policies. A U.S. White House spokesman stressed that there was still opportunity to move forward with negotiations, stating, "the important thing is that we get a declaration that...needs to be full and complete," not whether the declaration is made by the deadline.

On January 4, North Korea claimed it had met its obligations to come clean on its nuclear programs, and that it had provided Washington with a list of its nuclear programs in November.

Pyongyang also threatened to bolster its “war deterrent” because Washington had failed to provide promised aid following the declaration. Washington denied that any complete declaration had been made.

A senior Russian diplomat was quoted on January 11 as saying that while Russia regrets the slowed state of progress in talks on DPRK nuclear issues, Russia will fulfill its promise to provide the North with fuel oil. 50,000 tons of fuel oil were delivered on January 20~21.

According to a book of figures recently published by the National Statistical Office, 'Comparison of North and South Korean Socio-economic Circumstances', the DPRK's crude imports over the past several years bottomed out at 2,325,000 barrels in 1999, then rose to 4,244,000 barrels by 2001. Since 2001, imports have steadily fallen until only 3,841,000 barrels were imported in 2006, recording the least imports in the last five years.

North Korea opened its first online shopping mall in January. The site offers items from fourteen categories ranging from machinery and building materials to stamps and artworks. The site, www.dprk-economy.com/en/shop/index.php, is based in China.

Orascom Telecom, a Cairo-based phone operator, has been granted the first commercial license for provision of mobile phone services in North Korea. The license was granted to CHEO Technology, a subsidiary that is 25 percent-owned by the state-run Korea Post and Telecommunications Corporation.

DPRK Abduction Issue

The Cambodian Foreign Minister announced on January 16 that his country had been working behind the scenes to find a resolution to the DPRK-Japan abduction issue. The minister stated, “Cambodia is in a position where it can hold high-level meetings with North Korea, and it has the ability to persuade North Korea.”

Inter-Korean Affairs

The incoming Lee Myung-bak administration announced on January 4 a plan to develop an international cooperative fund to support North Korea’s economy. The plan is said to call for World Bank and the Asia Development Bank to help, and for South Korea to provide 40 billion USD.

On January 7, it was reported that Lee Myung-bak’s presidential transition team had asked the ROK Unification Ministry to slow the pace of inter-Korean economic projects and to link them to progress in the six-party talks. The incoming administration has promised not to link humanitarian projects such as rice and fertilizer aid to nuclear negotiations.

The Lee Myung-bak administration announced plans for downsizing the South Korean government, including disbanding of the Ministry of Unification. Opposition to the plan points out the role played by the ministry in improving inter-Korean relations, while proponents to the plan of relegating the ministry’s duties to the Ministry of Foreign Affairs and Trade applaud the move to align North Korea policy with standing foreign policy directives.

On January 14, it was reported that Lee Myung-bak had asked the United States to further engage in talks with DPRK military leaders, while presenting a balanced approach, stating that “our people don’t support the idea of giving lavish aid to the North nor do they want to irritate it too much, I believe.” He went on to add that the United States holds the key to easing DPRK fears of opening up.

The net worth of inter-Korean exchanges totaled 1,797,890,000 USD in 2007, up 33% from the 1.35 billion USD in the previous year. The almost 1.8 billion dollars in trade recorded in 2007 is the highest to date, and is equal to 65 percent of the DPRK's non-Korean trade volume of 2.996 billion USD in 2006.

The Seoul-based International Vaccine Institute announced on January 14 that it will soon begin inoculating approximately six thousand North Korean children against bacterial meningitis and Japanese encephalitis.

The two Koreas began working-level military talks on January 25, marking the first talks of the year. During talks, the North proposed reducing the frequency of the inter-Korean rail services, citing a lack of cargo. The Southern delegation felt that the frequency was an important indication of inter-Korean cooperation. The two sides agreed to continue daily runs, but to reduce the number of empty carriages in the future.

North Korea is still not as attractive to businesses as other Asian neighbors. A survey released by the (South) Korea Chamber of Commerce and Industry on January 28 indicated that China and Vietnam are more attractive to ROK businesses. According to the survey, 80 percent of

businesses have difficulties starting or operating businesses in North Korea.

An ROK special envoy returned on January 23 from Moscow after proposing a joint ROK-DPRK-Russian cooperative project in eastern Siberia. President-elect Lee Myung-bak sent a letter to Russian President Vladimir Putin pushing for cooperation of “North Korea’s workforce, Russia’s resources and capital, and [South] Korean technology.”

U.S.-DPRK Relations

On January 9, amidst reports concerning possible DPRK-Syria nuclear connections, it was reported that in 1991 Israel was posed to strike a ship suspected of delivering missiles from the DPRK to Syria, but was dissuaded by Washington.

A U.S. State Department official stated on January 22 that North Korea had met the legal criteria to be removed from the U.S. list of state sponsors of terrorism. This came just after reports of conflicting opinions within the Bush administration, with Secretary of State Condoleezza Rice sharply rebuking Special Envoy on North Korean Human Rights Lefkowitz, who stated that North Korea is not serious about nuclear disarmament. Rice went so far as to say that Lefkowitz “certainly has no say on what American policy will be in the six-party talks,” dismissing his negative position on the failure of North Korea to meet its obligations. The White House later stated that North Korea must make a full declaration of its nuclear activities before being removed from the list.

Five officials from the DPRK recently visited the United States in order to learn how to treat

and prevent tuberculosis, a serious concern for the North that is “practically non-existent in most developed countries.” The officials were invited by The Korea Society, which is based in New York.

DPRK-PRC Relations

According to the PRC General Administration of Customs, China’s oil exports to North Korea were the same in 2007 as they were in 2006. China sent 523,160 tons of oil to North Korea in 2007.

A senior PRC Communist Party official traveled to Pyongyang for a meeting with Kim Jong Il on January 30. Wang Jiarui, director of the International Liaison Department of the Chinese communist party, was to convey a message to Kim, inviting him to the opening ceremony of the Beijing Olympics. While Kim reportedly told Wang that there would be no change in the DPRK stance on nuclear negotiations, he also assured the Chinese envoy that North Korea had no intention of harming DPRK-PRC relations.