

# 2014 | White Paper on Korean Unification



MINISTRY OF UNIFICATION





## Preface



The year 2013, when the Park Geun-hye administration was inaugurated, witnessed tremendous uncertainty and turbulence in the realms of unification, diplomacy, and national security.

North Korea again escalated tensions on the Korean Peninsula by conducting its third nuclear test at the beginning of the year, followed by its unilateral suspension of operations of the Gaeseong Industrial Complex (GIC). In Northeast Asia, conflicts over territory and historical issues deepened and came to the fore.

Amid the rising tensions, the Park Geun-hye administration proposed a new policy on North Korea. At its heart is a “trust-building process on the Korean Peninsula” intended to improve inter-Korean ties, establish lasting peace on the peninsula, and clear the way for unification. More specifically, it seeks the sustainable development of inter-Korean relations by steadily building trust through dialogue and cooperation between the two Koreas while maintaining peace on the peninsula based on solid security.

According to this basic policy, the Park Geun-hye administration sought to firmly condemn North Korea’s misconduct, such as its nuclear tests and closing of the GIC, while at the same time searching for ways to resolve various ongoing issues between the North and South through dialogue. Separately from the political situation, South Korea has also consistently rendered hu-

humanitarian aid for the most vulnerable people of North Korea such as infants and children and pursued social and cultural exchange.

These efforts eventually led to the reopening of the GIC and actually better positioned it for globalization. The Secretariat of the South-North Joint Committee for the GIC was established to enable South Korean personnel to be stationed permanently in the GIC to serve as a channel of communication with their North Korean counterparts. This permanent body has, in fact, already helped make significant progress on the ‘3C’ issues of come-and-go, communication, and customs, which have long been serious challenges for tenant companies in the complex. The Park Geun-hye administration has also strived to win agreement from North Korea on reunions for war-separated families, which is the most pressing humanitarian issue today. After many twists and turns, though the number of people taking part is limited, separated families were permitted to meet their loved ones in family reunions early this year for the first time in three years and four months.

The Park Geun-hye administration is working closely together with the international community to resolve the North Korean nuclear issue, while sharing its initiatives for improvement of inter-Korean relations and unification at various occasions including summits, and it is also pressing ahead with many inter-Korean cooperative measures together with the international community such as the construction of a “world peace park” in the Demilitarized Zone and the pursuit of the “Rajin-Hasan logistics project.”

In response to the young generation’s waning interest in unification, the government declared the last week of May as Unification Education Week. It is designed to educate the young about unification by speaking to their heart through various cultural events. Furthermore, personalized support for North Korean defectors is being provided to help them settle securely in Korea, and there are many educational support plans to help student defectors adapt to school life in Korea.

In retrospect, a great many things happened in 2013, not the least of which was an essential step towards the development of inter-Korean relations and

unification.

Next year will mark the 70th anniversary of the division of the Korean Peninsula.

The government set the “establishment of a foundation for peaceful unification” as one of its four guiding principles, and it is moving resolutely ahead with it in the firm belief that unification of the Korean Peninsula is the dominant call of the times that can no longer be delayed.

Thorough and substantial preparations for the coming era of unification require efforts by all of society. Unification is, after all, an integration of people. In this regard, uniting peoples’ hearts is a more important and challenging task than consolidating territory and systems. This calls for the Korean society to be more open to differences and to foster a sense of community based on sharing, caring, tolerance, and trust. Consumptive arguments need to be discouraged, while the people’s will and capacity for unification should be garnered.

President Park’s latest analogy of unification as a “bonanza” has won many hearts. It is encouraging to once again see lively discussion on unification in Korean society after a long hiatus. Accordingly, the “Unification Preparation Committee” will soon be launched to collect opinions on unification from society at large and draw up a concrete blueprint for a unified Korea. A bright new era of the unified Korean Peninsula will finally be at hand when these efforts gain momentum and come to a climax.

The 2014 White Paper on Unification is the fruit of an effort to document in detail the government’s endeavor for the last one year to move forward step by step to achieve the unification. I am hopeful that this white paper will help forge consensus on the necessity of unification in our society and open up a new era of the unified Korean Peninsula.

February 2014

Ryoo Kil-jae, Minister of Unification

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White Paper on Korean Unification

# UNIFICATION WHITE PAPER





# Chapter 1

## Trust-Building Process on the Korean Peninsula

01

- Section 1** Background
- Section 2** Key Points of the Trust-Building Process on the Korean Peninsula
- Section 3** Results of the Trust-Building Process on the Korean Peninsula
- Section 4** DMZ World Peace Park and Three-Way Cooperation between South Korea, North Korea, and Russia

## Chapter 1 Trust-Building Process on the Korean Peninsula

Efforts toward overcoming the division of a country and achieving lasting peace and unification on the Korean Peninsula have been ongoing. The drive to resolve problems through inter-Korean dialogue arose from the worldwide mood of détente in the 1970s and has continued to the present. There have been about 600 rounds of South-North talks including two inter-Korean summit talks. There are about 220 inter-Korean agreements including the July 4 South-North Joint Communiqué (1972), Inter-Korean Basic Agreement (1992), Joint Declaration of the Denuclearization of the Korean Peninsula (1992), June 15 South-North Joint Declaration (2000), and October 4 Inter-Korean Summit Declaration (2007).

None of these numerous agreements and commitments between South and North Korea, however, has provided a lasting basis for the development of inter-Korean relations. Relations between the South and North have instead seen the recurrence of much the same vicious cycle of progress and regression: a provocation by the North causes a crisis that is resolved by compromise, culminating in some reward to the North for easing the tension, followed after a certain period of time by yet another provocation and ensuing crisis. The root cause of this cycle is a lack of trust.

The resolution of the troubles on the Korean peninsula clearly needs to begin with the restoration of trust between South and North Korea. Only then can dialogue, exchange and cooperation be expected to lead to meaningful change in North Korea, the development of inter-Korean relations, and, ultimately, to genuine lasting peace and unification. Needless to say,

however, overcoming the vicious cycle of distrust that has recurred over seven decades of division will be a major task.

The need for trust is not limited to inter-Korean relations. The most essential foundation for effective policy is trust from the people themselves. Only when they show sympathy and render support can policy be pursued smoothly. Due canvassing and consideration of public opinion will strongly underpin the unified Korean Peninsula. Building trust with the international community is also essential. Inter-Korean issues are of concern not only to South and North Korea, but also to the international community, in that they involve regional peace and stability as well as some values common to all mankind. The drive to establish lasting peace on the Korean Peninsula and bring about unification will gain more momentum when the international community renders its cooperation.

Proceeding from such beliefs, the Park Geun-hye administration proposed the Trust-Building Process on the Korean Peninsula as a new policy both for North Korea and for unification. It is based on trust between South and North Korea. The ROK government's policy-making last year was consistently characterized by the spirit of the Trust-Building Process. The ROK government has managed the situation on the peninsula by evincing the firm, resolute adherence to principles even amidst heightened tensions stemming from North Korea's acts of aggression and threats before and after the inauguration of the Park Geun-hye administration, including the nuclear tests and the suspension of operation of the Gaeseong Industrial Complex (GIC). In its

pursuit of normalization of the GIC, the ROK government left the door for dialogue open for North Korea, in the interest of better positioning the complex instead of merely reopening it. Moreover, unceasing efforts have been made to build trust between South and North Korea by rendering humanitarian aid for the most vulnerable people in North Korea and pursuing social and cultural exchange irrespective of the political situation. Meanwhile, the ROK government established a robust cooperation system with the international community, so as to reinforce its stance of zero tolerance for a nuclear-armed North Korea. It also sought ways to develop inter-Korean cooperation together with the international community, including the creation of the DMZ World Peace Park and three-way Northern cooperation. The Park Geun-hye administration also proposed the “establishment of a foundation for peaceful unification” as one of its four guiding principles, and set out to strive for peaceful unification on the Korean Peninsula.

## Section 1 Background

Inter-Korean relations have not progressed sustainably: they have merely undergone repeated advances and setbacks. Relations between South and North Korea have experienced a vicious cycle in that they advanced through dialogue-driven resolution of issues and implementation of various agreements only to soon regress again due to the North's provocations and threats. In the meantime, North Korea has attempted to advance its nuclear weapons program. These stark realities necessitated a whole new policy on North Korea.

A new policy on North Korea should, first of all, break the vicious cycle in inter-Korean relations and lead the North toward becoming a responsible member of the international community. Now is the time to put an end to the old custom of meeting the North's provocations with compromise and rewards, and to work instead toward establishing an enduring peace in the region. To that end, the ROK government should respond firmly to any act of aggression or misconduct by Pyongyang, so that it can clearly recognize that it will inevitably face consequences for any such act. In this way, North Korea should be induced to become a responsible member of the international community that complies with global standards and agreements.

Moreover, fundamental solutions to the security crises on the Korean Peninsula, including the North Korean nuclear issue, should be identified. North Korea's pursuit of nuclear weapons has posed an ongoing threat to the Korean Peninsula, Northeast Asia, and global peace despite two decades of extensive efforts by South Korea and the international community. Efforts must now be undertaken to fundamentally resolve the problems by building

## 【Implementation Framework of the Trust-Building Process on the Korean Peninsula】



trust between the two Koreas, as well as between the North and the international community.

The previous ROK administrations pursued two approaches with respect to inter-Korean relations: one was an engagement policy focused on dialogue and exchange, and the other was a principle-driven policy towards North Korea. Both fell short of inducing significant changes in North Korea, and proved insufficient to deter either its nuclear development or its military provocations. The situation clearly calls for a new policy on North Korea that can overcome the limitations of the policies of past administrations by building on the strengths of each, and exploring a comprehensive approach. In this way, sharp conflicts over policy towards North Korea within the domestic arena will become resolvable.

Some suggest that the distrust between South and North Korea is so deeply rooted that building trust may be difficult. However, conversely, the great distrust between the two Koreas may actually afford the ROK government a great opportunity to take the initiative in establishing a new trust-based order on the Korean Peninsula. Against this backdrop, the Park Geun-hye administration is striving to establish genuine peace on the Korean Peninsula and a foundation for peaceful unification through the Trust-Building Process on the Korean Peninsula.

## Section 2 Key Points of the Trust-Building Process on the Korean Peninsula

### ① Concept

The Trust-Building Process on the Korean Peninsula is a new policy on North Korea by the Park Geun-hye administration to improve inter-Korean relations. It involves building trust based on a strong security posture, establishing lasting peace on the Korean Peninsula, and laying the foundation for peaceful unification.

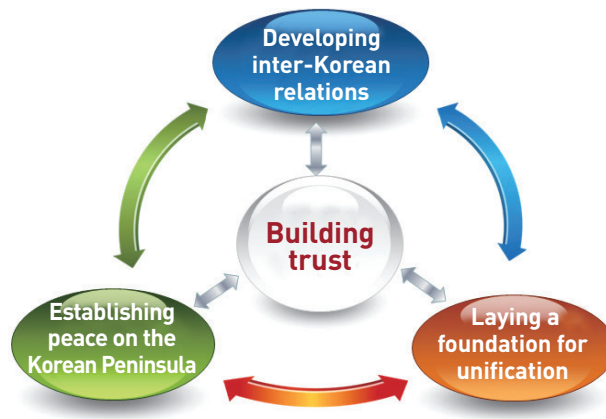
Trust between South and North Korea is to be gradually built as the two Koreas talk with each other, honor their commitments, and carry out mutually beneficial exchange and cooperation. In cases where North Korea commits any act of misconduct that breaks the peace on the Korean Peninsula, the ROK government needs to urge it back on a cooperative path by ensuring that the North pays the due price for its actions, and to make it clear that only trust built through proper dialogue, exchange, and cooperation is in the interest of both Koreas.

The Trust-Building Process on the Korean Peninsula calls for trust between South and North Korea, public trust in the ROK government, and trust from the international community. Trust is the very foundation for improving inter-Korean ties, establishing lasting peace on the Korean Peninsula, and laying the groundwork for a unified Korea. It also constitutes social capital and infrastructure that facilitates execution of policy on North Korea on the basis of domestic support and international cooperation.

Through the Trust-Building Process on the Korean Peninsula, the ROK government intends to safeguard peace by establishing a solid national



security posture that does not tolerate North Korea's armed provocations. It also plans to realize sustainable peace by encouraging the North to take the path of trust building. With this as its foremost priority, the ROK government is pressing ahead with policies in such a way that they create a virtuous cycle of trust-building that will bring about better inter-Korean relations, enduring peace on the Korean Peninsula, and a solid groundwork for unification.



## 2 Directions for Implementation

### (1) Objectives

The Trust-Building Process on the Korean Peninsula is intended to develop inter-Korean relations, establish peace on the Korean Peninsula, and lay a foundation for unification.

Developing inter-Korean relations means establishing a new relationship between South and North Korea, through which common sense and international norms prevail. The ROK government seeks to expand areas of common interest between South and North Korea and further establish an

economic community as well as a social and cultural community through mutually beneficial exchange and cooperation.

Establishing peace on the Korean Peninsula implies achieving denuclearization on the Korean Peninsula, by keeping a balance between inter-Korean cooperation and international cooperation, and by making a lasting peace by promoting inter-Korean trust in the political and military realms.

Laying a foundation for unification entails both domestic and external groundwork. Internally, the ROK government will expand societal capability to take the initiative and make substantial preparations for a unified Korea. On the external front, the government will strive to help the international community understand that the process of unification on the Korean Peninsula requires its cooperation, and that this is a win-win solution for both Korea and the international community.

## (2) Principles

The ROK government implements the Trust-Building Process on the Korean Peninsula based on these principles: aligned approach, evolving policies toward North Korea, and cooperation with the international community.

The principle of aligned approach denotes the implementation of policies toward the North based on the balance between national security and inter-Korean exchange and cooperation and between inter-Korean cooperation and international cooperation. This does not stand for a mathematical or quantitative balance, i.e., 50:50, but represents a dynamic balance, incrementally determined in response to ongoing changes in circumstances. In a bid to take the aligned approach in implementing policies towards the North, the ROK government seeks to fine-tune critical factors of policies by

reacting either more flexibly or more firmly as circumstances dictate.

The principle of evolving policies toward North Korea involves continually complementing and improving policies to direct the North into making the right choice and helping both Koreas thrive together. In responding to the high uncertainty in inter-Korean relations, policies will be carried out not rigidly, but in a flexible and timely manner, to allow for more effective and proactive management of every kind of contingency on the Korean Peninsula.

The principle of cooperation with the international community is based upon the understanding that the issues of the Korean Peninsula concern not only the two Koreas but also the international community. Their resolution is thus closely associated with peace in Northeast Asia at large. The ROK government is striving to address security crises on the peninsula through close consultation and cooperation with the international community, and seeking to pursue a virtuous cycle whereby resolving the issues of the Korean Peninsula will lead to greater peace and cooperation in Northeast Asia.

### (3) Policy Directions

The ROK government builds trust between the two Koreas by implementing agreements on the basis of solid national security, creates an environment conducive for the North to make the right choice, and pursues policies based on domestic and international trust.

First, the government is pursuing policies based on a strong national security posture. It strives to discourage the North from conducting any act of aggression through strong deterrence. If the North does carry out a provocation, it takes a firm stance to ensure that the North duly faces consequences. Simultaneously, however, the government leaves the door open for dialogue, exchange, and cooperation, and continues its efforts to

further develop inter-Korean relations.

Second, the government is building trust between South and North Korea by implementing agreements in good faith. It builds trust by honoring and adhering to inter-Korean agreements as well as those executed with the international community. The government solidifies trust by agreeing to what can be executed and implementing agreements without fail.

Third, the ROK government is creating an environment conducive for the North to make the right choice. It seeks to encourage the North to scrap its nuclear program and abide by international norms and obligations. It continues to create conditions that encourage the North to change through dialogue and cooperation based on trust between the two Koreas.

Fourth, the ROK government is pursuing policies based on domestic and international trust. In the domestic arena, it forges greater consensus among the people by receiving public feedback and implementing policies transparently. It also works closely with the international community to enhance the effectiveness of policies and make them more acceptable to the North.

### Initiatives

The principles and directions of the Trust-Building Process on the Korean Peninsula can be crystallized through a more concrete process of implementing the policies. With a view toward establishing a new order of inter-Korean relations based on principles and trust, the ROK government is pushing forward with the following initiatives:

#### (1) Normalizing inter-Korean relations through trust-building

The ROK government has been normalizing inter-Korean ties by building

trust through the Trust-Building Process on the Korean Peninsula. To that end, the government is conducting a multipronged effort that includes addressing humanitarian issues on an ongoing basis; establishing permanent communication channels to implement agreements; expanding and increasing reciprocal exchange and cooperation; and pursuing Vision Korea Projects as progress is made.

First, humanitarian issues continue to be addressed. The humanitarian assistance for the most vulnerable members of the population of North Korea (such as infants and expectant mothers) is provided regardless of the political situation. The government is also making sustained efforts to offer substantial solutions to other humanitarian problems, including those pertaining to separated families, prisoners of war, and abductees in North Korea.

Second, the ROK government is seeking to establish channels of communication between the two Koreas and to implement existing agreements. To that end, it is working hard to set up a permanent communication channel between South and North Korea. It is also making efforts to bring inter-Korean dialogue into conformity with international standards. During inter-Korean dialogue, the agreed spirit of “mutual respect and peace” will be observed, and agreements will be carried out in consideration of public consensus and national security, among others.

Third, the ROK government is striving to expand and increase reciprocal exchange and cooperation between the two Koreas. It continues to seek normalization of the GIC, and even its development into an international industrial complex, by improving systems and other aspects of it. The government will seek manifold ways to foster social and cultural exchange between the two Koreas, such as inter-Korean academic and religious exchange. Meanwhile, it will push ahead with economic cooperation projects, including one for the joint development of underground resources

in the North that can enable both Koreas to thrive together. In addition, a South-North environmental community will be fostered through the Green Détente initiative for agricultural and environmental cooperation. The government will work towards the resumption of Mt. Geumgang tours, which have been suspended since 2008, if North Korea gives assurances for personal safety and the like.

Fourth, Vision Korea Projects will be carried out according to the progress of trust-building and denuclearization on the peninsula. To enhance the North's self-sufficiency, the government will expand North Korea's infrastructure including the electric power grid, transportation network, and telecommunications system to the extent made possible by progress in trust-building and resolution of the North's nuclear issues. Furthermore, while helping the North to join international financial institutions and seeking to advance into special economic zones in the North, as economic cooperation between the two Koreas progresses, the ROK government will set up offices for inter-Korean exchange and cooperation in Seoul and Pyongyang. These offices will ensure that exchange and cooperation can be carried out in a more stable and systematic manner.

## (2) Pursuing enduring peace on the Korean Peninsula

The ROK government intends to establish sustainable peace on the Korean Peninsula through the Trust-Building Process on the Korean Peninsula. It is establishing a robust security posture to safeguard peace, undertaking a multipronged effort to resolve the North Korean nuclear issue, building political and military trust, and pursuing a new cooperation model including creation of the DMZ World Peace Park.

First, the government is establishing an unshakable security posture to

ensure peace on the peninsula. The ROK government is fending off North Korean provocations by maintaining strong deterrence and building solid security on the one hand, and further enhancing its comprehensive defense capabilities, including the ROK-US combined deterrent, on the other.

Second, the government is undertaking a multipronged effort to resolve the North's nuclear issue. Resolving this issue is indispensable to establishing sustainable peace on the Korean Peninsula. To this end, the ROK government will strike a balance between inter-Korean cooperation and international cooperation, while employing methods of persuasion and pressure to dissuade the North from developing nuclear arms. It will push ahead with substantial inter-Korean dialogue to arrive at solutions for North Korea's nuclear issue, while pressing for denuclearization through the six-party talks; three-way strategic discussions among South Korea, the United States, and China; and other means in cooperation with the international community. Depending on how much progress is made with the North's denuclearization, the government will consider commensurate political, economic, and diplomatic measures to induce changes in Pyongyang.

Third, the government is pursuing a project to create the DMZ World Peace Park. The government will join efforts with the United Nations and appropriate countries to create this park within the demilitarized zone to make it a landmark of world peace, as well as a new model for peace and cooperation that brings together the two Koreas and the international community.

Fourth, the government is also in the process of establishing political and military trust between South and North Korea. It will first undertake fundamental measures such as the mutual recognition of both regimes in the South and the North, and an end to armed provocations. Then, the government will take further trust-building measures in the political and military fields, including peaceful resolutions of disputes and the prevention of accidental mil-

itary engagements, as inter-Korean exchange and cooperation becomes more active.

### (3) Reinforcing infrastructure for unification

The ROK government is seeking to normalize inter-Korean relations and establish enduring peace on the Korean Peninsula by building trust, while establishing a substantial foundation for unification. To achieve this, the government seeks to uphold and further develop the National Community Unification Formula of previous administrations and realize public engagement in its quest for unification. It is simultaneously striving to restore the homogeneity of the two Koreas and to strengthen the fundamental system for unification by making efforts to improve the quality of life of the North Korean people.

First, the government will uphold and further develop the National Community Unification Formula. It is hosting academic seminars and public meetings and employing other means of communication to receive feedback from a wide spectrum of society in order to build a national consensus on the development of the National Community Unification Formula. It is also pursuing “small unification” through formation of an economic community while moving towards “big unification” through political integration. This involves promoting research on Korean unification and North Korea at home and abroad, and building a framework for cooperation among research institutes.

Second, the government is strongly encouraging the people to engage in the process of unification. It places its top priority on building a public consensus and is forging closer bipartisan cooperation in the belief that national unity is the most essential in pursuing unification policies. Education



on unification is being improved to bring the people together as one in their commitment to unification. Protection and support for North Korean defectors with their settlement in South Korea are being strengthened.

Third, the ROK government is stepping up its efforts to improve the quality of life of the North Korean people. Both domestically and internationally, the government is doing all it can to improve the human rights situation in the North, including the enactment of the North Korean Human Rights Act. It is expanding and developing its cooperative engagement with civic groups and the international community. It seeks multi-faceted cooperation to develop the North Korean economy and reduce poverty throughout the process of developing inter-Korean relations.

#### (4) Creating a virtuous cycle between peaceful unification of the Korean Peninsula and peace and cooperation in Northeast Asia

Through the Trust-Building Process on the Korean Peninsula, the ROK government desires to create a virtuous cycle between peaceful unification of the Korean Peninsula and peace and cooperation in Northeast Asia. It is soliciting more support for unification on the Korean Peninsula from the international community and facilitating endeavors for peace and development in Northeast Asia in hopes of ultimately resolving the North Korean issues. The “three-way Northern cooperation” is also being pursued as a means for cooperation with the international community.

First, the government seeks to increase international support for unification between the two Koreas. In the belief that the international community’s understanding of and support for unification of the Korean Peninsula are integral toward peaceful unification of the two Koreas, the government is moving to build wide international support for peaceful unification on the

Korean Peninsula. It is actively sharing the vision of unification to help ensure that peaceful unification on the peninsula will bring development to Northeast Asia and contribute to world peace. Going forward, it will take the initiative in promoting international cooperation to broaden the consensus for unification around the world.

Second, the government intends for sustainable peace and development in Northeast Asia to eventually help resolve North Korean issues. The government is first pursuing cooperation in nonconventional areas of security where cooperation is relatively easy, such as counter-terrorism, the environment, humanitarian aid, and disaster relief in a bid to secure sustainable peace in Northeast Asia. It will also form multilateral frameworks to facilitate inter-Korean cooperation and ease conflicts in Northeast Asia, and thereby build on trust in Northeast Asia to create a new regional order.

Third, the government is pursuing “three-way Northern cooperation” among the two Koreas and Russia as well as among the two Koreas and China in such fields as energy and logistics in order to promote common interests of the Korean Peninsula and Northeast Asia and create peace in both regions. It is actively seeking ways to cooperate with appropriate international organizations to pursue this initiative.

## Section 3 Results of the Trust-Building Process on the Korean Peninsula

### 1 Consistent Implementation of the Trust-Building Process on the Korean Peninsula

The ROK government has carried out the Trust-Building Process on the Korean Peninsula to ensure the development of sustainable inter-Korean relations. As President Park Geun-hye made clear in her inaugural address on February 25, 2013 and her speech marking the March 1<sup>st</sup> Independence Movement Day on March 1, 2013, the government worked hard to reestablish the inter-Korean relationship by standing firm against the North's wrongful acts while building trust through dialogue and cooperation.

#### ■ President Park's Inaugural Address (February 25, 2013)

- "There is no doubt that we are faced today with an extremely serious security environment, but neither can we afford to remain where we are. I will move forward step-by-step on the basis of credible deterrence to build trust between the South and the North."
- "Trust can be built through dialogue and by honoring promises that have already been made. It is my hope that North Korea will abide by international norms and make the right choice, so that the trust-building process on the Korean Peninsula can move forward."

#### ■ President Park's Speech on the 94th March 1<sup>st</sup> Independence Movement Day (March 1, 2013)

- "While provocations by the North will be met by stronger counter-responses, the North's willingness to make the right choice and walk the path of change will be answered with more flexible engagement."
- "It is my hope that North Korea will uphold its agreements with South Korea as well as with the international community and walk the path of trust and mutual acknowledgment."

The Park Geun-hye administration has responded firmly and in a principled manner to the North's provocations and threats, which the North has continued to commit before and after the new administration's inauguration. North Korea has escalated tensions on the Korean Peninsula by launching long-range missiles on December 12, 2012, carrying out a third nuclear test on February 12, 2013, threatening to nullify the 1953 Armistice Agreement on March 5, scrapping non-aggression agreements with South Korea on March 8, and declaring a state of war with South Korea on March 30. In response to the North's wrongful acts, the ROK government clarified its principle that the North would gain nothing through provocations and threats, while urging the North to build trust by observing international norms and honoring inter-Korean agreements.

Despite these efforts, the North unilaterally withdrew its workers from the GIC on April 8, thereby suspending the operations of the joint industrial park that had been in operation for a decade. In response, the ROK government steeled its determination to break the vicious cycle according to which the North was rewarded for its provocations. On April 11, the ROK government, through the Unification Minister's statement, strongly urged Pyongyang to stop creating crises on the Korean Peninsula, and called for the North to act responsibly in regard to the GIC. On April 26, the government held to its firm principles by withdrawing all South Koreans from the GIC for the sake of their security.

Facing tougher international sanctions and the ROK government's firm responses against its provocations and threats, the North sought to re-enter dialogue when its special envoy Choe Ryong-hae visited China on May 22-24, 2013. Upon the ROK government's proposal for dialogue to normalize the GIC, the North came to inter-Korean working-level talks on July 6. When President Park put forward the proposal on August 15 that the two Koreas

resume reunions of war-separated families, the North agreed to hold inter-Korean Red Cross working-level contacts on August 23.

In this process, the ROK government clarified its position that only proper dialogue, exchange and cooperation can help the two Koreas build mutual trust and bring mutual benefits. Instead of merely reopening the GIC, the government strived to accomplish progressive normalization by preventing the recurrence of any circumstance that might lead to the suspension of its operations. It also sought to better position it for globalization through institutional improvement. In the meantime, in response to the North's insistence on linking the reunion of separated families, which is a purely humanitarian issue, with the resumption of Mount Geumgang tours and other issues, the ROK government adhered to its stance that they are completely separate issues.

Inter-Korean relations appeared to make progress as the North agreed, through the Red Cross working-level contacts, to hold the reunions of separated families during the traditional Chuseok holiday (September 25-30), and the GIC resumed operations on September 16. However, on September 21, the North scuttled the reunions only four days before they were due to take place. North Korea then continued to slander the ROK government by resuming its harsh criticism of President Park, and attempted to incite internal conflict and confusion in South Korea through antigovernment agitation. In response, the ROK government strongly pointed out that the North's slander and antigovernment agitation were anachronistic. It called upon the North to immediately stop all attempts at disrupting public order in the South and instead to permit inter-Korean relations to advance.

The internal situation in North Korea changed markedly in late November 2013 as Jang Song-thaek was purged. The ROK government closely monitored the unfolding events in North Korea with calm and caution, while striv-

ing to take every possible precaution against all foreseeable contingencies. In particular, immediately after news of Jang's execution was broadcast on December 13, an emergency national security policy coordination meeting was held, and a foreign affairs and security ministers meeting, chaired by the President, was held on December 16 to thoroughly discuss countermeasures. In addition, the government made every effort to manage inter-Korean relations to best maintain stability, while maintaining the flow of inter-Korean dialogue and cooperation. In follow-up for the developmental normalization of the GIC, the third Joint Subcommittee for Come-and-go, Communications and Customs (3C) was held on November 29, and on-site visits, follow-up working-level discussions, and other activities were also carried out to improve the 3C system.

In these ways, the ROK government established the Trust-Building Process on the Korean Peninsula as its new policy on North Korea, and sought to lay a foundation for developing sustainable inter-Korean relations by making it clearly known internally and externally (including in North Korea) and carrying it out. In the years ahead, the ROK government will continue to hold fast to the policy directions of the Trust-Building Process on the Korean Peninsula based on the results that it has garnered thus far, and press ahead with dialogue and cooperation to deepen trust between South and North Korea.

## Efforts to Create Trust through Inter-Korean Dialogue and Cooperation

### (1) Efforts to resolve problems through dialogue

The ROK government found ways to pursue inter-Korean dialogue by leaving the door open for North Korea in order to create trust and resolve

outstanding issues. At her inauguration speech on February 25, 2013, President Park Geun-hye proposed that South and North Korea build trust through dialogue and by honoring promises already made. Since then, she has reaffirmed on several occasions that South Korea is willing to talk with the North.

After the suspension of the GIC, the ROK government made proposals for inter-Korean dialogue to resolve the GIC issue in the Unification Ministry spokesperson's statements made on April 25, May 14, and May 28. The government also suggested inter-Korean ministerial talks to the North on June 6 through the Unification Minister's announcement of the government's position in the belief that dialogue between responsible high-ranking officials of South and North Korea is required to comprehensively resolve pressing issues between the two Koreas. North Korea accepted the ROK government's proposal for ministerial talks, and a working-level meeting was held in Panmunjeom on June 9-10. This contact enabled the two Koreas to agree to hold inter-Korean authorities talks in Seoul on June 12-13. However, the talks were cancelled one day before they were to be held as the North, taking issue with the rank of South Korea's top delegate, notified the South of its decision to put off the dispatch of its delegates.

In spite of these circumstances, the ROK government continued its efforts to resolve inter-Korean issues through dialogue and cooperation. To resolve the problems of the GIC in particular, the government on July 4 proposed working-level talks. Pyongyang accepted the proposal, and starting from the first talks on July 7, seven rounds of talks in total were held, eventually leading to the agreement to normalize activity at the suspended Gaeseong complex on August 14. Since then, a variety of channels of dialogue have been used, including the South-North Joint Committee for GIC and four subcommittees under the committee. On September 30, the Secretariat of the South-North Joint Committee for GIC was opened to establish a permanent

channel of inter-Korean communication in order to facilitate the operation and development of the GIC.

In the meantime, President Park proposed, in her Liberation Day speech on August 15, 2013, to hold reunions for war-separated families during the traditional Chuseok holiday. Following the proposal, on August 23, the inter-Korean Red Cross working-level meeting was held, in the course of which Seoul and Pyongyang agreed to hold the family reunions on September 25-30. However, the scheduled reunion foundered as the North unilaterally postponed the family reunions on September 21, only four days before they were to take place.

## (2) Developmental normalization of the Gaeseong Industrial Complex

The ROK government designated the globalization of the GIC as one of its key initiatives in the Ministry of Unification's New Year's report to the President for 2013 on March 27. However, on April 8, even before the government began to act on the initiative, the North unilaterally pulled its workers out of the GIC, thereby suspending its operations and jeopardizing the GIC globalization initiative.

The ROK government reacted to the North's wrongful conduct according to its principles while striving to normalize the stalled inter-Korean industrial complex in Gaeseong for the better. On April 26, the government decided to withdraw all staff from the industrial complex to ensure their safety, which was its foremost concern. On May 28, the government made clear through the Unification Ministry spokesperson's statements that an institutional framework should be established to prevent recurrence of the suspension of operations of the GIC. In this way, the ROK government carried out discussions with the North with the aim of improved normalization of the



GIC, as opposed to merely reopening it.

Starting with the first working-level talks on July 6, seven rounds of inter-Korean talks on the Gaeseong Industrial Complex were held. These efforts led to South and North Korea's adopting the "agreement on the normalization of the GIC" on August 14. It calls for no further unilateral suspension, guaranteeing normal operations, ensuring the safety of South Korean staff, pursuing globalization, and forming the South-North Joint Committee for the GIC. The two Koreas continued negotiations thereafter through the South-North Joint Committee for the GIC, and the GIC resumed its operations on September 16. Moreover, working-level negotiations to improve systems were carried out through four subcommittees under the South-North Joint Committee for the GIC (pertaining to 3Cs; investment protection, management, and operation; international competitive power; and entry, exit and stay). On September 30, the Secretariat of the South-North Joint Committee for the GIC was established to enable permanent stationing of South Korean personnel in the GIC to carry out inter-Korean discussions concerning the operation and development of the GIC.

On November 29, at the third round of the Joint Subcommittee for 3Cs, it was agreed to hold working-level contacts concerning military communications and telecommunications in order to address such issues as the start of electronic entry system construction scheduled for early December, on-site visits to facilitate customs clearance, and Internet connections. To implement these inter-Korean agreements, on-site visits concerning the streamlining of the customs clearance process were made on December 4 and December 7, and working-level contacts in the field of communications for Internet connections at the GIC were conducted on December 6. The construction of the electronic entry system using radio frequency identification (RFID) commenced on December 11. When complete, the system will facilitate unre-

stricted travel to and from the GIC on a daily basis.

### (3) Continued humanitarian aid and social and cultural exchange

Amid the difficulty in inter-Korean relations, the ROK government has been consistent in rendering humanitarian aid for the most vulnerable members of the population of North Korea and in pursuing social and cultural exchange as part of its endeavor to build inter-Korean trust.

The ROK government has adhered to its basic stance that it would render humanitarian aid for the vulnerable people of the North regardless of the political situation. Starting with its March 22 approval for the Eugene Bell Foundation's application to send tuberculosis medications to the North, the government authorized 18 private organizations to send the North approximately KRW 6.8 billion worth of nourishing food, essential drugs, and consumables, of which KRW 5.1 billion was actually provided.

The government rendered about KRW 13.5 billion in aid to the North through international organizations such as UNICEF (USD 6.04 million; KRW 6.7 billion) and WHO (USD 6.3 million; KRW 6.8 billion). In 2013, the government granted the North about KRW 18.6 billion in total in humanitarian aid through private organizations and international bodies, an increase of about 32 percent from KRW 14.1 billion in 2012. To improve the transparency of distribution of aid supplies to North Korea, the ROK government verified the receipt of supplies by the end recipients themselves instead of confirming delivery of supplies with intermediary agencies.

The ROK government also continued to allow non-political and non-military social and cultural exchange in such fields as sports and religion. The government approved five visits to North Korea, namely, the joint South-North Buddhist ceremonies at Singyesa and Yeongtongsa Temples, the

South-North joint mass at Changchung Cathedral of Pyongyang, the South-North joint excavation of Manwoldae (a historic site of the Goryeo dynasty located in Gaeseong), and the Asian Cup and Interclub Weightlifting Championship. The 2013 Asian Cup and Interclub Weightlifting Championship held in Pyongyang in September was meaningful in that it marked the first time South Korea's national flag was hoisted and its national anthem played in North Korea. In July, the North Korean women's football team participated in the 2013 East Asian Cup held in Seoul and Hwaseong, Gyeonggi Province, Korea, and in August, North Korean youths attended the Youth Leadership Program held in Gwangju, Korea. In 2013, the ROK government approved 197 inter-Korean social and cultural meetings of various kinds in sports, religion, education and academia, culture, and art, 34 percent more than in 2012 when 147 such meetings were approved.

### ③ Efforts to Lay the Foundation for Unification Internally

One of the Park Geun-hye administration's four guiding principles for realizing its vision is the establishment of a foundation for peaceful unification. President Park reiterated on several occasions that this is a high priority, and that during her term she would press hard for the establishment of a foundation for peaceful unification to usher in a new era on the Korean Peninsula.

The people's strong interest in unification and unity are the most critical factors for laying a foundation for peaceful unification and realizing a unified Korean Peninsula. This poses a challenge, because the nation has been divided for so long that the people are increasingly indifferent and skeptical about unification. The ROK government is therefore stepping up its promotion efforts on unification to build a public consensus on it.

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■ **President Park Geun-hye's opening address at the 16th General Assembly of the National Unification Advisory Council (August 28, 2013)**

- "I set the establishment of groundwork for peaceful unification as one of the four key policies of this government, since unification is a national task that will put an end to the 70-year-long division of the country and open a new page for a happy future for all Koreans; it is also the people's long-cherished desire. I will work with you in opening a new era for the Korean Peninsula by establishing the basis for peaceful unification."

■ **President Park Geun-hye's address at the National Assembly on the Government Proposal for FY2014 Budget Plan (November 18, 2013)**

- "The path toward peaceful unification of the Korean Peninsula may seem long and arduous, but it is a path we must take. I will ensure that the foundation for peaceful unification is established while I am in office, and I will make every effort to see North Korea make changes toward becoming a responsible member of the international community."
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In 2013, the government declared the last week of May as Unification Education Week to stimulate public interest in unification. It staged a number of education programs and cultural events concerning unification, and had schools nationwide give lessons on the subject. The government also formulated more experience and participation programs, including Unification Camp, to heighten awareness and understanding of unification among the younger generation that will take the lead in the post-unification era of the unified Korea. The Unification Education Support Act was amended to improve education on unification at schools.

Coupled with these efforts, the government has helped North Korean defectors settle in South Korea. The settlement of those who risked their lives to come down to South Korea is instrumental not only from a humanitarian perspective but also because it is a starting point for integration between

South and North Korea. For maximum possible benefit, the ROK government considers the defectors' cases individually and personalizes support accordingly. With a view towards helping student defectors self-develop and become model citizens of the unified Korea, exclusive coordinators are posted at schools and residential areas with many such defectors to help them adapt to school life. Practical opportunities for education are being provided by expanding eligibility for scholarships and offering support for alternative education and after-school study rooms.

#### ④ Pursuit of North Korea Policies together with the International Community

##### (1) Continued efforts to resolve North Korean nuclear issues

Based on its firm principle that the North's possession of nuclear weapons is unacceptable, the ROK government redoubled its cooperation with the international community to call upon North Korea to abandon its nuclear programs. The government joined the international community in strongly condemning the North's third nuclear test (February 12, 2013), and imposed tougher sanctions against the North in accordance with the United Nations Security Council Resolution 2094.

In spite of the international sanctions, North Korea advanced its nuclear capabilities and continued its efforts to make its attainment of nuclear weapon state status into a fait accompli. On March 31, at the plenary meeting of the Central Committee of the Workers' Party of Korea, North Korea adopted a new strategic line calling for the simultaneous pursuit of economic construction and nuclear armament. On the following day, April 1, the 12<sup>th</sup> Supreme People's Assembly convened its 7th session and approved laws and

ordinances on “consolidating the position of a nuclear weapons state for self-defense” and “developing space.” On April 2, the North threatened to take concrete actions to strengthen its nuclear power by announcing it would restart its nuclear facilities, including its 5-megawatt-electric (5-MWe) graphite-moderated reactor in Yongbyon, north of the capital, which had been disabled and mothballed.

The ROK government continued to endeavor to resolve the North’s nuclear issues in concert with the international community. Through the South Korea-U.S. Summit Talks on May 7, the South Korea-China Summit Talks on June 27, and the South Korea-Russia summit talks on November 13, President Park obtained solid support from the international community for the principle that North Korea would not be accepted as a nuclear power.

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■ **Korea–U.S. Summit Talks (May 7), Joint Declaration in Commemoration of the 60<sup>th</sup> Anniversary of the Alliance between the ROK and the USA**

- “We share the deep concern that North Korea’s nuclear and ballistic missiles programs and its repeated provocations pose grave threats to the peace and stability of the Korean Peninsula and Northeast Asia.”
- “Both the United States and the Republic of Korea are determined to achieve the peaceful denuclearization of North Korea and are working with other Six-Party Talks partners and the international community to insist that North Korea adheres to its international obligations and commitments.”

■ **Korea–China Summit Talks (June 27), Joint Statement for Future Vision**

- “South Korea expressed concern over North Korea’s repeated nuclear tests and made clear that North Korean possession of nuclear weapons cannot be tolerated in any situation. In regard to this, both sides agree that the development of nuclear weapons by related parties is a serious threat to the peace and stability of Northeast Asia, including the Korean peninsula.”
- “We both agreed to continue strategic cooperation toward our common goal and that international obligations and promises, including the September 19 Joint Statement for

Denuclearization and the UN Security Council Resolutions, should be kept.”

■ **Korea–Russia Summit Talks (November 13), Joint Statement**

- “The two sides reconfirmed their stance against the independent line that North Korea takes. They emphasized that North Korea cannot have a nuclear missile capability, and also that their nuclear program is against the international community’s demands and the U.N. Security Council’s resolutions.”
- “Both countries stressed that North Korea should abide by its international obligations and promises, as evidenced at U.N. Security Council resolutions as well as at the 2005 joint statement signed by China, North Korea, Japan, South Korea, Russia and the U.S.”

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In the meantime, in response to the tougher sanctions by the international community and China’s persuasion efforts, North Korea attempted to turn the situation around. In what North Korea’s National Defense Commission called an “important statement” on June 16, a high-level meeting with the United States was proposed. It also waged a dialogue offensive through an international forum marking the 10<sup>th</sup> anniversary of the start of the six-party talks by insisting the return to the six-party talks without preconditions. The ROK government took note that the North Korean regime was calling for unconditional dialogue while moving counter to denuclearization by holding fast to its line of simultaneously pursuing economic construction and nuclear armament. Through close dialogue with relevant countries including the U.S., the ROK government shared its stance that North Korea needs to show its determination for denuclearization through its actions. The government is working with the international community to ensure that dialogue brings about substantial progress toward denuclearization, as opposed to engaging in dialogue merely for the sake of dialogue.

## (2) Widespread international consensus over the Trust-Building Process on the Korean Peninsula and unification

To open a new era of the unified Korean Peninsula, cooperation with the international community is as important as the development of inter-Korean relations and the enhancement of South Korea's readiness for unification. The unification process will gain even greater momentum when the international community shares the vision of unification of the Korean Peninsula and renders full support and cooperation toward its realization. Thus, the ROK government focused its efforts on building an international consensus over unification of the Korean Peninsula as well as obtaining support for the Trust-Building Process on the Korean Peninsula and sharing views on how to resolve the North's nuclear issues. Through the summit meetings with the U.S., China, and Russia, in particular, President Park secured support for the Trust-Building Process on the Korean Peninsula and forged a consensus on unification with the leaders of each country through candid dialogue.

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- Joint Declaration in Commemoration of the 60th Anniversary of the Alliance between the ROK and the USA (May 7)
    - "We pledge to continue to build a better and more secure future for all Korean people, working on the basis of the Joint Vision to foster enduring peace and stability on the Korean Peninsula and its peaceful reunification based on the principles of denuclearization, democracy and a free market economy. In this context, the United States and the Republic of Korea will continue to work through the Alliance to bring North Korea into compliance with its international obligations and promote peace and prosperity on the Korean Peninsula, including through the trust-building process initiated by President Park."



#### ■ Joint Press Conference on the Korea–China Summit Talks (June 27)

- “The two presidents agreed that the Korean Peninsula trust-building process will help ease tensions and bring about sustainable peace. President Xi expressed his support for improvement in inter-Korean relations based on dialogue and trust between the South and North and for the realization of peaceful unification.”

#### ■ Korea–Russia Joint Statement (November 13)

- “President Park Geun-hye explained her trust-building process on the Korean Peninsula, an initiative to achieve a secure peace by building and solidifying trust between the two Koreas. President Vladimir Putin pledged Russia’s support for the Korean trust-building process and described it as an important step toward a better relationship between South and North Korea, as well as toward regional peace, security and stability.”

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In line with these efforts, the Ministry of Unification explained and shared opinions about the Trust-Building Process on the Korean Peninsula and the vision of unification of the Korean Peninsula through various channels, including international strategic dialogue on unification and the Korea Global Forum. For its part, the Unification Ministry sought to establish a unification network for the Korean people in order to coordinate the efforts of overseas Koreans for unification. It is also discussing problems and countermeasures of the German experience in unification and identifying their implications through the Korea-Germany Unification Advisory Committee.

## Section 4 DMZ World Peace Park and Three-Way Cooperation between South Korea, North Korea, and Russia

### ④ Creation of the DMZ World Peace Park

#### (1) Meaning of the Demilitarized Zone

##### 1) Present status

The Korean Demilitarized Zone (DMZ) is a product of the Armistice Agreement. According to the Armistice Agreement entered into effect on July 27, 1953, a military demarcation line (MDL) across the Korean Peninsula was set up between South and North Korea, and a demilitarized zone was established. It extends two kilometers to the north and south of the MDL along its entire length and is intended to prevent military clashes between South and North Korea, and it was put under the management of the Military Armistice Commission.

The MDL is marked off by a series of 1,292 identification signs (stakes) which are placed at about 200m intervals across the peninsula. The DMZ stretches some 248 kilometers across the Korean Peninsula, from the mouth of the Imjin River in the west to the town of Goseong in the east. Barbed wire fences run along both of the Northern and Southern Limit Lines.

Both the South and North advanced their limit lines toward the MDL in some areas, so some sections of the DMZ are less than four kilometers wide. Some are as narrow as 750 meters.

Due to armed confrontation between South and North Korea, the DMZ is, despite its name, the world's most heavily militarized border. Along its entire length are military facilities of various kinds, numerous artillery pieces, and

heavy concentrations of landmines.

**Armistice Agreement Article 1 〈 Military Demarcation Line and Demilitarized Zone 〉**

1. A military demarcation line shall be fixed and both sides shall withdraw two (2) kilometers from this line so as to establish a demilitarized zone between the opposing forces. A demilitarized zone shall be established as a buffer zone to prevent the occurrence of incidents which might lead to a resumption of hostilities.
4. The military demarcation line shall be plainly marked as directed by the Military Armistice Commission hereinafter established. The Commanders of the opposing sides shall have suitable markers erected along the boundary between the demilitarized zone and their respective areas. The Military Armistice Commission shall supervise the erection of all markers placed along the military demarcation line and along the boundaries of the demilitarized zone.

## 2) Historic meaning

After the ceasefire, the DMZ became a place where the armed forces of the two Koreas face off against each other while occasionally meeting and seeking reconciliation.

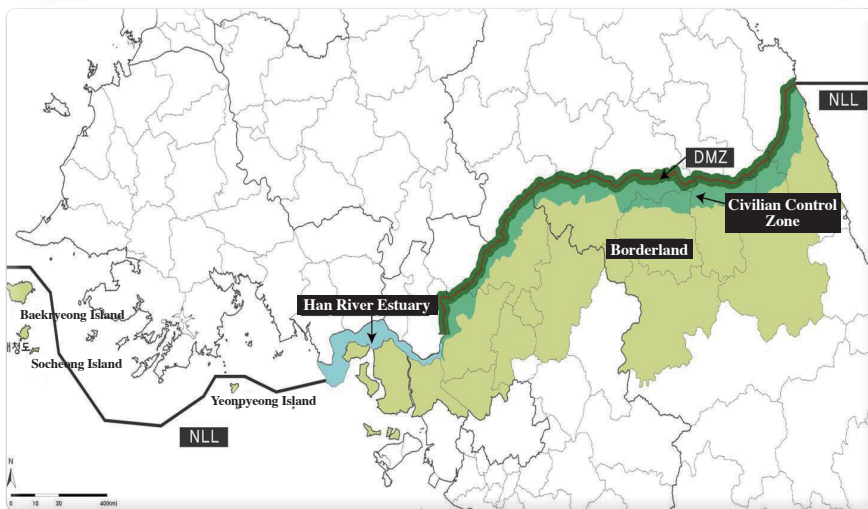
The DMZ, on the whole, maintained its originally intended meaning from 1953 to 1963. Since then, however, the North has set up strongholds and military camps along the DMZ, and has at times dispatched heavily-armed forces and combat troops into the zone in violation of the Armistice Agreement, thereby altering the meaning of the DMZ. The frequency of the North's armed incursions and provocations into and through the DMZ increased sharply in the late 1960s, including the Blue House raid by the North in January 1968, rendering the DMZ a *de facto* battlefield between the two Koreas, and it remains as heavily fortified as ever.

In the early 1970s, tensions on the peninsula eased as a result of the announcement of the July 4 South-North Joint Communiqué in 1972 and

other developments. The frequency of inter-Korean clashes along DMZ accordingly declined. In August 1971, for the first time since the execution of the Armistice Agreement, contacts between South and North Korean Red Cross delegates were made to prepare for the holding of Red Cross talks between South and North Korea at the truce village of Panmunjeom in the middle of the DMZ. Since then, more than 300 inter-Korean talks have been held at Panmunjeom.

In the 2000s, the reconnection of inter-Korean railways and roads that cut across the DMZ was pursued, but the DMZ remains a wall of division across the peninsula.

【Korean DMZ and Borderlands】



<Source: Gyeonggi Research Institute, 2013>

### 3) Efforts for peaceful use of the DMZ

The ROK government has so far strived to use the DMZ for peaceful

purposes. Since 1971, when Major B. Rogers, a principal representative of the United Nations Command, suggested to the North elimination of weapons and landmines and opening of the DMZ to the public, there has been a great deal of discussion on the peaceful use of the DMZ.

In 1982, Minister of the Board of National Unification Son Jae-sik proposed the “20 pilot projects for national unity” to the North, of which seven projects concerned peaceful use of the DMZ.

President Roh Tae-woo proposed the “construction of a city of peace” in the DMZ in his UN General Assembly speech in 1988, and President Kim Young-sam proposed the preservation of the DMZ ecosystem in his speech at the UN General Assembly Special Session in 1997.

Since 2000, South Korea proposed the construction of a “youth space center” in the DMZ at the 18<sup>th</sup> Inter-Korean Ministerial Talks and the creation of a “peace zone” and an “ecological park” at the 2<sup>nd</sup> Inter-Korean Summit Meeting.

Some of the ROK government’s initiatives to use the DMZ for peaceful uses, such as the reconnection of railways and roads between South and North Korea, produced some results, but most were stymied by lack of support from the North.

## (2) DMZ World Peace Park initiative

### 1) Proposal for the DMZ World Peace Park initiative

On May 8, 2013, President Park Geun-hye announced the DMZ World Peace Park initiative in her speech to the joint session of the U.S. Congress. She proposed that an international park be created inside the DMZ where peace and trust can grow and both Koreans and citizens of the world can meet in peace.



On August 15, 2013, President Park again proposed to the North the creation of the DMZ World Peace Park in her speech commemorating the 68<sup>th</sup> anniversary of Korea's liberation from Japanese rule. President Park

presented the need for a new start for making the DMZ a zone of peace where the memories of war and threats of provocations that linger in the Korean psyche can be done away with once and for all, and the peninsula can become an area of trust, harmony, and cooperation.

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■ **Address by President Park Geun-hye to the Joint Session of the U.S. Congress on May 8, 2013**

- "It is with this vision in mind that I hope to work toward an international park inside the DMZ. It will be a park that sends a message of peace to all of humanity. This could be pursued in parallel with my Trust-building Process. There, I believe we can start to grow peace — to grow trust. It would be a zone of peace bringing together not just Koreans separated by a military line, but also the citizens of the world. I call on America and the global community to join us in seeking the promise of a new day."

■ **Remarks by President Park Geun-hye at the Ceremony Commemorating the Participation of UN Forces in the Korean War and the 60th Anniversary of the Armistice Agreement on July 27, 2013**

- "My vision for the DMZ is to see it transformed, so that the weapons disappear, one small area at a time, until the entire place becomes one where peace and trust can grow. If the parties who once pointed guns at each other and signed the Armistice Agreement were to come together in agreement to create a peace park in accordance with international norms and procedures, this would be the very starting point for peace and unification on the Korean Peninsula."

■ Address by President Park Geun-hye on the 68th Anniversary of Liberation August 15, 2013

- "I propose to the North the creation of an international peace park at the Demilitarized Zone, which is a legacy of division and confrontation between the two Koreas. By turning the DMZ into a peace zone, I hope that our memories of war and threats of provocations that linger in our minds will be removed and that efforts to make the Korean Peninsula a land of trust, harmony and collaboration will be newly made."

## 2) Background

The DMZ has become the most heavily militarized zone in the world. It is the greatest symbol of the confrontation and distrust between the two Koreas. The DMZ has become a fundamental obstacle to national development in that it severs the peninsula and Korea's territorial waters.

Now that 60 years have passed since the ceasefire, the DMZ cannot be neglected as a barrier of inter-Korean confrontation and distrust any longer. Efforts need to be made to make the DMZ a channel for inter-Korean trust, peace, and cooperation for the better future of the Korean Peninsula.

The DMZ World Peace Park has various implications. To create a park in the heavily fortified DMZ, there must be both political and military trust between the two Koreas. Mutual dialogue and cooperation in economic, environmental, cultural, and other respects are also required in the process of designing, constructing, and operating the park. There must also be cooperation with the international community including the United Nations.

If this initiative is effectively carried out, it will enable a higher level of trust to be forged between the two Koreas and take inter-Korean relations a huge step forward.

### 3) Approach

The DMZ World Peace Park initiative is intended to designate some of the space in the DMZ as a park that can be peacefully used by the South and North Korean people and the citizens of the world.

The creation of the DMZ World Peace Park aims at (i) transforming the world's most heavily militarized zone into a "zone of peace" where there are no weapons; (ii) forming a "zone of co-prosperity" where peace and the environment coexist; and (iii) establishing a "zone of trust" that can be built by the two Koreas and the international community.

The DMZ World Peace Park will be built in the following ways: First, the park is to be created through cooperation with international organizations such as the United Nations as well as between the two Koreas. Second, the park will be constructed within both South and North Korean parts of the DMZ. Third, the natural environment of the DMZ is to be preserved to the maximum extent possible. Fourth, the park will be open to South and North Koreans as well as all people from around the world.

### 4) Expected benefits

If the world peace park where Koreans and citizens of the world can gather together is created within the heavily armed DMZ, the park itself will become a valuable asset of the nation for future generations and a monumental space that will bring a long sought-after era of peace to the Korean Peninsula and Northeast Asia.

Creating a space for "small unification" where all Koreans can be brought together within the DMZ, the greatest symbol of inter-Korean division and conflict, will provide South and North Koreans with opportunities to bridge cultural differences and open their minds to each other, thereby serving as a starting point towards "big unification."



The two Koreas will build up trust and cooperation in various realms including politics, the military, the economy, and culture in the process of creating the world peace park. This will enable the peninsula to put an end to inter-Korean conflict and confrontation and will serve as a new framework for inter-Korean relations characterized by trust and cooperation.

Getting the international community involved in the creation and operation of the world peace park and opening it to the citizens of the world will confirm that the two Koreas are committed to the settlement of peace on the Korean Peninsula and provide opportunities for the North to become a responsible member of the international community.

If some areas of the world's most heavily militarized DMZ are turned into a land of peace where there are no weapons and that land continues to expand, a glorious new era of peace will dawn on the Korean Peninsula as well as in Northeast Asia.

### 5) Similar Overseas Cases

A demilitarized zone, or DMZ, is a buffer zone established by agreements or treaties between nations to maintain a certain distance between each opposing side along a border to discourage military clashes. There are reportedly 12 DMZs around the world. There are also disputed regions around the world where conflicts between nations occurred in the past or continue at the present. Approaches to peaceful use of DMZs differ depending on the nature of the situation and the characteristics of the border areas. Some examples of peaceful use of DMZs can be referred to for the creation of the DMZ World Peace Park.

Perhaps the best case in point is the Grünes Band Deutschland (German Green Belt). The former inner German border was ecologically well preserved because access to it was restricted by barbed wire fences and

landmines laid by the government of East Germany. After Germany was unified, a resolution for the conservation of the Grünes Band proposed by the Bund Naturschutz (BUND), one of Germany's largest environmental groups, was adopted. This paved the way for the Green Belt to become a monument to German history where the ecosystem is well preserved and to serve as a place where post-war generations can experience nature and learn about their nation's history.

The Finnish-Russian friendship park and twin parks are another case. Finland declared independence from Russia in 1917. The Soviet Union launched a major invasion of Finland in 1939, and the two sides reached a ceasefire agreement in 1944. Since then, 14 reservations in Finland and 6 reservations in Russia were designated along their border. In some of those areas, Friendship Park and Twin Parks were established. Cooperation organizations have been designated in the two countries under the support of the European Union to allow use of the parks as bases for research and cooperation including the holding of workshops.

Third is the Ecuador-Peru Peace Park. Ecuador and Peru set up a peace park in the mountain range of Condor near their border in 1999 as a part of a solution to their territorial dispute. Both countries jointly manage the park, and are pursuing various projects such as cooperative projects for protection of endangered species.

Besides the aforementioned examples, there are various movements to use troubled regions for peaceful purposes around the world including Cyprus, Yemen, and Hong Kong-Shenzhen. Experiences and lessons learned from the areas in dispute will be helpful for the process of creating and operating the DMZ World Peace Park.

### (3) Governmental Efforts to Create the DMZ World Peace Park

#### 1) Establishment of a foundation for the initiative

The ROK government has made multi-faceted efforts to carry out the DMZ World Peace Park initiative.

As part of the efforts, the DMZ World Peace Park Planning Directorate exclusively responsible for implementing the initiative was set up under the Ministry of Unification. A pan-governmental joint task force was also established to discuss all the related issues including those concerning diplomacy, the military, the environment, and culture.

The government outlined master plans after on-site visits, collection of expert opinions, and consultation with relevant authorities, and it reflected the budget of KRW 30.2 billion for 2014 in the Inter-Korean Cooperation Fund to create the DMZ World Peace Park.

#### 2) Garnering support from the international community

The ROK government explained the intent and background for the creation of the DMZ World Peace Park through numerous diplomatic channels to elicit international support. The international community including the U.S. expressed its support for the initiative, seeing it as contributing considerably to the easing of tensions on the Korean Peninsula.

Such international support stemmed from President Park's summit diplomacy. President Park's speech to the joint session of the U.S. Congress spurred the U.S. to express its support for the initiative and to closely cooperate in the process of its implementation. In Korea-China summit talks, China also concurred in the intents of the initiative and expressed its willingness to cooperate.

In the press conference during his visit to Korea, Ban Ki-moon, the Secre-

tary-General of the United Nations, also stated in regard to the DMZ World Peace Park initiative, that “if there is any progress in the consultations between the two Koreas, the U.N. will provide proactive support.” Since then, the ROK government has kept open a high-level channel of contact with the U.N.

### 3) Next steps

Agreement with the North is necessary to carry out the DMZ World Peace Park project. However, the ROK government is not yet able to engage in consultations with the North, since conditions for inter-Korean dialogue are not presently favorable. The ROK government plans to pursue the consultations for the initiative with the North to the extent that it believes the situation in inter-Korean relations permits it to do so.

The government will simultaneously continue its efforts to build international support for the DMZ World Peace Park. It will convey the meaning of the initiative to appropriate countries and international organizations and call on the international community to take interest in the creation of the park.

Basic plans will be formalized to accelerate its implementation once the two Koreas reach agreement on the initiative. Roadmaps for each phase will be drawn up and solutions to problems that may arise in the course of implementation will be identified. Because the ecosystem of the DMZ is so well preserved, means of minimizing the environmental impact of the creation of the park and reversing any damage done to the environment there will be devised.

## 2 Three-way Cooperation between South Korea, North Korea, and Russia

The ROK government is making efforts to help further the development of

inter-Korean relations, settle peace on the Korean Peninsula, and pursue joint development in Northeast Asia through a new approach called three-way Northern cooperation. As the scope of inter-Korean cooperation expands to neighboring countries, including relations between the two Koreas and China and between the two Koreas and Russia, the region involving the Trust-Building Process on the Korean Peninsula will likely expand and business with the North will proceed more smoothly.

#### Highlights of President Park's Keynote Speech on the Eurasia Initiative (October 18, 2013)

- "First, we should unleash a new era by reconnecting Eurasia to make the continent truly one. It is necessary to reconnect the logistics network that has been cut off in Eurasia and overcome physical barriers obstructing exchanges."
- "We have to build the Silk Road Express (SRX), which will run from Busan all the way to Europe via North Korea, Russia, China and Central Asia, by connecting the northeastern part of Eurasia with railways and roads to establish a multi-purpose logistics network, which would eventually be extended to Europe."
- "Second, we have to make Eurasia a continent of creativity. We need to create an environment where creativity of the people in Eurasia can be fully demonstrated and industries, technology and culture can be fused. Building on such a foundation, we need to usher in a new era when a new economic paradigm can emerge and new cultures flourish in a harmonious manner."
- "Third, we must establish Eurasia as a continent of peace. One challenge in particular is the establishment of peace on the Korean Peninsula, Eurasia's gateway to the Pacific Ocean. Peace here is indispensable to peace not only on the greater Eurasian continent but also around the world. It is with this understanding that the Korean Government is pursuing the Trust-Building Process on the Korean Peninsula and the Northeast Asian Peace and Cooperation Initiative. I hope all the peoples and governments of Eurasia will reach one accord on the importance of peace on the Korean Peninsula and in the Northeast Asian region, and I look forward to their active support for the Trust-Building process and the Northeast Asian Peace and Cooperation Initiative."

In her keynote speech at the 2013 International Conference on Global Cooperation in the Era of Eurasia held on October 18, 2013, President Park Geun-hye proposed the Eurasia Initiative to make Eurasia a “single united continent,” a “continent of creativity,” and a “continent of peace.”



Opening Ceremony of the International Conference on Global Cooperation in the Era of Eurasia (October 18, 2013)

As a result of comprehensive consideration of the relational trust between South Korea and Russia and the need for the Eurasia Initiative at the level of national interests, the ROK government decided to help Korean companies participate in the Rajin-Hasan Logistics Partnership.

The Rajin-Hasan Logistics Partnership is a pilot project to connect the Trans-Korean Railway (TKR) and the Trans-Siberian Railway (TSR). It partly entails repairs of railways between Rajin, North Korea and Hasan (also known as Khasan or Hassan), Russia, development of the Rajin port, and implementation of complex logistics projects. This partnership was launched when Russia and North Korea agreed to Rajin-Hasan joint development in 2000. This agreement led to the establishment of a joint venture (Rasonkon-

trans) in October 2008, with 70 percent of its equity held by Russia and 30 percent by North Korea. Since then, Russia and North Korea have built infrastructure such as ports and terminals and have repaired railways linking Rajin and Hasan (completed in September 2013) and developed a third pier at the Rajin port.

At the Korea-Russia summit talks on November 13, 2013, the leaders of both countries agreed to promote the smooth implementation of the Rajin-Hasan projects carried by both countries as a priority project of the three-way Northern cooperation involving South Korea, North Korea, and Russia.

#### Joint Statement of Korea–Russia Summit Talks 2013

- The two sides welcomed the successful completion of the reconstruction of the railway section between Rajin, North Korea and Hasan Station in Russia as a pilot project to connect the Trans–Korean Railway and the Trans–Siberian Railway and the modernization of the third pier of the port of Rajin. They also agreed to encourage the rail and port cooperation project that companies of the two sides are pushing for so that it can move smoothly forward.

Russia has consistently requested that South Korean companies join the project. The Korea-Russia summit talks held in November 2013 built momentum, and a consortium consisting of Korea Railroad Corp. (KORAIL), steelmaker POSCO, and shipper Hyundai Merchant Marine signed an MOU with the Russian authorities to participate in the Rajin-Hasan Logistics Partnership. This spurred the ROK government to review Korean companies' participation in the project.

Through the balanced implementation of inter-Korean and international cooperation, the ROK government intends to stimulate logistics activity

among South Korea, North Korea, and Russia as well as to lay the foundation to realize the SRX in the medium and long term.



Logistical network linking Busan, Rajin, and Hasan





2014 /

White Paper on Korean Unification

# UNIFICATION WHITE PAPER



## Chapter 2

# Gaeseong Industrial Complex Project

02

- Section 1** Suspension of Operations of the Gaeseong Industrial Complex and Resolution of Problems through Dialogue
- Section 2** Developmental Normalization of the Gaeseong Industrial Complex
- Section 3** Current Status of the Gaeseong Industrial Complex
- Section 4** Support for Tenant Companies

## Chapter 2 Gaeseong Industrial Complex Project

North Korea unilaterally suspended the operations of the Gaeseong Industrial Complex (GIC) in late March, 2013. It cut off the military communications network in the West Sea region, restricted entry into the GIC, withdrew the North Korean workers under the pretext that South Korea hurt the dignity of the supreme leadership of the North, and took other such measures. The ROK government expressed strong dissatisfaction over these measures, and urged Pyongyang to retract them and to resolve problems through dialogue between authorities. The North, rejecting these requests and proposals for dialogue, even refused to allow the entry of the most basic necessities such as medicines and food for the South Korean staff staying in the GIC. Given such circumstances, on April 26, the government decided to withdraw all remaining South Koreans from the GIC in the interests of their safety, which the government considers the first priority.

Based on its consistent stance to resolve GIC issues through dialogue, the ROK government continued to press the North to engage in dialogue between authorities of the two Koreas. These efforts eventually led to holding the first working-level talks between officials of the two Koreas to resolve GIC issues on July 6. On August 14, after seven rounds of talks, the Agreement on Normalization of the Gaeseong Industrial Complex was signed to achieve an “advanced level of normalization” of the GIC. The “advanced level of normalization” of the GIC does not mean returning the GIC to the circumstances before its suspension, but instead denotes the ROK

government's initiative to develop the GIC as a world-class industrial complex through its four points: prevention of a recurrence of suspension of its operations, guarantee of free business activities, upgrading of systems to international standards, and globalization. In a bid to implement the advanced level of normalization, the two Koreas established the South-North Joint Committee for the GIC (the "Joint Committee") as a permanent inter-authority organization to discuss GIC issues and set up four subcommittees and a permanent secretariat under the Joint Committee.

In accordance with the Agreement on Normalization of the Gaeseong Industrial Complex, the GIC resumed its operations on September 16, and inter-authority discussions began to be held, mainly through the four subcommittees, to improve various systems. The Joint Subcommittee for 3Cs (Come-and-go, Communications, and Customs) conducted consultations to provide Internet service in order to implement the construction of an electronic entry system to allow daily unrestricted passage. The Joint Subcommittee for Entry, Exit and Stay discussed the execution of the Annex Agreement on promoting the implementation of the Agreement on the Entry, Exit and Stay in the Gaeseong Industrial Complex Zone and Mt. Geumgang Tourism Zone to ensure the safety of South Korean citizens. The Joint Subcommittee for Investment Protection, Management, and Operation exchanged opinions on issues pertaining to the industrial complex, such as establishment and operation of a South-North commercial arbitration commission for the GIC to protect South Korea's investments and properties, labor, and taxation. The Joint Subcommittee for International Competitive Power discussed the holding of joint briefing sessions on foreign investment to attract foreign companies.

## Section 1 Suspension of Operations of the Gaeseong Industrial Complex and Resolution of Problems through Dialogue

### ① The North's Unilateral Suspension and the South's Response

North Korea unilaterally cut off a military communication line in the West Sea on March 27. Since the application for entry into the GIC and approval for it are processed through the military hotline, the severance causes difficulty in travel to and from the GIC. That same day, the ROK government, regarding the North's unilateral severance as an action that seriously hampered the normal operation of the GIC, set up situation rooms in Seoul and Gaeseong to run an emergency communications network for 24 hours and examined South Korean people's status of sojourn. It then delivered guidelines for the safety of South Korean staff stationed in Gaeseong through the Kaesong Industrial District Management Committee (KIDMAC).

On April 3, North Korea unilaterally announced that it would allow South Koreans to cross the border to return to South Korea but disallow all visits to the North from the South. The ROK government, through a statement by the Unification Ministry spokesperson, expressed strong regret at the North's restriction on passage to the GIC, and urged the North to immediately normalize travel to and from the complex.

Despite the government's demand, North Korea announced the temporary suspension of the GIC and the withdrawal of its workers on April 8, alleging that the ROK government had hurt the dignity of the supreme leadership of the North. In response, the ROK government expressed strong regret in regard to the announcement, and clarified its position that it would do its

utmost to protect safety and property of South Koreans staying in the GIC.

The government repeated its call on the North to resolve the GIC problem through dialogue. On April 11, the government emphasized its position through its Unification Minister's statement that the GIC issue should be resolved through dialogue, in which the North was repeatedly urged to engage. On April 14, however, the North rejected the South's proposal for dialogue in the form of an answer from a spokesperson to the Committee for the Peaceful Reunification of the Fatherland. On April 24, the North refused requests for essential humanitarian measures such as delivery of medicines and food to South Korean personnel staying in the GIC. With GIC operations suspended and the personal safety of South Koreans in the GIC in jeopardy, the ROK government on April 25 again proposed to the North, through the Unification Ministry spokesperson's statement, the holding of working-level talks between authorities of the two Koreas to address humanitarian issues of the South Koreans in the GIC and the normalization of the GIC's operations. The government made clear that it was compelled to take serious measures if the North did not positively respond to the proposal by April 26, but the North also refused to accept this demand.

Against this backdrop, the ROK government decided on April 26 to withdraw all the remaining South Korean staff from the GIC to protect them. The government called on the North to guarantee the South Koreans' safe return and to protect property of tenant companies of the GIC pursuant to inter-Korean existing agreements and the laws on the GIC, while indicating to the GIC companies that it would seek ways on the pan-governmental level to support them in conducting their business activities.

Following the government's measures, all personnel involved with the GIC companies returned to Korea: 126 persons on April 27 and 43 persons on April 29. This withdrawal left seven KIDMAC workers and facility

personnel, who were the minimum staff needed to maintain the GIC. On May 3, even these remaining seven personnel also returned. The ROK government emphasized that it would do its best to normalize the GIC and urged the North to thoroughly protect South Korean companies' properties. It also called upon the North to extend cooperation in retrieving finished products and raw material that the South Korean GIC companies had not been able to take out in the process of withdrawal.



South Koreans return home (April 27, 2013)

## ② Efforts to Resolve Problems through Dialogue

The GIC companies experienced business difficulties due to the suspension of the complex's operations, such as the inability to deliver finished products to their customers or pay for the raw materials they had purchased for production. To solve the GIC companies' problems, on May 14, the government proposed to the North the holding of working-level talks to retrieve finished products and raw materials. On May 15, the North refused South Korea's proposal. The ROK government expressed regret through a briefing by the



Unification Ministry's spokesperson. On May 21, the government again called on the North to accept the South's proposal to hold working-level talks. On May 28, the North evaded dialogue between authorities by stating that it would discuss the normalization issue once the GIC companies return to the industrial complex. Despite the North's position, the ROK government emphasized that engaging in dialogue between authorities was the starting point of resolving the GIC issue, and again called upon the North to accept the South's proposal.

In the meantime, with the monsoon season approaching, the need to inspect facilities in the GIC to prevent corrosion became pressing. On July 4, the ROK government proposed inter-authority talks on July 6 at Panmunjeom to discuss matters concerning the inspection of the facilities of the GIC companies and the collection of finished products and raw materials. The North agreed to the South's proposal for dialogue this time, and on July 6, the two Koreas held the first working-level talks for the GIC at Tongilgak in the northern part of Panmunjeom.

According to the agreements adopted at the first round of inter-Korean working-level talks on the GIC held on July 6-7, South Korean personnel were from July 10 allowed to visit the GIC to inspect manufacturing facilities and take finished products and raw materials out of the complex, while the North would guarantee the South Koreans' come-and-go, safety, and communication. South and North Korea also agreed to resume operations of the GIC as soon as preparations were made.

At the second through sixth rounds of talks, the two sides failed to narrow their differences over detailed issues such as prevention of a recurrence of suspension of the GIC's operations. At the sixth round of talks, the North announced the *de facto* collapse of the talks. The ROK government expressed regret and urged the North to resume working-level talks. On August 4,

through the Unification Ministry spokesperson's statement, the ROK government explained to the North the GIC companies' damages and the government's efforts to support them, and proposed the resumption of working-level talks. On August 7, the North proposed that working-level talks be held on August 14. That same day, the ROK government agreed to the North's proposal through the Unification Ministry spokesperson's briefing, and the seventh round of working-level talks was held on August 14.



Seventh round of inter-Korean working-level talks on the GIC (August 4, 2013)

At the seventh round of working-level talks, both sides adopted the Agreement on Normalization of the Gaeseong Industrial Complex consisting of five articles including prevention of a recurrence of suspension of operations of the GIC. The agreement was reached when the North accepted the ROK government's long-standing demands for prevention of a recurrence of suspension, compensation for the companies' damages, guarantee of personal safety and investment, improvement of 3Cs, and advanced level of normalization including the internationalization of the GIC.

## Section 2 Developmental Normalization of the GIC

### ① Formation of the South–North Joint Committee for the GIC

#### (1) Establishment of the South–North Joint Committee

In follow-up to the signing of the Agreement on Normalization of the Gaeseong Industrial Complex, on August 28, the two Koreas adopted the Agreement on the Establishment and Operation of the South–North Joint Committee for the GIC. Under this agreement, South and North Korea planned to establish the Joint Committee, under which four subcommittees on 3Cs; entry, exit and stay; investment protection, management and operation; and international competitive power, as well as a permanent secretariat (the “Secretariat”) would be set up. As a result, the administrative structure of the GIC was reshuffled to include the Joint Committee and the Secretariat, which are inter-authority organs, and the KIDMAC and the North’s General Bureau for Central Guidance on the Development of the Special Zone, which are existing executive organs responsible for managing the joint industrial park.

The Joint Committee is responsible for consulting and determining major policies and pending issues relating to the operations of the GIC and generally managing implementation of inter-Korean agreements concerning the complex. It is composed of one chairperson and five members from each side. Its subcommittees conduct working-level consultations in their respective areas. The first round of the Joint Committee was held on September 2, the second round on September 11, the third round on September 16, and the

fourth round on December 19. At each of these meetings South and North Korea discussed issues of the GIC and improvement of its systems.

## (2) Establishment of the Secretariat of the Joint Committee

The two Koreas decided to set up the Secretariat within the GIC in accordance with the Agreement on the Establishment and Operation of the South-North Joint Committee for the GIC signed on September 10. On September 24, both sides held working-level discussions on the timeline of the opening of the Secretariat; on September 27, they exchanged the personnel roster of the Secretariat; and on September 30, the Secretariat was opened. On October 23, the two Koreas signed the Annex Agreement for the Secretariat of the South-North Joint Committee for the GIC to reach an accord on detailed matters concerning the operation of the Secretariat. The agreement was executed as a follow-up measure of the Agreement on the Establishment and Operation of the Secretariat of the South-North Joint Committee for the GIC that had been signed at the second Joint Committee held on September 11, and it mainly deals with working hours, inter-Korean regular meetings and business discussion plans, the coming and going and communications of the personnel of the Secretariat of both sides, and the business cooperation system. As the only permanent inter-authority organ in the GIC, the Secretariat serves as the inter-Korean liaison and handles other tasks commissioned by the Joint Committee.



Opening of the Secretariat of the South-North Joint Committee for the GIC  
(September 30, 2013)

## 2 Efforts to Improve Systems for Advanced-Level of Normalization of the GIC

### (1) Improvement of system for come-and-go, communications, and customs

On August 14, South and North Korea agreed to address the issues concerning come-and-go, communications, and customs (“3Cs”) in the Agreement on Normalization of the Gaeseong Industrial Complex. The 3C issues were regarded as the most pressing issues in the GIC’s systems in order to develop it as an internationally competitive industrial complex. At the moment, one is required to request specific time slots for travel to and from the GIC, and landline telephone and fax are the only channels of communication with South Korea. In customs clearance, companies’ deliveries and shipments are delayed, undermining their competitiveness, because every single item or unit of product or material is inspected, instead of being randomly sampled according to standard international practice.

The ROK government has long intended to address the 3C issues to enable

companies to conduct business internationally. The government is specifically easing passage restrictions by using an electronic entry system and allowing unrestricted passage for travel to and from the GIC, regardless of the time of the day when passage is requested. Work to enable Internet connectivity is under way so that companies can quickly and conveniently send and receive data necessary for production activities, including blueprints. For customs clearance, the government intends to shorten logistics lead time by sampling only 2 percent of products, which is common international practice.

Both sides held the first and second rounds of the Joint Subcommittee for 3Cs on September 4 and September 13 respectively, to discuss the establishment of unrestricted daily passage using the electronic entry system, Internet connectivity, and streamlining the customs clearance process. The ROK government formulated plans to construct the electronic entry system for unrestricted daily passage, plans to implement unrestricted passage, and plans to build and operate the network for the Internet connections, whereupon these were discussed with the North. At the third round of the Joint Subcommittee for 3Cs held on November 29, the two Koreas agreed to start the construction of the electronic entry system in early December, conduct on-site visits to facilitate customs clearance, and hold working-level contacts for telecommunications and military communications in order to enable Internet connections.

In accordance with the agreement, construction works to establish the electronic entry system commenced on December 11. Working-level contacts for both telecommunications and military communications were conducted simultaneously on December 6. In the working-level discussions on telecommunications, technical issues such as Internet connection modes were discussed, and on military communications, the ROK government listened to

opinions on the issue concerning the provision of equipment that the North requested to ensure smooth, uninterrupted passage. Personnel from Seoul visited sites on December 4 and December 7 to address customs clearance.



Start of the RFID system construction (December 11, 2013)

## (2) Efforts to complement the Agreement on Entry and Stay

South and North Korea reaffirmed through the Agreement on Normalization of the Gaeseong Industrial Complex that there should be no passage limitations in the GIC. They reached an accord to improve systems and procedures for personal safety in the GIC. As an existing system concerning the passage and sojourn in the GIC, the Agreement on the Entry and Stay in the Gaeseong Industrial Complex Zone and Mt. Geumgang Tourism Zone signed in January 2004 is a case in point. Under the agreement, the two Koreas planned to discuss the personal safety of South Koreans traveling to and from the GIC through a joint committee on passage and sojourn, but the committee has never been formed. For this reason, the need to fill the institutional vacuum and guarantee safe transit and stay of the GIC personnel was continually raised.

Against this backdrop, the two Koreas convened four rounds of meetings

of the Joint Subcommittee for Entry, Exit and Stay on September 4, September 13, September 26, and November 14 to discuss the execution of an annex agreement concerning transit and stay. The two sides mainly dealt with the right of common in the event of violations, and guarantee of basic rights during investigations.

### (3) Improvement of systems for investment protection, and GIC management and operation

In the course of normalizing the GIC in more constructive ways, the ROK government emphasized that the North should thoroughly protect South Korean companies' properties pursuant to existing agreements such as the Agreement on Investment Protection between the South and the North. The government intended to improve institutional systems concerning the protection of invested assets of South Korean enterprises, as was done concerning the issue on transit and stay. As a mechanism to protect invested assets of South Korean enterprises, South and North Korea agreed to establish a South-North commercial arbitration commission in 2003 subject to the Agreement on the Formation and Operation of Commercial Arbitration Commission. However, they did not move beyond exchanging a list of names. In order to overcome these limitations, the ROK government sought to first establish a commercial arbitration commission in the GIC to beef up the protection of the GIC companies' investment.

At the second meeting of the Joint Committee, the two Koreas signed the Agreement on the Establishment and Operation of the South-North Commercial Arbitration Commission for the GIC. Under this agreement, the commission is required to be established within three months and arbitration rules set out within six months. The ROK government enlisted South Korean experts in arbitration laws and international commercial arbitration as members, and



notified the North of them on December 11. North Korea notified the South of its commission members on December 26, and the South-North Commercial Arbitration Commission for the GIC was established. The two Koreas will make use of this commission to discuss various matters such as the establishment of arbitration rules.

The two Koreas discussed matters concerning the management and operation of the GIC including labor management and tax systems. The ROK government emphasized that the GIC companies should be exempted from taxes for 2013 to compensate them for financial losses, as agreed at the Joint Committee. Both sides expressed their opinions on other labor matters and agreed to raise issues for discussion, where appropriate.

#### (4) Efforts to improve international competitiveness

At the seventh round of working-level talks held on August 14, the two Koreas sought to make the GIC internationally competitive by reaching agreement on attraction of foreign companies, improvement of labor management and tax systems, recognition of preferential tariffs for exports to a third country, holding of joint briefing sessions on foreign investment, and other matters. At a meeting of the Joint Subcommittee for International Competitive Power, the two Koreas discussed the joint briefing sessions on foreign investment. At the second meeting of the Joint Committee held on September 16, it was agreed to hold a joint briefing session on foreign investment in the GIC on October 31.

For the event, the ROK government made preparations for the joint briefing session, including event arrangement, promotional material, and company introduction, in consultation with competent organizations such as Korea Trade Investment Promotion Agency (KOTRA). Along with other organiza-

tions such as the Kaesong Industrial District Management Committee, the government also provided consultancy services for foreign companies interested in investment in the GIC. During investment consultancy sessions, foreign companies showed keen interest in the stability of the GIC and 3C issues, in particular.

However, when the ROK government proposed to the North the holding of a meeting of the Joint Subcommittee on 3Cs on September 26 to discuss the establishment of electronic entry system and other issues, the North did not respond. Hardly any substantial progress was made on the 3C issues because the North consistently declined to respond. Hence, the government judged that it would be better to hold the joint briefing session on foreign investment when favorable conditions for the event such as improved systems of 3Cs are established.

On October 11, the ROK government proposed to the North the postponement of the joint briefing sessions on foreign investment. As the North agreed to the proposal on October 15, the joint briefing sessions were postponed. At the fourth meeting of the Joint Committee held on December 19, the ROK government proposed to the North the holding of the joint briefing sessions on foreign investment in January and to continue to discuss it.

The government also strived to obtain preferential tariffs for GIC products during free trade agreement negotiations in order to help tenant companies of the GIC expand into overseas markets. The ministry participated in FTA negotiations with major countries including the second Korea-EU Committee on Outward Processing Zones (September 2013) and the first Korea-US Committee on Outward Processing Zones (November 2013) to help counterparts better understand the GIC and explain the need for recognizing the GIC as an outward processing zone. The government will continue to do its utmost to have GIC products recognized as Korean-made products.

## Section 3 Current Status of the GIC

### 1 Preparations for Resumption of Operations

The ROK government has steadfastly adhered to its stance of resolving the GIC problems through dialogue in addressing the issues of the GIC suspended at the end of March. On July 6, the ROK government and the North agreed to resume its operations as soon as preparations were made through the first working-level talks. On August 14, the two Koreas reached an agreement to bring the GIC up and running again in accordance with the Agreement on Normalization of the Gaeseong Industrial Complex. Since then, the government has set to making preparations for the resumption of the GIC's operations.

In order to ensure the safe reopening of the GIC, which had been suspended for about four months, the infrastructure needed to be adequately inspected. During the suspension, the ROK government took safety and disabling measures on facilities including those for electricity, industrial water, and gas. Personnel from Korea Electric Power Corporation (KEPCO), KT, and Korea Water Resources Corporation (KWRC) responsible for inspecting the electricity, communications, and industrial water systems, which are indispensable for the operation of the industrial park, began to inspect the systems on August 17, before the GIC companies returned to the complex. Starting with 30 people visiting North Korea on August 17, other professional personnel for the environment and prevention of epidemics visited the GIC on August 19 to examine waste disposal and waste water treatment facilities and began to take preventive measures against epidemics.

Support facilities such as the fire station and hospital started operation after the inspections and repairs for electricity and industrial water facilities had been completed.

After the infrastructure inspections, tenant companies started to return to the North to examine and repair their own facilities. Starting with companies in urgent need of facility inspection due to the nature of their businesses such as machinery, metal, and chemical businesses, facility checks commenced on August 22 and proceeded in an orderly manner. Most of the companies completed their facility examinations without a hitch, but some repair work was slowed due to the rainy season. At the second meeting of the Joint Committee held on September 4, South and North Korea agreed to resume the operations of the GIC on September 16 after conducting test runs.

## Current Status of the GIC

### (1) Operations

With tenant companies resuming production activities on September 16, the operations of the GIC quickly returned to normal. As of December 31, 2013, there were 123 companies in the GIC, and their monthly production volume was US\$ 35.29 million, approximately 97 percent of US\$ 36.42 million, production of the same month of the previous year. From January to December 2013, the production volume was US\$ 223.78 million, and the cumulative production volume reached US\$ 2.19977 billion. According to declarations by the tenant companies, the operation rate stands at about 85%, almost similar to the previous year's rate of about 80%. Roughly 52,000 North Koreans were working at the GIC as of December 31, 2013, just short of the 53,000 in March 2013 before the suspension.

## (2) Construction and repair of infrastructure

As the GIC resumed its operations, the construction of infrastructure, which had likewise been suspended for some four months, also resumed. The second expansion had begun on the waste disposal facilities in October 2012. They underwent re-



Repair works for the water conduction tunnel  
(December 5, 2013)

pairs of damage that had occurred during the suspension before resuming the expansion. Repairs of water conduction tunnels to reliably supply industrial water also recommenced.

### ③ Visits to the GIC

During the normalization process, the GIC has drawn extensive attention at home and from around the world. Seemingly reflecting foreign companies' interest in the globalization of the GIC, companies from Germany, Australia, and other countries visited the GIC and verified investment conditions. A group of 25 officials and financial experts from G20 countries who attended the G20 Seoul Conference visited the GIC on December 19. It was a good opportunity for the international community to witness how the globalization of the GIC was proceeding.

Domestically, on October 30, the Foreign Affairs and Unification Committee of the National Assembly of the ROK visited the GIC to support the companies there. On December 5, the ROK government supported visits to the GIC by buyers such as the Korean Apparel Industry Association so

that the GIC companies could obtain buyers.



Visit to the GIC by the Foreign Affairs and Unification Committee of the National Assembly (October 30, 2013)



Visit to the GIC by the G20 delegation (December 19, 2013)



## Section 4 Support for Tenant Companies

The ROK government crafted a variety of ways to alleviate the financial woes of the GIC companies in the wake of the suspension of the GIC's operations. A pan-government task force composed of nine state agencies, including the Ministry of Unification, the Ministry of Trade, Industry and Energy, the Ministry of Employment and Labor, and the Small and Medium Business Administration, was set up under the leadership of the Office for Government Policy Coordination to execute measures to support the GIC companies through collaboration between involved government agencies. Two rounds of meetings of the task force were held on April 29 and May 14. A total of nine rounds of meetings of a working-level task force formed under the pan-government task force were held from April 30 to September 3.

### ① Fact-Finding Survey on GIC Companies

The ROK government conducted the “fact-finding survey on the GIC companies” from May 2 to June 7 to accurately ascertain the conditions of the GIC companies after the suspension of the GIC and determine what challenges they faced. Involved government agencies jointly drew up the survey and received reports from 296 companies (123 tenant companies, 74 companies at which construction had not started, 13 companies at which construction had been suspended, and 86 sales offices). To support the companies concerned with reporting their conditions, pan-government on-site briefings were held in seven areas nationwide, and the companies were informed on how to report their conditions. A total of 234 companies (113

tenant companies, 49 companies at which construction had not started, 7 companies at which construction had been suspended, and 65 sales offices) submitted their reports. In order to guarantee the objectivity of the survey, the government had accounting firms validate the submitted reports and formed an evaluation advisory council to supervise the survey direction and review results. Among the participants in the evaluation advisory council were relevant government agencies including the Ministry of Unification, the National Tax Office, the Korea Customs Service, and the Small and Medium Business Administration, as well as experts from the private sector.

The survey showed that damages declared by the GIC companies totaled KRW 1.0359 trillion, of which KRW 786 billion was objectively proven by internal and external evidential material. The damages of ten institutions such as KEPCO and KWRC, and future operating losses difficult to estimate were excluded.

## Financial Assistance

At the first pan-government task force meeting held on April 29 and the working-level task force meeting convened on April 30, the ROK government looked into measures to provide financial support for tenant companies of the GIC. It decided to provide the GIC tenant firms with operating funds of up to KRW 300 billion starting on May 3. It included KRW 63 billion for special loans from the Inter-Korean Cooperation Fund; KRW 100 billion from the Fund for the Establishment and Promotion of Small and Medium Businesses; KRW 100 billion from the on-lending of the Korea Finance Corporation; and KRW 36.9 billion for special guarantees from the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation. Loans from the Inter-Korean Cooperation Fund and the Fund for the Establishment and



Promotion of Small and Medium Businesses were offered for one year at a fixed interest rate of 2.0 percent, the credit line being KRW 1 billion. The on-lending of the Korea Finance Corporation was offered through commercial banks. The special guarantees from the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation were provided to facilitate loans from commercial banks.

The ROK government provided loans for emergency operating funds for firms doing business with the GIC tenant companies that had suffered from the suspension of the GIC's operations. To support those firms, on May 14, the government required the Inter-Korean Cooperation Fund to extend loans and grant a grace period for payment of outstanding loans. As the survey on the GIC tenant companies was completed on June 7, the government on September 3 provided the second loan for emergency operating funds based on the survey results. Additional loans of up to KRW 50 billion were extended by utilizing emergency business stability funds from the Fund for the Establishment and Promotion of Small and Medium Businesses. Of 123 GIC tenant firms, 114 SMEs were offered one-year loans at a fixed interest rate of 2.0 percent. For the second loan, in response to the firms' request for an increase in the loan limit, the credit line was increased to up to KRW 3 billion from KRW 1 billion for the first loan. During the first lending, firms were not allowed to take out both special loans from the Inter-Korean Cooperation Fund and loans from the Fund for the Establishment and Promotion of Small and Medium Businesses. During the second lending, however, borrowing from both was permitted. To encourage more firms to apply for loans, the government extended the application deadline to mid-November from the end of October.

As a result of the two-phased financial assistance, a total of KRW 111.12 billion had been offered in loans to the GIC tenant firms by December 31:

KRW 55.6 billion from the Inter-Korean Cooperation Fund, KRW 17.35 billion for the first lending and KRW 27.37 billion for the second lending from the Fund for the Establishment and Promotion of Small and Medium Businesses, KRW 4.4 billion from the on-lending of the Korea Finance Corporation, and KRW 6.4 billion for special guarantees from the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation.

### 【Financial Support for the GIC Tenant Companies】

| Classification |   |                  | Aggregate   |
|----------------|---|------------------|---|
| First lending  | Special loan from the Inter-Korean Cooperation Fund   | Tenant companies | 76 companies; KRW 50.8 billion  |
|                |   | Sales offices    | 29 companies; KRW 4.8 billion   |
|                | Fund for the Establishment and Promotion of Small and Medium Businesses                             |                  | 32 cases; KRW 17.35 billion   |
|                | On-lending of the Korea Finance Corporation   |                  | 6 companies; KRW 4.4 billion  |
|                | Special guarantee from the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation |                  | 21 companies; KRW 5.53 billion for Korea Credit Guarantee Fund<br>3 companies; KRW 870 million for Korea Technology Finance Corporation |
|                | Sub-total   |                  | KRW 83.75 billion   |
| Second lending | Fund for the Establishment and Promotion of Small and Medium Businesses                             |                  | 30 companies; KRW 27.37 billion   |
| Total          |   |                  | KRW 111.12 billion  |

### ③ Retrieval of Finished Products and Raw Materials

The GIC tenant companies have consistently complained about damages incurred as a result of having had to leave behind finished products and raw materials in the GIC when returning to South Korea. They also had to cancel contracts with original contractors. Given such circumstances, the ROK government continued to propose to the North the holding of working-level talks to discuss the collection of finished products and raw materials by the

GIC tenant companies. At the first working-level talks, both sides agreed on South Korean firms' retrieval of their finished products and raw materials. Thus, on July 10-19, 2013, firms started to take out their finished products and raw materials from the GIC. During that time, the tenant companies also examined damage to their facilities. The ROK government helped the firms promptly collect their goods by increasing the daily quota of the number of people and vehicles allowed to travel to and from the GIC. During the ten days of retrieval, 228 companies collected 3,793 tons of goods, of which finished products accounted for 1,953 tons, raw materials were 1,378 tons, and equipment was 462 tons. This enabled the firms to fulfill their contracts with their buyers and reduce alternative production costs, alleviating their financial suffering.

#### ④ Support for Seeking Sales Channels

Most of the GIC tenant companies are toll processing companies, which meant that resolution of their problems stemming from the suspension of operations was extremely pressing, including the original contractors' damage claims or refusals to accept products. The government requested that business organizations such as the Korea Federation of Textile Industries help resolve the challenges that the tenant firms are facing. The government helped the firms sell the retrieved finished products of a seasonal nature for which they had lost selling time and products that they could not deliver due to cancellations of contracts, among the finished products retrieved in July, at the Small Business Distribution Center and specialized distribution companies. On August 2, the government held a joint briefing where each government agency discussed ways in which they could help the tenant companies find sales channels. In addition, the government supported the

operation of promotional booths at the World Korean Business Convention held on October 29-31, and the sales event for the GIC products at the National Assembly held on December 10-11, thereby promoting the GIC and helping open more distribution channels for the GIC tenant companies.



Sales event at the National Assembly  
(December 10-11, 2013)



World Korean Business Convention (October  
29-31, 2013)

## 5 Other Support

The ROK government sought to help resident companies by other means besides financial assistance and support for distribution channels. For outstanding loans from the Inter-Korean Cooperation Fund taken out by resident firms, the government imposed a moratorium on debts on two occasions: KRW 23.1 billion for 31 companies on April 12 and KRW 9.7 billion for 28 companies on November 13. For those who had been working at the GIC, the government took measures either to help them maintain their employment or to support them during unemployment. For those who closed their business temporarily or who took time off from work, employment maintenance allowances were provided, and unemployment support measures were enforced, including payment of allowances or credit facilities for living expenses, prompt payment of unemployment benefits, and

outplacement. As a result, as of December 2013, 322 persons at 28 firms were able to maintain their employment. The government made its best efforts to relieve the GIC tenant companies from difficulties by deferring payments for the four types of national social insurances and local taxes, postponing tax audits, and supporting domestic alternative production and overseas expansion.

In carrying out these support measures, the government gathered opinions of the GIC tenant companies. An information center to resolve their difficulties was set up on August 2 to provide one-on-one personalized consultation and inform them of various support measures. The government also listened to the GIC tenant companies on an ongoing basis through various channels, including meetings between the Minister and Vice Minister of Unification and tenant companies.

2014 /

White Paper on Korean Unification

# UNIFICATION WHITE PAPER



## Chapter 3

# Inter-Korean Exchange and Cooperation

03

**Section 1** Inter-Korean Exchange and Cooperation

**Section 2** Social and Cultural Exchange and Cooperation

**Section 3** Cross-Border Passage and Transport

## Chapter 3 Inter-Korean Exchange and Cooperation

While maintaining the sanctions imposed on May 24, 2010 in the aftermath of the sinking of the *Cheonan*, a South Korean navy corvette, the ROK government managed demand for basic exchange and cooperation in an orderly manner, thus helping create an environment conducive to the implementation of the Trust-Building Process on the Korean Peninsula.

As for inter-Korean economic cooperation, all inter-Korean trade and economic cooperation projects excepting the GIC remained suspended in accordance with the May 24 sanctions, until the government decided to make an additional exception and support the Rajin-Hasan Project. By doing so, it established a bridgehead for the implementation of “three-way Northern cooperation” among the two Koreas and Russia. In addition, the government has provided support to companies suffering losses due to the suspension of inter-Korean economic cooperation.

Meanwhile, in line with its consistent position of pursuing social and cultural exchange of a non-political, non-military nature, the government allowed citizens involved in exchange for religious, cultural-heritage, academic, and art purposes to contact their North Korean counterparts and visit the North. As a result, 197 social and cultural exchange contacts with North Korean residents, 5 visits to the North, and 2 visits by North Korean residents to the South were approved. South-North joint events were carried out mainly in the athletic and religious realms.

The government’s basic policy is “orderly exchange and cooperation.” This



policy is based on its stance that inter-Korean exchange and cooperation should be pursued in compliance with universal norms, and law and order. To this end the government worked to strengthen communication and cooperation with citizens. More concretely speaking, it has established and operated various consultative bodies, primarily in social and cultural areas.

## Section 1 Inter-Korean Economic Cooperation

### ① Inter-Korean Trade

#### (1) Trade volume

Due to the temporary suspension of the GIC's operations following the North's unilateral pullout of its workers (April 9–September 15, 2013), inter-Korean trade plummeted 42.4% in 2013 from USD1.97111 billion in 2012 to USD1.13585 billion. Inbound trade or imports accounted for USD615.24 million, while outbound trade or exports totaled USD520.6 million, registering declines of 42.7% and 42.0%, respectively. Due to the temporary suspension of the operations of the GIC following the North's unilateral pullout of its workers, the year's trade in the industrial complex itself totaled only USD1.13217 billion, down 42.3 % from USD1.9612 billion in 2012. The GIC represented 99.7% of total inter-Korean trade. Assistance to the North, which was extended by the private sector, and directed mainly at the most disadvantaged members of the North's population, totaled USD2.95 million.

#### 【Inter-Korean Trade Volume by Year】

(in USD millions)

| Classification     | Year | '89 | '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 | 2000 | '01 | '02 | '03 | '04 | '05   | '06   | '07   | '08   | '09   | '10   | '11   | '12   | '13   | Total  |
|--------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
|                    |      |     |     |     |     |     |     |     |     |     |     |     |      |     |     |     |     |       |       |       |       |       |       |       |       |       |        |
| Inbound (Imports)  |      | 19  | 12  | 106 | 163 | 178 | 176 | 223 | 182 | 193 | 92  | 122 | 152  | 176 | 272 | 289 | 258 | 340   | 520   | 765   | 932   | 934   | 1,044 | 914   | 1,074 | 615   | 9,752  |
| Outbound (Exports) |      | 0   | 1   | 6   | 11  | 8   | 18  | 64  | 70  | 115 | 130 | 212 | 273  | 227 | 370 | 435 | 439 | 715   | 830   | 1,033 | 888   | 745   | 868   | 800   | 897   | 521   | 9,676  |
| Total              |      | 19  | 13  | 111 | 173 | 187 | 195 | 287 | 252 | 308 | 222 | 333 | 425  | 403 | 642 | 724 | 697 | 1,056 | 1,350 | 1,798 | 1,820 | 1,679 | 1,912 | 1,714 | 1,971 | 1,136 | 19,428 |

\* The total for each year may differ from the actual total due to rounding errors. Figures less than USD one million are indicated as '0.'

## (2) Inter-Korean trade by type of transaction

Inter-Korean trade is defined as commercial and non-commercial trade. The volume of commercial trade stood at USD1.1329 billion in 2013, down 42.3% from USD1.96204 billion the previous year. The proportion of commercial trade to total trade was 99.7%, similar to the 99.5% of the previous year. In the commercial trade category, inbound trade or imports totaled USD615.24 million and outbound trade or exports USD517.66 million, posting declines of 42.7% and 41.7% from the previous year, respectively.

With respect to commercial trade, in 2013, trade through the GIC accounted for the vast bulk of inter-Korean trade. At USD1.13217 billion, down 42.3% from 2012, it represented 99.9% of commercial trade and 99.7% of total inter-Korean trade. General trade mainly involved the import of fishery products, which was permitted in place of goods in return for payments made prior to the May 24 sanctions as part of measures to ease the sanctions, as well as the import of North Korean books as part of social and cultural exchange. As a result, general trade totaled USD590,000, down 29.8% from the previous year, thereby accounting for only 0.05% of total commercial trade.

Non-commercial trade in 2013 totaled USD2.95 million, down 67.5% from USD9.06 million the previous year, representing a mere 0.3% of total trade. The decrease in non-commercial trade is due to the suspension of social and cultural cooperation projects and reduced assistance to the North as a result of the May 24 sanctions imposed in the aftermath of the sinking of the Cheonan, a South Korean navy corvette.

### (3) Trade by sector

In 2013, textiles and electrical and electronic goods produced in the GIC accounted for 70.1% of total trade. Textile trade fell from USD777.66 million in 2012 to USD439.41 million in 2013. The 2013 figure represented 38.7% of total trade, down from 39.5% the previous year. Trade in electrical and electronic goods fell from USD641.95 million in 2012 to USD357.2 million in 2013, accounting for 31.4% of total trade. Trade in agricultural, forestry, and fishery products was USD20.83 million, accounting for 1.8% of total trade, about the same percentage as in the previous year (2%).

#### 【Inter-Korean Trade by Sector】

(in USD thousands, %)

| Sector<br>Year | Textiles          | Electrical and electronic goods | Agricultural, forestry, and fishery products | Machinery        | Daily consumer necessities | Steel and metal products | Chemical and industrial products | Mining products | Plastic, rubber, and leather goods | Other          | Total                |
|----------------|-------------------|---------------------------------|--|------------------|----------------------------|--------------------------|----------------------------------|-----------------|------------------------------------|----------------|----------------------|
| 2012           | 777,661<br>[39.5] | 641,954<br>[32.6]               | 38,603<br>[2.0]                              | 139,472<br>[7.1] | 149,542<br>[7.6]           | 32,812<br>[1.7]          | 104,722<br>[5.3]                 | 36,701<br>[1.9] | 47,745<br>[2.4]                    | 1,892<br>[0.1] | 1,971,105<br>(100.0) |
| 2013           | 439,409<br>[38.7] | 357,197<br>[31.4]               | 20,834<br>[1.8]                              | 88,359<br>[7.8]  | 94,765<br>[8.3]            | 17,014<br>[1.5]          | 64,430<br>[5.7]                  | 24,052<br>[2.1] | 64,430<br>[5.7]                    | 1,158<br>[0.1] | 1,135,846<br>(100.0) |

\* Ratio: Rounded off to the first decimal place

Due to the suspension of the GIC's operations, the number of businesses engaged in inter-Korean trade fell by 10.1%, from 365 in 2012 to 328 in 2013. The number of trade items decreased by 57, from 731 in 2012 to 674 in 2013.

### 【Inter-Korean Trade by Type of Transaction in 2012 and 2013】

(in USD thousands, %)

| Category |                         | Commercial trade |                                |               |                      |                            | Non-commercial trade |                                 | Total     |
|----------|-------------------------|------------------|--------------------------------|---------------|----------------------|----------------------------|----------------------|---------------------------------|-----------|
|          |                         | GIC              | Processing-on-commission trade | General trade | Mount Geum-gang tour | Other economic cooperation | Assistance           | Social and cultural cooperation |           |
| 2012     | Trade volume (USD1,000) | 1,961,195        | -                              | 843           | -                    | 4                          | 9,064                | -                               | 1,971,105 |
|          | Ratio (%)               | 99.5             | -                              | 0             | -                    | 0                          | 0.5                  | -                               | 100.0     |
| 2013     | Trade volume (USD1,000) | 1,132,174        | -                              | 589           | 136                  | -                          | 2,947                | -                               | 1,135,846 |
|          | Ratio (%)               | 99.7             | -                              | 0.1           | 0                    | -                          | 0.3                  | -                               | 100.0     |

\* Ratio: Rounded off to the first decimal place. Any figure less than 0.1 is indicated as '0.'

## 2 Implementation of May 24 Sanctions and Measures to Minimize Business Difficulties

The sanctions of May 24, 2010 have been decisively implemented by the ROK government to induce the North to take responsibility not only for the sinking of the Cheonan, which originally actuated them, but also for the artillery barrage on Yeonpyeong Island that took place the following November. On June 14, 2010, to enforce the ban on inter-Korean trade and new investments, it revised the Public Notice on the List of Goods Subject to Approval and Approval Procedures for Taking Goods Into and From the DPRK to execute the ban on inter-Korean trade and new investments, thereby making the inter-Korean transfer of all goods subject to approval, and reinforcing customs inspections for inbound and outbound trade in cooperation with the relevant authorities. In an effort to block illegal imports of counterfeit goods made in North Korea and shipped through a third country of origin, the government has, since January 2011, convened

monthly monitoring meetings jointly with 11 relevant authorities, including the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Justice, the Korea Customs Service, the National Police Agency, and the Korea Coast Guard. On-site inspections of agricultural and fisheries distribution markets have also been carried out as needed.

The government is also working to minimize the inevitable difficulties faced by South Korean businesses as a result of the May 24 sanctions.

First, it is doing its best to ascertain the difficulties constraining businesses, the better to respond with appropriate support. The government conducted three fact-finding surveys immediately after the May 24 sanctions were announced (May 25-June 2, 2010, June 18-22, 2010, and May 13-18, 2011), followed by a fourth survey (May 13-20, 2013). Minister and vice minister met with business representatives on three occasions (September 23, October 23, and December 23, 2013) to hear their concerns and improve communication. Besides these efforts, the government gathered opinions on an as-needed basis through meetings with businesses as well as through the Difficulties Consultation Center within the South-North Korea Exchange and Cooperation Support Association.

Second, shipment of goods was temporarily allowed, despite the May 24 sanctions, in cases where contracts with the North had been signed and payment made prior to the sanctions. Between early June 2010 and the end of February 2011, 191 businesses were allowed to import fishery products and commission-processed finished products, for which advance payments had been made in the category of general trade; together they were worth USD125.78 million. A total of 72 companies exported raw materials worth USD41.41 million. For businesses that have not yet received goods in return for their advance payments during the aforementioned deferment period, the government granted permission to import fishery products starting from June

2012 (26 companies; USD3.92 million), and three companies actually imported USD790,000 worth of fishery products. The import of fishery products had been permitted until February 2013, when further imports were discontinued in response to the North's third nuclear test.

Third, the government provided financial support to alleviate companies' financial woes stemming from the discontinuation of their business. On July 26, 2010, in the wake of the May 24 sanctions, the government introduced a special loan program called the Special Economic Exchange and Cooperation Loan to the Inter-Korean Cooperation Fund to help cash-strapped businesses, and extended policy funds at a low annual interest rate of 2% in two rounds. In the first round, which was organized from August 2010 to February 2011, 184 companies received a total of KRW37.7 billion; and in the second round organized from January to June 2012, 99 companies received KRW18.3 billion in total. To sum up, a total of 221 businesses benefited from KRW56 billion in financing.

Considering that the May 24 sanctions were still in effect, the government extended the loan period of the two rounds of Special Economic Exchange and Cooperation Loan across the board. The repayment was deferred two times despite the passing of the original due date, followed by a third deferment in August 2013 (for 154 companies).

Fourth, the government extended "emergency operating funds" to businesses engaged in inter-Korean trade, economic cooperation, or Mt. Geumgang projects through the Inter-Korean Cooperation Fund in September 2012 in order to ease their difficulties arising from the prolonged suspension of inter-Korean trade. Depending on the volume of their trade or size of their investment, businesses were granted between KRW5 million and KRW20 million in funds to cover operating expenses. In total, about KRW5.2 billion was extended to 457 businesses.

Fifth, the government allowed businesses engaged in inter-Korean trade or economic cooperation projects to visit North Korea or to contact North Korean personnel in a third country to inspect and protect their investments in the North. By December 2012, nine companies had visited Gaeseong and Mt. Geumgang on 21 occasions. At present, visits to the North and contacts with North Koreans in a third country remain suspended due to the North's third nuclear test in February 2013.

### ③ Mt. Geumgang Tourism

Tours to Mt. Geumgang in North Korea have been halted since July 12, 2008, after a South Korean tourist at the resort was shot and killed by a North Korean soldier. On February 8, 2010, the two Koreas held "inter-Korean working-level talks concerning Mt. Geumgang and Gaeseong tours," but the talks ended with no results, as the North refused the South's proposal to discuss the personal safety of tourists and other such matters.

Efforts were also made in 2013 to get the North to return to discussion of Mt. Geumgang tours. Through working-level contacts between the South and North Korean authorities held in Panmunjeom on June 9-10, 2013, both sides agreed to hold talks between the relevant authorities on June 12-13 to discuss the resumption of Mt. Geumgang tours. The discussion did not take place, however, as the talks ultimately fell through.

On July 10, when the working-level talks on the GIC were underway, North Korea proposed the holding of working-level talks on July 17, either on Mt. Geumgang or in Gaeseong, in order to discuss Mt. Geumgang tours. In response to the proposal, the ROK government expressed its position that both sides should first focus on discussing and resolving the GIC's problems. Concurring with this opinion, North Korea held off its proposal for contacts.



On August 19, the North proposed holding working-level talks to discuss the prevention of a recurrence of incidents like the killing of the Mt. Geumgang tourist, as well as other matters of personal safety and property. On August 27, after the authorities of both sides coordinated schedules for the talks, the ROK government suggested holding the talks on October 2, in consideration of the reunion of separated families slated for September 25-

#### Developments in Inter-Authority Talks on Mount Geumgang Tour

- June 9–10, 2013. The working-level meetings between the South and North Korean authorities were held, and agreement was reached to hold talks between the South and North Korean authorities on June 12–13, to discuss the resumption of Mt. Geumgang tours.
- July 10, 2013. North Korea proposed holding working-level talks to discuss Mt. Geumgang tours on Mt. Geumgang or in Gaeseong on July 17.
- July 10, 2013. The ROK government notified its position that since the working-level talks on the GIC were still underway, both sides should first focus on discussing and resolving the GIC's problems.
- July 11, 2013. North Korea announced that it would hold off on its proposal in order to focus on resolving the GIC's problems.
- August 19, 2013. The North proposed holding working-level talks to discuss the prevention of a recurrence of incidents like the killing of the Mt. Geumgang tourist, as well as other matters of personal safety and property.
- August 20, 2013. The ROK government communicated its position that considering the fact that Mt. Geumgang tours had been discontinued over five years, talks should not be held too hastily, but instead scheduled for September 25, so as to allow sufficient time for preparation.
- August 22, 2013. The North, changing its initial proposal, proposed holding the working-level talks on Mt. Geumgang between the end of August and early September.
- August 27, 2013. The ROK government changed its initial proposal and suggested holding the talks on October 2 considering the reunion of separated families slated for September 25–30 and negotiations underway for the developmental normalization of the GIC.
- September 21, 2013. The North unilaterally notified the postponement of the reunion of separated families and the working-level talks on Mt. Geumgang.

30, but on September 21, the North notified its unilateral postponement of the talks.

In the meantime, in August 2011, North Korea legislatively disposed of South Korean assets on Mt. Geumgang and expelled the South Koreans working at the resort. Since then, the North has conducted Mt. Geumgang tours for foreigners illegally. On May 18, 2013, in particular, the North launched the Hwang Sung, a cruise ship running between Rajin and Mt. Geumgang.

The ROK government has continued its efforts to ascertain the difficulties that businesses which have invested in the Mt. Geumgang resort have faced due to the suspension of tourism. It conducted the first fact-finding survey on December 6-15, 2011 and the second one on May 22-June 5, 2013. It also gathered opinions from the companies on an as-needed basis through various occasions, including a meeting with the Minister on October 23, 2013.

Besides these efforts, the government has sought to devise measures to help businesses alleviate their financial difficulties. From January 2009 to January 2010, it extended KRW6.65 billion in loans to 26 companies; and from November 2010 to January 2011, it extended an additional KRW4.79 billion in loans to 15 companies. The government also extended KRW425 million in emergency operating funds for free to 40 companies from September to December 2012. In 2013, considering that tours to Mt. Geumgang were still suspended, the repayment period for loans that had already come due was extended across the board.

The ROK government sticks to its stance that before the Mt. Geumgang tours can resume, issues concerning the personal safety of its nationals should first be resolved. To prevent a recurrence of similar incidents, a rigorous mechanism to guarantee personal safety should be put in place between the South and North Korean authorities. At the same time, South

Korean companies' property rights should be reinstated. The government will continue to strive to resume the Mt. Geumgang tours in a progressive manner, and in such a way as to ease citizens' concerns.

#### ④ Vision Korea Project

The ROK government intends to push for the Vision Korea Project, one of its administrative tasks, depending on progress in the inter-Korean trust-building initiative and denuclearization on the peninsula. The Vision Korea Project was designed to improve the North's self-sufficiency and support its economic development in line with the progress in the inter-Korean trust-building initiative and denuclearization on the peninsula. It involves securing infrastructure in North Korea, such as the electric power grid and the transportation and communications networks, and helping the North attract international investment and accede to international financial institutions. It is also a mid- and long-term inter-Korean economic cooperation initiative to advance into special economic zones in the North if circumstances permit, as well as a large-scale project to establish the infrastructure for a South-North economic community.

The government has conducted research to map out implementation plans for the Vision Korea Project through a network of economics experts. Based on the research findings, the government will pursue the Vision Korea Project to the extent permitted by progress in the inter-Korean trust-building initiative and denuclearization on the peninsula.

#### ⑤ Green Détente

The ROK government is working to construct a South-North environmen-

tal community through “Green Détente” as one of its administrative tasks. Green Détente is intended to reduce tensions on the Korean Peninsula through inter-Korean green cooperation. The project involves cooperation in forestry, agriculture, new renewable energy, and the environment.

In order to push ahead with the Green Détente plan, the government established a cooperative system between appropriate government agencies and formed networks with expert groups. It also commissioned policy studies under the theme of the Implementation Direction for Construction of Environmental Community through Green Détente and held joint workshops involving appropriate government agencies and experts. It is also preparing to carry out inter-Korean projects by holding expert group meetings for each relevant area.



Joint workshop with appropriate government agencies and experts for Green Détente  
(November 29, 2013)

## Section 2 Social and Cultural Exchange and Cooperation

### ① Religious Exchange

The government allowed religious groups to visit North Korea for purely religious purposes, in consideration of equity among religious orders and their leadership position. In 2013, 17 inter-Korean religious groups held 20 rounds of working-level discussions in Beijing and Shenyang, China, and held joint inter-Korean events starting in October.

On October 12, 2013, the Jogye Order of Korean Buddhism held a joint ceremony at Singyesa Temple on Mt. Geumgang to celebrate the sixth anniversary of the temple's restoration. On November 7, 2013, the Cheontae Order visited Yeongtongsa Temple in Gaeseong, where it held a tea ceremony to celebrate the birth of Daegak Guksa and a joint Buddhist ceremony in



Joint ceremony to celebrate the 6<sup>th</sup> anniversary of the restoration of Singyesa Temple (October 12, 2013, Mt. Geumgang)



Joint ceremony to celebrate the 8<sup>th</sup> anniversary of the restoration of Yeongtongsa Temple (November 7, 2013, Gaeseong)



Joint religious mass prayer to commemorate the 25<sup>th</sup> anniversary of the establishment of Changchung Cathedral (November 10, 2013, Pyongyang)

celebration of the eighth anniversary of the temple's restoration.

From October 25 to 27, 2013, the Organization to Commemorate Martyr Ahn Jung-geun held a ceremony in Harbin, China to celebrate the 104<sup>th</sup> anniversary of his patriotic deed. On November 10, a joint religious mass prayer to commemorate the 25<sup>th</sup> anniversary of the establishment of Changchung Cathedral was held in Changchung Cathedral in Pyongyang.

## ② Cultural Heritage and Artistic Exchange

Due to the suspension of inter-Korean joint meetings since 2010, the joint South-North project to publish the Gyeoremal-Keunsajeon (*Big Dictionary of the Korean People's Language*), which commenced in 2005, has been carried out separately by the South and North Korean sides, with each side researching new vocabulary and compiling definitions on its own. On November 26-27, 2013, inter-Korean working-level discussions were held in Shenyang, China, with a view to resuming cooperation on the dictionary in 2014. In July 2013, the revised bill of the Act on the Joint Board of South and North Korea for the Compilation of Gyeoremal-Keunsajeon was promulgated and enforced to extend the law's period of effect from seven to twelve years, extending the project from April 2014 to April 2019.

As for the South-North joint excavation of Manwoldae, a historic site of the Goryeo dynasty in Gaeseong, further work had not been carried out there since the South's withdrawal in December 2011 until October 25, 2013, when working-level discussions were held in Shenyang, China. On November 22, 2013, relevant experts from the South visited the ruins of Manwoldae Palace to ascertain its actual condition.

In the area of art, working-level discussions to continue on-going projects such as the South-North joint performance by the Seoul Philharmonic

Orchestra were held, and the North has been routinely invited to participate in various international cultural events held in the South. No projects have actually been implemented, however.

As in 2012, North Korean movies were screened at film festivals in the South in 2013. In August 2013, *Comrade Kim Goes Flying* (a joint European and North Korean production) was shown at the Gwangju International Film Festival. This film had been screened at the Busan International Film Festival in 2012.

【On-site photos of Manwoldae in Gaeseong (November 22, 2013)】



Part of an embankment falling down



Front view of the embankment

### ③ Sports Exchange

Sports exchange has been pursued in such a way that delegations of the two Koreas have participated in international sports events held in South and North Korea.

Twenty-six sports team members from the North participated in the 2013 EAFF East Asian Cup held in Hwaseong, Gyeonggi Province, Korea on July 20-28. Four delegates participated in the Youth Leadership Program held in Gwangju, Korea, from August 22 to September 3 by the Organizing Com-





Asian Cup and Interclub Weightlifting Championship 2013  
(Pyongyang, September 12-17, 2013)



South Korean national flag hoisting ceremony (Pyongyang)



2013 EAFF East Asian Cup  
(Seoul and Hwaseong, July 20-28, 2013)



Youth Leadership Program  
(Gwangju, August 22-September 3, 2013)

mittee of the 2015 Gwangju Summer Universiade.

A total of 41 South Korean personnel including a sports team participated in the Asian Cup and Interclub Weightlifting Championship 2013 held in Pyongyang on September 12-17. At this sports event, South Korea's national flag was officially hoisted and its national anthem played for the first time in North Korea since the division of the two Koreas.

Besides these events, inter-Korean meetings were held to promote sports exchange in various areas and discuss the participation of North Korean teams and inter-Korean sports exchange at international sports events including the 2014 Incheon Asian Games, the 2015 Gwangju Summer



Universiade, and the 2018 Pyeongchang Winter Olympics.

#### ④ Exchange among Local Governing Bodies

Though active exchange among local governing bodies has been hampered by the tensions in inter-Korean relations, local autonomous governments are stepping in to resume exchange.

On June 27-28 and on November 26-27 the ROK government held two working-level consultative meetings with local governments under the auspices of the Ministry of Unification with officials from each local government in charge of inter-Korean exchange. Participants discussed the general orientation of the implementation of the Trust-Building Process on the Korean Peninsula, reinforced organic cooperation between local self-governing bodies and the central government, and exchanged information on inter-Korean projects.

Participants also visited Germany for working-level consultative meetings on August 24-31. Personnel from eight local governments and staff from the central government participated in the trip to better understand exchange and cooperation between East and West Germany before unification, thereby gleaned implications for exchange between local governing bodies of South and North Korea.

#### ⑤ Orderly Pursuit of Exchange and Cooperation

With the paramount aim of pursuing inter-Korean exchange and cooperation in an orderly fashion, the ROK government continued to review and revamp laws and systems concerning inter-Korean exchange and cooperation, while formulating guidelines for each area. According to these guidelines,

exchange and cooperation activities should be pursued in such a way as to build trust; processes and procedures should be transparent; and the private and public sectors need to cooperate closely.

In a bid to strengthen cooperation with private organizations in social and cultural exchange, the government established consultative bodies in each field to expand opportunities for communication. Through these consultative bodies, the government strived to enhance communication with the private organizations and create a consensus on the pursuit of orderly exchange and cooperation.

The joint public-private workshop for inter-Korean sports exchange was held on January 30-31, 2013 to seek ways of strengthening and developing networks among appropriate institutions. On December 10, a working-level consultative meeting for inter-Korean religious exchange made up of representatives from seven religious orders was held to discuss ways to promote public-private cooperation to press ahead with inter-Korean religious exchange as well as next steps.

The government also formed two new public-private consultative groups. On December 12, a working-level meeting was convened, with private youth organizations and numerous experts present, to discuss methods of stimulating inter-Korean youth-related exchange. Cognizant of the importance of exchange and cooperation in the area of cultural heritage, the ROK government expanded and revamped the existing consultative meeting for inter-Korean cooperation for historic materials, in order to launch the working-level consultative meeting on inter-Korean cultural heritage exchange. Its first session was held on December 18 to discuss the direction of inter-Korean exchange and cooperation for cultural heritage.

## Section 3 Cross-Border Passage and Transport

### ① Overland Passage

Cross-border passage plummeted in 2013 due to the discontinuation of overland passage via the Gyeongui corridor road from April to September that followed the North's suspension of the GIC. From 2003, when cross-border passages were first recorded officially, through December 2013, a total of 2,696,283 people and 735,691 vehicles crossed the border by land to North Korea, as recorded by the Inter-Korean Transit Office. In 2013, cross-border traffic along the Gyeongui corridor road and the Donghae corridor road reached 77,277 people and 55,154 vehicles, judged on the basis of number of exits from South Korea.

Since 2009 traffic along the Gyeongui railway line had consistently hovered between 110,000 and 120,000 people and between 70,000 and 80,000 vehicles every year, but in 2013 traffic fell to 76,826 people and 55,007 vehicles, declines of 37% and 38% from the previous year, respectively. This was due to the temporary suspension of travel to and from the GIC. On April 3, 2013, North Korea prohibited all travel to the GIC, only permitting travel from it. On April 8, the North pulled all its workers out of the GIC, bringing the operations to a halt. On May 3, South Korea's remaining workers in the GIC were also withdrawn, leading to a suspension of inter-Korean passage. Afterwards, delegations for inter-Korean talks and other people concerned with the GIC and tenant companies visited the North intermittently in the hope of normalizing the GIC. As military communications lines were reconnected on September 10, and the GIC went up and running again on Septem-

ber 16, cross-border passage returned to normal.

Taking into consideration such uncertainty in the relationship between the two Koreas, the ROK government did its utmost to ensure safe passage for the personal safety of its nationals who visit or stay in the GIC and other parts of North Korea.

In 2013, some people and vehicles still made the passage to and from North Korea for various purposes, despite the sharp decline in passage via the Gyeongui railway line. The joint committee and subcommittees of the GIC continued crossing the border regularly in order to normalize and develop the GIC. On August 29, five New Zealand motorcyclists crossed the border on their way from Pyongyang to Seoul. After the opening of the Secretariat of the South-North Joint Committee for GIC on September 30, cross-border trips by staff of the Secretariat became regular. On October 30, 21 members of the Foreign Affairs and Unification Committee of the National Assembly of the ROK visited the GIC during a parliamentary audit. On December 12, two German investors visited the GIC to consider the feasibility of joint investment with GIC companies. On December 19, 51 staff of the G20 Seoul Conference visited the GIC, followed on December 26 by 20 presidents of public enterprises responsible for the industrial park's infrastructure.

Traffic along the Donghae corridor fell sharply following the suspension of the Mt. Geumgang tours in July 2008, when a South Korean tourist at the resort was shot and killed by a North Korean sentry. From then on, the only travel to the area was by maintenance workers. The North then confiscated all public and private properties in the Mt. Geumgang district on April 27, 2010, and South Korea's maintenance personnel for the Mt. Geumgang district were all withdrawn on August 23, 2011. As a result, traffic along the Donghae corridor effectively ceased, apart from intermittent traffic for Mt.

Geumgang tours and commemorative events such as the celebration of the Singyesa Temple's restoration. Between August 28 and September 22, 2013, 357 people and 129 vehicles crossed the border to prepare for the reunion of war-separated families on the Chuseok holiday. The planned reunion eventually fell through, however, due to the North's unilateral postponement.

### 【Overland Exits along the Gyeongui and Donghae Corridors】

| Year           |          | 2003~2005 | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013   | Total     |
|----------------|----------|-----------|---------|---------|---------|---------|---------|---------|---------|--------|-----------|
| Classification |          |           |         |         |         |         |         |         |         |        |           |
| Gyeongui       | Persons  | 94,579    | 84,100  | 144,971 | 263,258 | 115,026 | 126,107 | 115,249 | 121,038 | 76,826 | 1,141,154 |
|                | Vehicles | 55,431    | 47,352  | 71,857  | 91,309  | 72,929  | 83,308  | 81,414  | 88,586  | 55,007 | 647,193   |
| Donghae        | Persons  | 672,032   | 266,541 | 384,911 | 223,972 | 3,682   | 3,051   | 436     | 53      | 451    | 1,555,129 |
|                | Vehicles | 38,580    | 14,724  | 20,035  | 12,456  | 1,323   | 1,027   | 198     | 8       | 147    | 88,498    |
| Persons total  |          | 766,611   | 350,641 | 529,882 | 487,230 | 118,708 | 129,158 | 115,685 | 121,091 | 77,277 | 2,696,283 |
| Vehicles total |          | 94,011    | 62,076  | 91,892  | 103,765 | 74,252  | 84,335  | 81,612  | 88,594  | 55,154 | 735,691   |

Cross-border passages are allowed only during specific time periods, as agreed with the North. At the Gyeongui Line Administration Office, on weekdays, there are 11 exit times from 8:30 am to 4:30 pm and 10 entry times from 10am to 5 pm, totaling 21 entry and exit times a day. On Saturdays, there are seven exit times and five entry times from 8.30 am to 2.30 pm. There are no entries or exits on Sundays or North Korean holidays.

## 2 Inter-Korean Freight Trains

The laying of railroad tracks connecting South and North Korea along the Gyeongui and Donghae railway lines was completed at the end of December 2005. The Gyeongui Line runs 27.3km from Munsan in the South to

Gaeseong in the North, while the Donghae Line runs 25.5km from Jejin in the South to Mt. Geumgang in the North. Test runs of the lines were conducted on May 17, 2007 pursuant to the agreement reached at the 13<sup>th</sup> meeting of the Inter-Korean Economic Cooperation Promotion Committee held in April 2007. On December 11, 2007, freight trains began to shuttle between Dorasan Station on the South's side of the Gyeongui Line and Panmun Station in the North five times a week, Monday through Friday.

Inter-Korean freight trains departed from Dorasan Station at 9:00 am and departed from Panmun Station at 2:00 pm for their return to Dorasan Station each day. Initially, a 12-car train (one engine, ten freight cars, and one caboose) began running on the lines, but the two sides agreed that, starting on February 1, 2008, freight cars would run only when there was actual freight; otherwise, only the engine and the caboose would run. All overland traffic including train traffic was then suspended unilaterally by the North on December 1, 2008.

From December 2007 to November 2008, 31 freight cars carried 318 tons of freight on 222 round trips, of which 24 cars carried 235 tons of freight to the North and 7 cars carried 75 tons to the South. Most of the cargoes were materials shipped to and from the GIC.

### Maritime Transport

Based on the Inter-Korean Agreement on Maritime Transportation and the ensuing Annex Agreement on the Implementation and Observance of the Inter-Korean Agreement on Maritime Transportation, which went into effect in August 2005, sea routes were opened between seven South Korean ports (Incheon, Gunsan, Yeosu, Busan, Ulsan, Pohang, and Sokcho) and seven North Korean ports (Nampo, Haeju, Goseong, Wonsan, Heungnam,

Cheongjin, and Rajin). Both South and North Korean vessels were permitted to use these routes. The authorities for maritime affairs in the South and in the North have also operated a telephone line and a facsimile line since August 2005 to authorize the passage of vessels and provide vessel operation information for safe and smooth navigation. However, the ROK government prohibited North Korean ships from using South Korean shipping lanes when it imposed sanctions on May 24, 2010, in response to the sinking of the Cheonan. The North, for its part, banned South Korean ships from using its shipping lanes.

Due to the suspension of inter-Korean trade under the May 24 sanctions, the number of voyages has fallen considerably since May 2010: there were, for example, only 31 one-way voyages between the two Koreas in 2013. Except for maritime transport of agricultural, forestry, and fishery products, the shipment of which was temporarily allowed to minimize the damage suffered by South Korean companies, most of the maritime travel between the two Koreas involved simple transit by vessels of a third country through South Korean ports.

From the date when the Inter-Korean Agreement on Maritime Transportation went into effect until May 2010, North Korean vessels made a total of 2,165 trips through South Korean territorial waters. There were no such trips in 2013.

#### 【Voyages between South and North Korea】

| Year              | 1994~2004 | 2005  | 2006  | 2007   | 2008  | 2009  | 2010  | 2011 | 2012 | 2013 |
|-------------------|-----------|-------|-------|--------|-------|-------|-------|------|------|------|
| Voyages (one-way) | 13,131    | 4,497 | 8,401 | 11,891 | 7,435 | 2,577 | 1,432 | 142  | 228  | 31   |

## ④ Air Transport

The volume of air traffic between South and North Korea has fluctuated since the temporary direct air route between Seoul and Pyongyang off the west coast was opened for the Inter-Korean Summit in 2000. Following the May 24 sanctions in 2010, only two third-country aircraft have flown between the South and the North: one for a flight by the Asian Football Confederation president and his delegation and the other for a flight by former U.S. President Jimmy Carter and members of the Elders Group. Both flights were in April 2011.

【Flights between South and North Korea】

| Year              | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Flights (one-way) | 43   | 19   | 67   | 112  | 28   | 208  | 88   | 153  | 64   | 11   | -    | 2    | -    | -    |







## Chapter 4

# Inter-Korean Humanitarian Issues

04

- Section 1** Separated Families
- Section 2** South Korean Prisoners of War and Abductees
- Section 3** Humanitarian Aid
- Section 4** Human Rights in North Korea

## Chapter 4 Inter-Korean Humanitarian Issues

The Park Geun-hye administration is making the substantial resolution of inter-Korean humanitarian issues its top priority, in order to alleviate the pain of division and to improve the quality of life for North and South Koreans alike.

First of all, the government has strived to fundamentally resolve the issue of war-separated families. On August 23, 2013, Red Cross officials from South and North Korea held working-level meetings in which it was agreed to hold reunions of separated families during the Chuseok holiday. On September 21, however, the North unilaterally scuttled the reunions just four days before they were scheduled to start. The ROK government pointed out clearly that the postponement of such a purely humanitarian event for political reasons could not be justified under any circumstances and urged the North to accede to the resumption of the reunions at the earliest possible time. Although they did not take place, exchanges in the private sector continued. In view of the advancing age of the separated families, the government is preparing to produce video messages from the separated families.

Two other critical humanitarian issues awaiting resolution by the two Koreas are the issues of South Korean prisoners of war and abductees. However, no substantial progress was made in 2013 on either issue. Meanwhile, the South Korean government has remained steadfast in supporting post-war abductees who returned to Korea. A post-war abductee who returned to the South in September 2013 was provided with resettlement

subsidies and education in order to help him adapt to South Korean society. The government has also steadfastly worked on revealing the truth about North Korea's role in the war-time abductions, and restoring the victims' reputations. So far, the government has officially recognized 2,560 victims as war-time civilian abductees.

In line with its basic stance that the political situation should not affect aid for particularly vulnerable groups in North Korea, the government has pushed ahead with humanitarian projects involving non-government organizations and international institutions. It has also made efforts to improve the transparency of the Inter-Korean Cooperation Fund and of aid distribution to the North, as well as to increase the efficiency of non-governmental humanitarian projects.

The government has approached the North's human rights issue from the principle of upholding fraternity and realizing the universal value of all mankind. It is widely known that human rights abuses in North Korea are egregious. In cooperation with the international community, as well as domestic and international human rights groups, the South Korean government continues to express grave concerns over the violations of human rights of the North Korean people, while at the same time calling on the North to honor human rights.

The ROK government is working closely with the National Assembly to get the North Korean Human Rights Act passed into law. Discussions of the bill began during the 17<sup>th</sup> National Assembly. Although its legislation proceeded apace during the 18<sup>th</sup> National Assembly, it is yet to pass due to differences between the ruling party and opposition parties. Discussion resumed upon the opening of the 19<sup>th</sup> National Assembly. Once the bill is passed into law, it will afford an institutional foundation to improve the

human rights situation in the North. It is hoped that this will bring about substantial change in the human rights conditions of the North Korean people and enhance their quality of life overall.

Since 2008, the ROK government has been pushing for improvement in the North's human rights situation in the international arena, including the UN Human Rights Council and the UN General Assembly. It co-sponsored the United Nations' resolution on North Korean human rights every year from 2009 to 2013, including the one adopted by the UN Human Rights Council. Coupled with South Korea's efforts, the international community has taken extensive measures to urge the North to improve its human rights situation. Once a legal foundation is put into place through prompt enactment of the North Korean Human Rights Act, the ROK government will strive further to cooperate with the international community in realizing practical improvements in the human rights conditions in the North.

## Section 1 Separated Families

### 1 Statistics on Separated Families

As of December 31, 2013, 129,255 persons were registered in the government-run Integrated Information System for Separated Families as members of separated families, of whom 57,176 persons had passed away, leaving 72,079 survivors.

【Separated Family Survivors Registered  
in the Integrated Information System for Separated Families】

| Classification      | 90+   | Ages 80-89 | Ages 70-79 | Ages 60-69 | Ages 50-59 | Total         |
|---------------------|-------|------------|------------|------------|------------|---------------|
| Number of survivors | 6,445 | 28,950     | 22,270     | 8,375      | 6,039      | <b>72,079</b> |
| Percentage (%)      | 8.9   | 40.2       | 30.9       | 11.6       | 8.4        | <b>100</b>    |

\* As of December 31, 2013

### 2 Organization of Family Reunions

Based on agreements resulting from the South-North Red Cross talks and working-level meetings, 18 face-to-face and seven video reunions have been held between 2000 and 2013. These reunions involved 4,321 families and 21,734 individuals.

Subsequent to North Korea's artillery attack on Yeonpyeong Island and other provocations, exchanges between separated families have been discontinued. The last reunion was held during the Chuseok holiday in 2010.

In her Liberation Day speech on August 15, 2013, not long after the inau-

## 【Exchanges of Separated Families Organized by the Government (2000–2013)】

| Classification             | South Korea                      | North Korea                     | Total                            |
|----------------------------|----------------------------------|---------------------------------|----------------------------------|
| Face-to-face reunions (18) | 1,874families<br>(11,800persons) | 1,890families<br>(6,186persons) | 3,764families<br>(17,986persons) |
| Video reunions (7)         | 279families<br>(2,257persons)    | 278families<br>(1,491persons)   | 557families<br>(3,748persons)    |
| Total                      | 2,153families<br>(14,057persons) | 2,168families<br>(7,677persons) | 4,321families<br>(21,734persons) |

guration of her administration, President Park Geun-hye proposed the holding of reunions for war-separated families during the next Chuseok holiday. On August 16, the government proposed to the North, via a formal letter from the president of the South Korean Red Cross, the convening of working-level meetings between South and North Korean Red Cross officials in Panmunjeom on August 23. On August 19, North Korea sent a letter under the name of the chairman of the North Korean Red Cross Central Committee to propose the meetings be held on Mt. Geumgang. Afterwards, the two Koreas further discussed the location through several correspondences, finally deciding to hold working-level meetings in Panmunjeom.

On August 23, 2013, South and North Korea held the Red Cross working-level meetings at the Peace House in Panmunjeom and agreed to hold the reunions of separated families (September 25-30), video reunions (October 22-23), and additional reunions in November, the first in over three years.

The ROK government convened a selection committee of the Korean Red Cross on August 24 to draw 500 candidates for reunions through a computer lottery from among the members of separated families registered in the Integrated Information System for Separated Families. After undergoing processes such as health checks, 250 people were selected for the confirmation request of whether their separated family members in the North



were still alive. On August 29, South and North Korea exchanged a written request for confirmation of the living status of members of separated families (250 persons from the South and 200 persons from the North), of whom 316 persons (167 persons from the South and 149 persons from the North) were confirmed to still be alive. On September 16, the final lists of those eligible for reunion were exchanged (92 persons from the South and 100 persons from the North).

The ROK government made preparations for the reunions scheduled for the Chuseok holiday by dispatching a team to Mt. Geumgang on August 28-29 to check the Reunion Center and other relevant facilities, and another team on September 3-20 to carry out the repair and renovation work that had been deemed necessary.

However, on September 21, just four days before the scheduled reunions, the North unilaterally postponed the reunions. The statement to that effect by the North's Committee for the Peaceful Reunification of the Fatherland left no doubt that the move was politically motivated. On September 21, the ROK government clearly stated through the MOU spokesperson that there could be no justifying for the postponement of a purely humanitarian event on political grounds. It urged the North to accede to the resumption of the reunions at the earliest possible time. The North's failure to respond to the South's demand ultimately put paid to hopes for another round of reunions.

### ③ Support for Family Exchanges Arranged by the Private Sector

The ROK government has continually supported exchange activities for separated families organized by the private sector, coupled with government-level exchanges. It provides funding of up to KRW 2 million per person for confirmation of whether members of separated families are still alive, KRW

5 million for arranging a reunion, and KRW 500,000 for organizing on-going exchanges of personal letters between separated family members. The government is also inducing more active exchange through the private sector by supporting agencies involved in helping separated families locate relatives in the North.

Despite this support from the government, non-governmental exchange has continued to decline from its peak of 314 exchanges in 2008, to 119 in 2009, 38 in 2010, 28 in 2011, 25 in 2012, and 34 in 2013. The decrease is likely due to a reduction in demand for family exchanges resulting from the aging and passing away of family members as well as from increased restrictions by the North Korean authorities. To further encourage the private sector, the ROK government plans to publicize the procedures and financial assistance for private-level exchanges and to continue its support for groups that arrange them.

#### 【Exchanges of Separated Families Organized in the Private Sector】

| Classification \ Year          | 1990~<br>2004 | 2005         | 2006       | 2007       | 2008       | 2009       | 2010      | 2011      | 2012      | 2013      | Total         |
|--------------------------------|---------------|--------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|---------------|
| Confirmations of living status | 3,322         | 276          | 69         | 74         | 50         | 35         | 16        | 3         | 6         | 9         | 3,860         |
| Exchanges of letters           | 9,388         | 843          | 449        | 413        | 228        | 61         | 15        | 21        | 16        | 22        | 11,456        |
| Reunions                       | 1,465         | 95           | 54         | 55         | 36         | 23         | 7         | 4         | 3         | 3         | 1,745         |
| <b>Total</b>                   | <b>14,175</b> | <b>1,214</b> | <b>572</b> | <b>542</b> | <b>314</b> | <b>119</b> | <b>38</b> | <b>28</b> | <b>25</b> | <b>34</b> | <b>17,061</b> |

#### ④ South Korea's Own Efforts to Assist Separated Families

Considering the urgency of resolution of the issue of separated families and recognizing that elderly survivors may not live much longer, the government produced thousands of video messages from separated family members in the South to be preserved and someday presented posthumously to relatives in the North.

During a survey of demand conducted from August 6 to September 28, 2012, the government received 16,800 applications to make video messages. A total of 815 such messages were produced in 2012, and 2,000 were produced in 2013. The remaining applicants will make their videos in the order in which their requests were made. The video messages will be stored at the Integrated Information Center for Separated Families and, pending agreements with the North through the Red Cross, will be delivered to families in North Korea.

In addition to arranging exchanges between separated families both at the governmental and non-governmental level, the ROK government has since 2008 invited elderly survivors living in South Korea to various events to explain its policy and to give them some comfort.

Four times in the first half of 2013, it invited about 100 separated family members from each region of the country to presentations on exchange programs between separated families and other events. On September 25, the Minister of Unification visited some of the separated families who had been expected to join the reunion during Chuseok, to console them and assure them that the government would continue to press for the resumption of reunions.



The Unification Minister visits a member of a separated family  
(September 25, 2013)

## Section 2 South Korean Prisoners of War and Abductees

### ① Current Status

Toward the end of the Korean War, the United Nations forces exchanged prisoners of war (POWs) with the North Korean army in three rounds of exchanges from April 1953 to January 1954. The UN forces estimated the number of missing South Korean soldiers at about 82,000, but only 8,343 were finally repatriated from the Communist regime in the North. It is thus presumed that a considerable number of missing South Korean soldiers were detained against their will. Since the 1994 escape of prisoner of war Second Lieutenant Cho Chang-ho, a total of 80 POWs have fled to the South through 2013. Based on the testimony of other POW escapees and North Korean refugees, the Ministry of National Defense estimates that about 500 South Korean POWs remain alive in the North.

Abductees were kidnapped either during the Korean War (June 25, 1950-July 27, 1953) (i.e., war-time abductees) or after the war (i.e., post-war abductees). The statistics on war-time abductees vary depending on when and who conducted the surveys. According to the Statistical Yearbooks of 1952 and 1953, the number of war-time abductees was estimated at over 80,000. There were 3,835 post-war abductees, of whom 3,319 were repatriated to the South. Among those repatriates, 3,310 were repatriated by the North, and nine escaped on their own after a long period of detainment. By the end of 2013, an estimated 516 post-war abductees were still held by the North.

## 【Post-war Abductees (estimates)】

| Classification |                             | Fishermen<br>and sailors | Korean Air<br>passengers | Military<br>and<br>police | Others |        | Total |
|----------------|-----------------------------|--------------------------|--------------------------|---------------------------|--------|--------|-------|
|                |                             |                          |                          |                           | Korea  | Abroad |       |
| Abducted       |                             | 3,729                    | 50                       | 30                        | 6      | 20     | 3,835 |
| Returned       | Repatriated by<br>the North | 3,263                    | 39                       | -                         | -      | 8      | 3,310 |
|                | Escaped the<br>North        | 9                        | -                        | -                         | -      | -      | 9     |
| Still captive  |                             | 457                      | 11                       | 30                        | 6      | 12     | 516   |

## ② Efforts to Resolve the Issues of South Korean Prisoners of War and Abductees

The government established the Rules on the Installation and Operation of the Abductees Committee (by order of the Prime Minister) on December 26, 2011, and launched the Abductees Committee as a pan-governmental body to oversee all matters concerning abductees. Headed by the Vice-Minister of Unification, the committee comprises public officials from the Ministry of Unification, the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of National Defense, the Prime Minister's Office, the National Intelligence Service, and the Police Agency, and representatives of the Korean Red Cross. It is charged with establishing overall measures to resolve abductee issues and deliberating on related matters.

Since the inter-Korean summit in 2000, the ROK government has consistently attempted to engage the North in a dialogue to resolve the issue of South Korean POWs and abductees. North Korea has refused to discuss the matter, however, arguing that the POW issue was already settled through the exchange of prisoners according to the armistice agreement and further claiming that no abductees remained on its territory.

Notwithstanding, the ROK government has pursued the issue of POWs and abductees as a key task of its North Korea policy, recognizing this as part of the state's basic duty to protect its nationals. The government has continued to bring up the topic of POWs and abductees, urging a resolution whenever the opportunity has arisen, i.e., during the inter-Korean Red Cross talks in August 2009 and October 2010 and working-level meetings in October 2009 and August 2013.

In the process of preparing for the reunions in September 2013, the government requested that the North confirm whether 50 POWs and abductees were still alive; 19 were indeed confirmed alive. However, the reunions were not held due to the North's unilateral postponement. Since the second round of reunions in 2000, the status of 93 POWs and abductees in total was confirmed, and 46 of their families met each other.

The ROK government is striving to resolve abductee issues by calling the international community's attention to them through the UN systems for human rights. It supports the activities of the United Nations Special Rapporteur on human rights and the Commission of Inquiry (COI) on human rights in North Korea. It also continues to work with the UN Working Group on Enforced or Involuntary Disappearances (WGEID) so that the WGEID can promptly process individual petitions lodged by the families of South Korean abductees.

### ③ Support for Post-war Abduction Victims

The Act on Supporting South Korean Victims Abducted by North Korea after the Korean War was enacted on April 27, 2007 and took effect on October 28 that same year. In accordance with the Act, the Deliberation Committee on Compensation and Support for Abduction Victims ("the

Deliberation Committee”) was established in November 2007 under the Prime Minister’s Office to deliberate on compensation and support for abduction victims. By October 2010, the committee had received 448 applications from abduction victims, including 428 for monetary compensation for families of victims, eight for settlement allowance for returnees, and 12 for compensation due to death or injury caused by exercise of public power by the state.

From November 2007 to September 2011, the Deliberation Committee held 40 general sessions, determining the amounts of payments in 425 cases (totaling KRW 14.51 billion). Of the total disbursement, KRW 12.914 billion went in monetary compensation to 416 families (KRW 31 million on average), KRW 1.528 billion as settlement allowances to eight persons (KRW 191 million on average), and KRW 68 million to one person as compensation for death or injury caused by exercise of public power by the state.

As one more abductee was repatriated in September 2013, about KRW 245 million in a settlement allowance and a housing subsidy was granted, and education for social adjustment was provided for two months.

#### 【Financial and Other Compensation for Abduction Victims】

| Classification                           | Application | Payment decision | Payment amount<br>(in KRW thousands) |
|--|-------------|------------------|--------------------------------------|
| Monetary compensation                    | 428         | 416              | 12,914,573                           |
| Settlement allowance and housing subsidy | 9           | 9                | 1,773,612                            |
| Other compensation                       | 13          | 1                | 67,604                               |
| <b>Total</b>                             | <b>450</b>  | <b>426</b>       | <b>14,755,789</b>                    |

Part of the support for abduction victims involves year-end and holiday visits with families of abductees who are in dire financial straits. Program



workers lent a sympathetic ear and presented them with some household necessities and a small amount of compensation funds. In January and April 2013, workers visited families of abductees to console them. The following December they invited six repatriated abductees to hear about their difficulties.

#### ④ War-time Abductees

The number of war-time abductees varies depending on when and by whom the surveys were conducted, but the number is estimated at between 80,000 and 100,000 based on a government list of abductees.

##### 【Lists of War-time Abductees Published by the Government】

| List   | Organization                                    | Year of survey | Number of abductees | Availability                   |
|--|---|----------------|---------------------|--------------------------------|
| Registry of Victims in Seoul                     | Statistics Bureau, Office of Public Information | 1950           | 2,438 persons       | Available                      |
| Registry of Those Abducted During the Korean War | Statistics Bureau, Office of Public Information | 1952           | 82,959 persons      | Available                      |
| Registry of Those Abducted due to the Korean War | Police Bureau, Ministry of Home Affairs         | 1954           | 17,940 persons      | Available                      |
| Registry of Displaced Family Members             | Ministry of National Defense                    | 1963           | 11,700 persons      | Partly available <sup>1)</sup> |

1) This list is in alphabetical order by name but only a part from No.1 Kim O to No. 11700 Lee OO remains.

In addition to the lists in the table above, the minutes of the state council dated January 4, 1952 (“The Number of Abductees During the Korean War”) indicate that according to the Police Bureau under the Ministry of Home Affairs, there were 126,325 abductees (36,472 civilians, 73,613 drafted soldiers, and 16,240 volunteer soldiers). “The Comprehensive Loss Sheet for

the Korean War,” published in March 1952 by the Statistics Bureau under the Office of Public Information, states that 84,532 people were abducted to the North.

On March 26, 2010, the 18<sup>th</sup> National Assembly promulgated the Act on Fact-finding into Korean War Abduction Victims and Restoration of the Reputation of the Victims (“the Act on Fact-finding into Korean War Abduction Victims”), which took effect on September 27 of that year.

#### Key Contents of the Act on Fact-finding into Korean War Abduction Victims

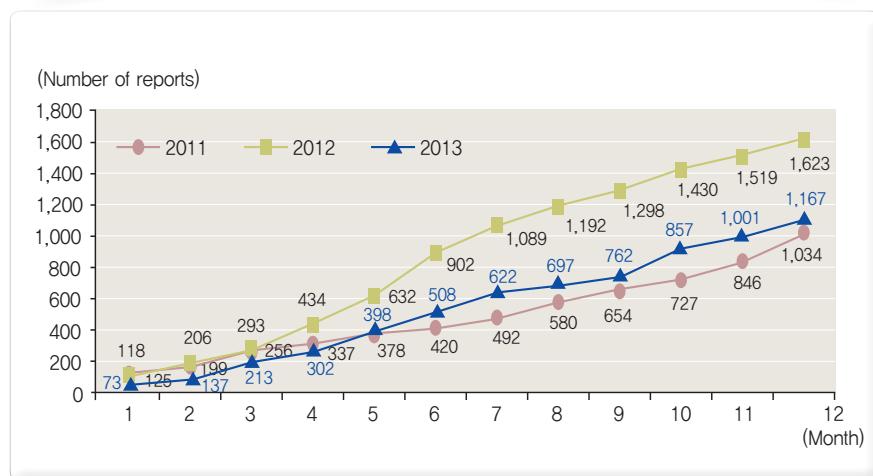
- Establish and manage a committee under the Prime Minister on fact-finding into Korean War abductions and the restoration of the reputations of the victims
- Receive reports of war-time abductions, carry out investigations, and review and determine whether abductions actually occurred
- Collect and analyze documentation concerning war-time abductions
- Establish working-level committees under mayors or governors at the municipal and provincial level
- Produce a fact-finding report on war-time abductions and announce it officially after reporting it to the President and the National Assembly
- Organize commemorative programs to restore the honor of abductees and their families
- Establish and implement policy for verification of the life and death of abductees, their repatriation, exchange of communication, and family reunions as an obligation of the state

On September 27, 2010, the government set up the Secretariat for the Committee on Fact-Finding into Korean War Abductions and the Restoration of the Reputation of the Victims. Launched in December 13 of that year, the committee comprised 15 members—the Prime Minister (the chair), the Minister of Unification, the Minister of Foreign Affairs, the Minister of National Defense, the Minister of Security and Public Administration, the

Commissioner General of the National Police Agency (five government representatives), three representatives of abductee families, and six experts. The government then set out in earnest to investigate the truth about North Korea's abductions during the Korean War. For greater efficiency, the committee organized a sub-committee (chaired by the Vice Minister of Unification) to review matters for deliberation in advance.

The committee also directed that local self-governing entities install working-level committees at the municipal or provincial level (chaired by mayors or governors) to receive reports of war-time abductions and to conduct investigations. On January 3, 2011, it began receiving reports of war-time abductions through municipal, county, and district offices nationwide, as well as through diplomatic missions overseas. A total of 1,034 reports were filed that year; 1,623 reports were filed in 2012; and another 1,167 reports were filed in 2013.

【Number of war-time abduction reports received in 2013】



Since July 2012, the committee has functioned ever more effectively by employing more survey personnel and improving the survey techniques and system, in order to better handle the rising number of reports filed. A total of 929 reports were processed in 2012—a significant rise from the 319 cases handled in 2011. In 2013, 1,588 cases were processed. As of the end of December 2013, a total of 2,560 people were officially recognized as war-time abductees.

#### 【Results of Deliberations on War-time Abductees】

| General Meeting                  | Number of cases deliberated | Deliberation results     |                      |                       |
|----------------------------------|-----------------------------|--------------------------|----------------------|-----------------------|
|                                  |                             | Approved                 | Not approved         | Decision not possible |
| 3 <sup>rd</sup> [Aug. 2, 2011]   | 55                          | 55                       | -                    | -                     |
| 4 <sup>th</sup> [Dec. 13, 2011]  | 264                         | 217                      | 28                   | 19                    |
| 5 <sup>th</sup> [Apr. 5, 2012]   | 144                         | 120                      | 11                   | 13                    |
| 6 <sup>th</sup> [Jun. 20, 2012]  | 386                         | 351                      | 11                   | 24                    |
| 7 <sup>th</sup> [Oct. 11, 2012]  | 399                         | 364                      | 7                    | 28                    |
| 8 <sup>th</sup> [Jan. 14, 2013]  | 490                         | 467                      | 5                    | 18                    |
| 9 <sup>th</sup> [May 6, 2013]    | 463                         | 417                      | 14                   | 32                    |
| 10 <sup>th</sup> [Jun. 21, 2013] | 308                         | 274                      | 8                    | 26                    |
| 11 <sup>th</sup> [Oct. 15, 2013] | 327                         | 295                      | 5                    | 27                    |
| <b>Total</b>                     | <b>2,836</b>                | <b>2,560<br/>(90.3%)</b> | <b>89<br/>(3.1%)</b> | <b>187<br/>(6.6%)</b> |

\* As of the end of December 2013

The committee took various actions to inform the public how to report abduction-related damages, publicly report the government's efforts and commitment to resolving issues concerning war-time abductees, and raise public awareness of war-time abductions. These efforts took the form of public service ads on subways and buses, in local government buildings, at tradi-

tional markets, tourist sites, passenger transportation terminals, highway service areas, and other public facilities, on TV, radio, and SNS, and in newspapers.



An electric billboard ad (Seogipo)



Ad on a bus arrival board (Gwangmyeong)

The committee also publicized reports of war-time abductions at overseas embassies and consulates by putting up posters, distributing leaflets, and posting articles on the Internet. On-going efforts were made to help more Korean expatriates and overseas Korean organizations file reports on war-time abductions.



Poster inside an embassy abroad  
(Korean embassy in Cameroon)



Briefing before a federation of Korean  
residents in Japan (November 25-30, 2013)

To raise public awareness of the government's commitment to resolving

the issue of war-time abductees, on the occasion of the anniversary of the Korean War (June 25), the committee provided opportunities for the general public to sympathize with families of abductees by broadcasting “Feature Program for the Korean War” on the KBS TV music show “Gayo Mudae” on June 24, 2013, and “People Who Have Not Returned” on a KBS documentary on July 27, 2013. During the second half of 2013, on-site visits to Panmunjeom and Cheorwon were organized for the families of war-time abductees, while photo exhibitions and on-site briefings on war-time abductees were held in the six largest cities.



Families of war-time abductees invited onto the KBS show “Gayo Mudae” (June 24, 2013)



On-site experience of families of war-time abductees (June 7, 2013)



Photo exhibitions on war-time abductions held in the six largest cities (June 24-August 31, 2013)



Briefing before the staff of the Korean Senior Citizens Association (April 10, 2013)

The committee also examines and discusses reports of abductions and collects source materials on war-time abductions inside and outside Korea. It analyzes these materials to estimate the number of kidnappings and to ascertain what really happened as accurately as possible.

From December 13, 2010, when the committee was launched, to 2013, the committee examined source materials in Korea and abroad. It gathered about 2,200 records related to war-time abductions. These included documents, publications, audiovisual materials, and other records held by the National Archives of Korea and other reputable archival institutions. To shed light on the full scope of war-time abductions by the North, relevant reports from six daily newspapers published during the Korean War, including the Chosun Ilbo and the Dong-A Ilbo, were used to compile the “News Article Collections on War-Time Civilian Abductions Vol. I and Vol. II.” In addition, news articles on abductions to the North from three local news agencies in Daegu and Busan, each of which cities temporarily served as the capital during the Korean War, were collected and compiled to be used as the basis of a fact-finding report.

Since the launch of the committee, relevant documents have also been collected from abroad. The committee sent staff to the U.S., U.K., Russia, China, and Japan to search for materials in their national archives. In 2013, during a visit to the U.S., Japan, and China, the committee found various records and established networks with competent institutions and expert groups in those countries. In the U.S, the committee staff visited and established cooperative ties with the National Archives and Records Administration (NARA), the Department of State, the U.S. Army Military History Institute, and the Woodrow Wilson International Center for Scholars to examine and collect records concerning war-time abductions, thereby ensuring greater accuracy and objectivity of the fact-finding report and



improving the efficiency of collection of records from abroad. In Japan, the actual status of living abductees was determined through interviews with North Korean defectors living in the country, and testimonies of abduction reporters living in Japan were recorded. While looking into records kept by a national archive, the committee collected materials on the Korean War that had been published by the Ministry of Foreign Affairs of Japan. In China, the committee collected news articles, investigated concentration camps for war-time abductees in Manchuria, recorded testimonies, established networks with appropriate groups, and engaged in other such activities.

In the meantime, the committee compiled translations and notes on the U.S. materials collected inside and outside Korea to publish the “Sourcebook on War-Time Abduction: the U.S. Vol. I.” The structured compilation and analysis of the U.S. records on war-time abductions will yield information on the main activities of the U.S. government and military at that time, helping find the truth of the abductions. The committee will continue to expand the scope of its investigation abroad to reveal the truth about the issue by various systematic means. For more efficient management and utilization of the records collected inside and outside Korea, the committee established an electronic library. This library has powerful functions to systematically describe, compile, and search the records, thus encouraging greater use of them and helping in the effective preparation of the fact-finding report.

In 2013, the committee developed dynamic records based on recorded testimonies of survivors of abductions, witnesses, and families of abductees. Vivid testimonies of families of 66 abductees in connection with 51 cases of war-time abductions were recorded. These testimonies afforded much fuller explanations of what transpired. The committee will consecutively publish ‘recorded testimony collections’ to use them as a basis of the fact-finding report, while raising the public’s awareness of war-time abduction issues.



The committee also established a database on listed war-time abductees to accurately determine their total number and collate basic statistics. In 2013, the details of three more lists of abductees (two war-time abductees list and one compilation of replies to investigation into displaced people) were entered into the database, so that it contained a total of 12 lists. These efforts greatly benefit the investigations into major regions nationwide and the compilation of the fact-finding report, both of which are slated for 2014.

In 2013, the committee upgraded its consolidated management system, specifically to establish a consolidated database on the listed abductees and to ensure the system's reliability. All processes were computerized, from reports of abductions to reviews and decisions, and partnership with the working-level committees in municipalities and provinces became more efficient.

## Section 3 Humanitarian Aid

### ① Overview

In line with its basic stance that humanitarian aid to children and other vulnerable groups in the North will be continuously provided regardless of the political situation, the ROK government has consistently carried out its aid programs for the North through cooperation with domestic NGOs and international organizations.

It has also worked to improve systems to enhance the efficiency and transparency of aid distribution in the North.

In 2013, the ROK government allowed NGOs to send assistance supplies worth KRW6.8 billion to the North, of which supplies worth KRW5.1 billion were actually delivered. Supplies worth KRW13.5 billion were delivered to the North through international institutions. The main recipients were infants,

【Humanitarian Aid to the North】

(in KRW 100 million)

| Classification            |           |                                     | '04   | '05   | '06   | '07   | '08   | '09 | '10      | '11 | '12 | '13 |
|---------------------------|-----------|-------------------------------------|-------|-------|-------|-------|-------|-----|----------|-----|-----|-----|
| Government assistance     | Free aid  | Directly by government              | 949   | 1,221 | 2,000 | 1,432 |       |     | 183(72)  | -   | -   | -   |
|                           |           | Through NGOs                        | 102   | 120   | 134   | 216   | 241   | 77  | 21(9)    | -   | -   | -   |
|                           |           | Through international organizations | 262   | 19    | 139   | 335   | 197   | 217 | -        | 65  | 23  | 135 |
|                           |           | Total                               | 1,313 | 1,360 | 2,273 | 1,983 | 438   | 294 | 204(81)  | 65  | 23  | 135 |
|                           | Food loan |                                     | 1,359 | 1,787 | -     | 1,505 | -     | -   | -        | -   | -   |     |
|                           | Total     |                                     | 2,672 | 3,147 | 2,273 | 3,488 | 438   | 294 | 204(81)  | 65  | 23  | 135 |
| Assistance by NGOs (free) |           |                                     | 1,558 | 779   | 709   | 909   | 725   | 377 | 200(88)  | 131 | 118 | 51  |
| Total                     |           |                                     | 4,230 | 3,926 | 2,982 | 4,397 | 1,163 | 671 | 404(169) | 196 | 141 | 186 |

\* The figures in parentheses for 2010 are the aid after the May 24 sanctions.

children, expectant and nursing mothers, hospital patients, and the disabled. Assistance supplies consist of nutritional aid, medical supplies, and basic consumables.

## ② Assistance through Domestic NGOs

In 2013, a total of 18 South Korean non-governmental organizations independently provided KRW5.1 billion in humanitarian assistance to the North. They offered medical supplies, nutritional aid, and clothes for particularly vulnerable groups in the North, such as infants, children, and pregnant women. The ROK government allowed the provision of items that were less likely to be misappropriated and could be distributed transparently, according to its principle that “most needed supplies should be given to those who need them most.” Thus, NGOs including the South-North Sharing and the Korea Foundation for International Healthcare provided nutritional food, medical supplies, and consumables for about 130 preschools, day nurseries, and tuberculosis treatment centers in 19 cities and counties.

## ③ Assistance through International Organizations

In August 2013, the ROK government provided USD6.04 million (about KRW6.7 billion) through the Inter-Korean Cooperation Fund in order to support a project to help North Korean infants and children through UNICEF. This project made it possible for about 350,000 infants and toddlers in North Korea to be inoculated with five types of essential vaccines, and about 24,000 children suffering from acute and chronic malnutrition to be treated and provided with nutrients such as iron and anthelmintics.

In October 2013, the government provided USD6.3 million (about

KRW6.8 billion) through the Inter-Korean Cooperation Fund in order to support a project to help North Korean infants and children through the World Health Organization. This project is intended to improve medical facilities for childbirth and first aid to infants in North Korea and provide essential medical supplies for local hospitals in small towns. Through this project, the government intends to improve medical facilities, educate medical personnel about childbirth and treatment of infants, enhance the medical system for diagnosis of major infectious diseases, and supply basic drugs such as antibiotics.

#### Strengthening Transparency of Distribution

In the belief that the benefits of humanitarian aid to the target groups in the North will be maximized and the public consensus on the assistance further bolstered only if the aid is delivered and administered transparently and efficiently, the ROK government has worked hard to ensure the transparency of distribution. It has improved ways of verifying whether aid supplies have been distributed to the intended recipients based on the principle that “most needed supplies should be given to those who need them most.” To ensure transparency in distribution, the government has consistently had civilian organizations monitor the distribution processes by visiting recipient organizations and ascertaining whether the intended support is indeed received. In such processes, seven rounds of visits were made to the North to conduct on-site monitoring, and 78 indirect contacts with North Korean residents were made to discuss businesses. International organizations such as UNICEF and WHO also consistently strive to improve the quality of on-site monitoring by dispatching monitoring personnel in greater numbers and frequency.



A North Korean orphanage receives supplies (nutritious bread) provided by a South Korean NGO.

### 5 Demand for the North's Repayment of Food Loan

The ROK government is taking necessary measures to call upon the North to repay a food loan as had been agreed between the two Koreas. With the redemption of the first principal and interest (USD5.38 million) of the food loan extended in 2000 coming due in June 2012, the government urged the North on six occasions to pay the loan, including demands made in May and September 2013. As for the second principal and interest (USD5.78 million), which were due June 2013, the government sent two notices of redemption in June and September 2012.

## Section 4 Human Rights in North Korea

The severity of North Korean human rights abuses is widely known. The international community and human rights organizations have expressed deep concern and consistently urged the North Korean authorities to improve human rights conditions. Recognizing the seriousness of the North Korean human rights abuses, the ROK government has stepped up efforts in concert with the international community, including the United Nations and NGOs, to gain a fuller understanding of the conditions in the North and to seek practical human rights improvements there. The government is also preparing to enact the North Korean Human Rights Act as soon as possible.

### ① Cooperation with the International Community

The ROK government is actively cooperating with the international community to ensure real change in the North in the belief that human rights are a universal value that all people should enjoy.

Finding the North's human rights abuses deplorable, the international community, the United Nations in particular, has consistently urged the North Korean authorities to take measures to improve the situation. Over three consecutive years (2003-2005), the UN Commission on Human Rights adopted a "resolution on human rights in North Korea," and the UN Human Rights Council, which expanded and reorganized the UN Commission on Human Rights in 2006, has set forth a North Korean human rights resolution every year since 2008.

In 2008, when a resolution on North Korean human rights was adopted at

the 63<sup>rd</sup> UN General Assembly, the ROK participated for the first time as a co-sponsor and voted for the resolution. It has since co-sponsored the United Nations' resolutions on North Korean human rights nine times, including the time when a resolution was adopted by the 68<sup>th</sup> UN General Assembly in November 2013.

【Resolutions on North Korean Human Rights:  
Voting Results and the ROK's Position】

| Classification  | UN Human Rights Council    |                             |                             |                             |                             |                             |
|-----------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Year            | 2008<br>(7 <sup>th</sup> ) | 2009<br>(10 <sup>th</sup> ) | 2010<br>(13 <sup>th</sup> ) | 2011<br>(16 <sup>th</sup> ) | 2012<br>(19 <sup>th</sup> ) | 2013<br>(22 <sup>nd</sup> ) |
| Voting results* | 22:7:18                    | 26:6:15                     | 28:5:13                     | 30:3:11                     | No vote                     | No vote                     |
| ROK position    | In favor                   | Co-sponsored;<br>In favor   | Co-sponsored;<br>In favor   | Co-sponsored;<br>In favor   | Co-sponsored                | Co-sponsored                |

| Classification  | UN General Assembly         |                             |                             |                             |                             |                             |                             |                             |                             |
|-----------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Year            | 2005<br>(60 <sup>th</sup> ) | 2006<br>(61 <sup>st</sup> ) | 2007<br>(62 <sup>nd</sup> ) | 2008<br>(63 <sup>rd</sup> ) | 2009<br>(64 <sup>th</sup> ) | 2010<br>(65 <sup>th</sup> ) | 2011<br>(66 <sup>th</sup> ) | 2012<br>(67 <sup>th</sup> ) | 2013<br>(68 <sup>th</sup> ) |
| Voting results* | 84:22:62                    | 91:21:60                    | 97:23:60                    | 95:24:62                    | 97:19:65                    | 103:18:60                   | 112:16:55                   | No vote                     | No vote                     |
| ROK position    | Abstention                  | In favor                    | Abstention                  | Co-sponsored;<br>In favor   | Co-sponsored;<br>In favor   | Co-sponsored;<br>In favor   | Co-sponsored;<br>In favor   | Co-sponsored                | Co-sponsored                |

\* Voting results are expressed in the order of in favor, against, and abstention.

At its 22<sup>nd</sup> session held in March 2013, the UN Human Rights Council, through its resolution on North Korean human rights, expressed deep concerns about the persistent, systematic, widespread, and grave violations of human rights in North Korea, and resolved to establish a commission of inquiry (COI) to investigate human rights there at the UN level. The three-member commission of inquiry, which included Michael Kirby, collected information on the human rights situation in North Korea and heard testimonies of North Korean defectors in major countries, including South

## Summary of Resolution on the Situation of Human Rights in North Korea, 68th Session of the United Nations General Assembly, 2013

### 〈Preamble〉

- *Deeply concerned* at the significant and persistent deterioration of the human rights situation in North Korea;
- *Noting* the importance of inter-Korean dialogue, which could contribute to the improvement of the human rights and humanitarian situation in the country,

### 〈Text〉

- *Expresses its very serious concern* at the persistence of continuing reports of systematic, widespread, and grave violations of civil, political, economic, social, and cultural rights in the Democratic People's Republic of Korea, including:
  - \* Public executions, extrajudicial and arbitrary detention, torture, the existence of prison camps, use of forced labor, sanctions imposed on citizens of North Korea who have been repatriated from abroad, restrictions on the freedoms of thought, conscience, and religion, violations of human rights of persons belonging to particularly exposed groups, inter alia, women, children, and the elderly
- *Expresses its very serious concern* at the existence of an extensive system of political prisoner camps, where alarming violations of human rights are perpetrated, and in this regard strongly urges the Democratic People's Republic of Korea to immediately end this practice and to release all political prisoners unconditionally and without any delay;
- *Strongly urges* all States to respect the fundamental principle of non-refoulement in relation to refugees from the Democratic People's Republic of Korea, and urges the Government of the Democratic People's Republic of Korea to resolve human rights violations of those attempting to defect from North Korea and to provide information on the status and treatment of citizens of the Democratic People's Republic of Korea who are expelled from a third country or returned to the Democratic People's Republic of Korea;
- *Strongly urges* the Government of the Democratic People's Republic of Korea to extend its full cooperation to the Special Rapporteur and the commission of inquiry (COI);
- *Expresses serious concern* at the continued refusal of the Government of the Democratic People's Republic of Korea to reveal which recommendations were included in the outcome report of the universal periodic review of the COI and at the continuing lack of action by the Democratic People's Republic of Korea to implement the recommendations contained in the report;
- *Underscores its very serious concern* at unresolved questions relating to abductions in the form of enforced disappearances and strongly calls upon the Government of the Democratic People's Republic of Korea urgently to resolve those questions in such ways as ensuring the immediate return of the abductees;
- *Noting with regret* that the reunions of separated families across the border, which are an urgent humanitarian concern of all Korean people, have been halted, and hoping that



necessary arrangements for further reunions on a larger scale and on a regular basis will be made by the Democratic People's Republic of Korea, the Republic of Korea, and members of the Korean diaspora;

- *Expresses its very deep concern* at the precarious humanitarian situation in the country, as well as the prevalence of chronic and acute malnutrition and urges the Government of the Democratic People's Republic of Korea to take preventive and remedial action, cooperating where necessary with international donor agencies;
- *Strongly urges* the Government of the Democratic People's Republic of Korea to fully respect all human rights and fundamental freedoms;

\* By implementing the recommendations by the Human Rights Council, ensuring that those responsible for violations of human rights are brought to justice, resolving issues related with the forced repatriation of refugees, granting the Special Rapporteur access to the country, and ensuring access to humanitarian aid monitoring of humanitarian assistance;

- *Decides* to continue its examination of the situation of human rights in the Democratic People's Republic of Korea at its sixty-ninth session, and to this end requests the Secretary-General to submit a comprehensive report on the situation in the Democratic People's Republic of Korea and requests the Special Rapporteur to continue to report his findings and recommendations.

Korea, the U.S., and Japan. The ROK government lent support for the activities of the COI.

The 68<sup>th</sup> session of the United Nations General Assembly in November 2013 stated that it is deeply concerned “at the significant persistent deterioration of the human rights situation in the Democratic People's Republic of Korea.” While expressing its serious concern at the violations of civil, political, economic, social, and cultural rights of North Koreans, it adopted a stronger resolution than it had in 2012 by urging North Korea to immediately shut down political prisoner camps and by adding separate items calling on the North Korean authorities to resolve human rights violations committed in the process of North Koreans' attempts to flee the North.

## ② Concerted Efforts with NGOs

The government also supported academic events and publications by NGOs, as well as international conferences organized and attended by NGOs or experts to deal with North Korean human right issues. There are 26 organizations involved in North Korean human rights issues registered with the Ministry of Unification, and the number has risen every year. Their activities have expanded to include human rights education, exhibitions, and performances. The government expects that its support for these organizations will raise public interest in issues of human rights in North Korea and help bring real change in the human rights situation there.

In cooperation with the Database Center for North Korean Human Rights, the government is conducting in-depth interviews at the Settlement Support Center for North Korean Refugees to gain a fuller understanding of human rights conditions in the North. The outcome of those interviews with North Korean defectors has been incorporated into the *White Paper on North Korean Human Rights* (available in Korean and English) published every year by the Database Center for North Korean Human Rights.

## ③ Cooperation for Enactment of the North Korean Human Rights Act

The North Korean human rights bill was actively discussed at the 18<sup>th</sup> National Assembly, but failed to pass following the closure of the Assembly. The ROK government has pushed for the enactment of the North Korean Human Rights Act by collecting opinions on the bill from appropriate government agencies and experts.

Discussions on the enactment of the Act have continued since the launch of the 19<sup>th</sup> National Assembly. North Korean human rights bills were proposed

by lawmakers Yoon Sang-hyun on June 1, 2012, Hwang Jin-ha on June 15, Rhee In-je on August 20, and Cho Myung-chul on September 5, respectively. On March 29, 2013, lawmaker Shim Jae-kwon introduced a bill on human rights in North Korea.

As of December 31, 2013, five bills on North Korean human rights were pending at the National Assembly.

All of these bills are nearly identical to the one deliberated at the 18<sup>th</sup> National Assembly. They focus primarily on the creation of an advisory council on North Korean human rights, the establishment of a basic plan for North Korean human rights, the installation of an ambassador-at-large for North Korean human rights, and the establishment of a North Korean human rights foundation. The difference lies in the location of the North Korean human rights archive: Yoon's bill states that it should be in the North Korean human rights foundation, Hwang's, in the Ministry of Justice, and Rhee's and Cho's, in the National Human Rights Commission.

Lawmakers Shim Jae-kwon and Yoon Hu-deok introduced a bill to promote the human rights of the North Korean people and a bill on North Korean livelihood and human rights on November 15, 2012 and on July 25, 2013, respectively. Both bills stipulate matters concerning humanitarian assistance to North Korea, among others.

2014 /

White Paper on Korean Unification

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# Chapter 5

## Inter-Korean Dialogue

- Section 1** Talks on Political Issues
- Section 2** Talks on Economic Issues
- Section 3** Talks on Humanitarian Issues

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## Chapter 5 Inter-Korean Dialogue

Since its inauguration, the Park Geun-hye administration has stood firm against the North's provocations while resolving issues through inter-Korean dialogue, based on the Trust-Building Process on the Korean Peninsula. The ROK government has reiterated its willingness to engage in dialogue whenever the occasion has permitted and has called upon the North to positively respond. As a result of this open-door approach, a total of 24 rounds of inter-Korean talks have been held in 2013: one on political issues, 22 on economic issues, and one on humanitarian issues. In addition, a permanent dialogue channel was established to discuss issues concerning the Gaeseong Industrial Complex (GIC).

In March 2013, immediately after the inauguration of the new administration, the North cut off the inter-Korean hotline in Panmunjeom and the military communication lines. In April, the operations of the GIC were tentatively suspended after the North unilaterally withdrew its workers. In May, all inter-Korean communication channels were shut down and all South Korean workers returned from the GIC.

Under these circumstances, the government proposed to the North on three occasions, including once through the Unification Minister's statement (April 11, 2013), that inter-authority talks be held to discuss the GIC. The North, reverting to its old practices of stirring up internal strife in South Korea, rejected the proposal for dialogue while expressing its intention of permitting South Korean firms to visit the North. Without wavering, the ROK government continued to insist on the need for dialogue between the responsible au-

thorities. Pyongyang eventually accepted Seoul's proposal for dialogue, and the two Koreas agreed to hold talks between the authorities of the two sides in Seoul on June 12-13 to comprehensively discuss inter-Korean issues. However, the talks collapsed because the North took issue with the rank of South Korea's top delegate.

The ROK government again proposed the holding of talks on the GIC (July 4, 2013) based on its consistent principle that problems should be resolved through dialogue. The North finally responded to the proposal, and working-level talks on the GIC were indeed held. Thereafter seven rounds of working-level meetings to discuss the GIC issues were convened (July 6-August 14, 2013), leading to agreements to normalize the suspended Gaeseong complex in more progressive ways. These efforts cleared the way for the formation of the South-North Joint Committee for the GIC (September 2, 2013) and four subcommittees under the Joint Committee: the Joint Subcommittee for International Competitive Power; the Joint Subcommittee for Investment Protection, Management, and Operation; the Joint Subcommittee for Entry, Exit, and Stay; and the Joint Subcommittee for 3Cs. In addition, the Secretariat of the South-North Joint Committee for GIC was established in the joint industrial complex (September 30, 2013). The presence of these joint committees means that there is now a permanent dialogue channel for on-going discussion of improvement of systems to further develop the industrial park and raise it to international standards. Through these channels, the two Koreas have continued their discussions on the GIC concerning daily unrestricted passage, the provision of Internet and mobile phone service, streamlined customs clearance, and the improvement of entry, exit, and stay procedures in the GIC.

The government also ramped up its efforts to fundamentally resolve hu-

manitarian problems such as the issue of separated families. In her Liberation Day speech on August 15, 2013, President Park proposed the holding of reunions of war-separated families, and on the following day, the government suggested inter-Korean Red Cross working-level meetings. The North accepted the suggestion, at the same time proposing working-level talks on the resumption of the Mt. Geumgang tours. Sticking to the position that it is inappropriate to link the reunions of separated families, which is a purely humanitarian issue, with the resumption of the Mt. Geumgang tours, the government pushed for inter-Korean Red Cross working-level meetings to be held first. Thus, on August 23, South and North Korea held an inter-Korean Red Cross working-level meeting at the Peace House in Panmunjeom, where they agreed to hold reunions of separated families during the Chuseok holiday on September 25-30 and video reunions in October. In the meantime, the ROK government proposed the holding of working-level talks on Mt. Geumgang tours on October 2. However, the North announced a unilateral postponement of the separated families' reunion and the working-level talks for Mt. Geumgang tours on September 21, only four days before reunions were to take place. The ROK government expressed strong regrets and urged the North to promptly accede to the reunions of separated families.



## Section 1 Talks on Political Issues

### ① Working-Level Meetings for Inter-Korean Authorities' Talks

Before and after the inauguration of the Park Geun-hye administration, North Korea has persistently heightened tensions on the Korean Peninsula. It launched long-range missiles (December 12, 2012), declared the nullification of the Joint Declaration of Denuclearization on the Korean Peninsula (statement by the Committee for the Peaceful Reunification of the Fatherland, January 23, 2013), conducted a third nuclear test (February 12, 2013), declared to nullify the 1953 Armistice Agreement (Statement by the Korean People's Army's Supreme Command, March 5), and scrapped Non-Aggression Agreements with South Korea (Statement by the Committee for the Peaceful Reunification of the Fatherland, March 8). North Korea, which had been threatening to shut down the GIC from the end of March, announced on April 8 through a statement of a party secretary in charge of inter-Korean issues that it would recall its workers from the GIC and temporarily shut down its operations.

On April 11, the ROK government, through the Unification Minister's statement, reiterated its position that the normalization of the GIC should be resolved through dialogue and urged the North to engage in dialogue, if only to discuss matters that the North desired to address. On April 25 and May 14, the government continued to call upon Pyongyang to respond to inter-Korean authorities' talks to bring the operations of the GIC back to normal.

On June 6, through a special statement by the spokesperson of the Committee for the Peaceful Reunification of the Fatherland (CPRF), the

North proposed the holding of inter-authority talks to discuss the resumption of operations of the GIC and Mt. Geumgang tours. On the same day, the ROK government, welcoming the North's response, proposed the holding of the talks in Seoul on June 12 to resolve outstanding issues such as the GIC, Mt. Geumgang tours, and separated families. On June 7, Pyongyang proposed that working-level meetings be held in Gaeseong on June 9, prior to the inter-authority talks. On the same day, the ROK government concurred to the holding of the working-level meetings while suggesting they be held at the Peace House in Panmunjeom instead. With the North's acceptance, working-level meetings to prepare for the inter-authority talks were held at the Peace House on June 9.

#### 【Delegates of Both Sides】

| Classification | South Korea  | North Korea  |
|----------------|--|--|
| Chief delegate | Chun Hae-sung (Assistant Minister for Unification Policy, MOU)   | Kim Sung-hye (Chief of the Secretariat for the CPRF)                             |
| Delegates      | Kwon Young-yang (Director, MOU)<br>Kang Jong-woo (Director, MOU) | Hwang Chung-seong (Official of the Secretariat for the CPRF)<br>Kim Myeong-cheol |

At the working-level meetings on June 9-10, South and North Korea discussed working-level issues in preparation for the inter-Korean authorities' talks agreed to be held in Seoul on June 12.

Regarding the name of the talks, the South originally proposed calling them the 'inter-Korean ministerial talks', but the North suggested the 'inter-Korean authorities' talks,' which the South concurred to. It was agreed that each delegation would have five persons, and that the North Korean delegation would travel overland by way of the Gyeongui railway line.

With respect to the rank of the chief delegates, the South emphasized that the talks should be headed by the Unification Minister from the South and

the Director of the United Front Department from the North, because they have adequate authority and responsibilities to substantially resolve inter-Korean issues. However, the North claimed that the United Front Department was not a State agency, and a high-ranking (ministerial-level) official would become a chief delegate.

Given that the talks are supposed to be carried out at a high-ranking level, the South suggested that the agenda should be comprehensive and encompass inter-Korean issues such as the normalization of the GIC, the resumption of the Mt. Geumgang tours, and the reunions of separated families, as stated in the government's position on June 6, instead of enumerating every single agenda. However, the North argued that in addition to the South's agenda, talks should also address the joint commemoration of the June 15 Joint Statement and July 4 Joint Communiqué, private traffic and contact, the pursuit of collaborative projects, and other pending issues. It also claimed that all issues raised in the special statement by the spokesperson of the CPRF on June 6 should be expressly included in the agenda.

Although after two rounds of general meetings and eight rounds of meetings between chief delegates, the two Koreas agreed on the name of the talks,



Working-level meetings to arrange the inter-Korean authorities' talks (June 9-10, 2013)

the number of delegates, and the route of travel, they failed to narrow their differences over the ranks of the chief delegates and the agenda list, prompting each side to issue a separate announcement on the discussion results.

#### Statement of the ROK Government

1. Date and Venue: June 12–13, Seoul
2. The name of the talks is the inter-Korean authorities' talks.
3. The agendas of the talks are pressing issues in need of immediate resolution including the normalization of the GIC, the resumption of Mt. Geumgang tours, the reunions of separated families, and other humanitarian issues.
4. The delegations will comprise five representatives from each side, and the chief delegate of the South will be an official with full authority to discuss and resolve inter-Korean issues.
5. Travel route of the North Korean delegates: Gyeongui corridor
6. Additional working-level matters are to be discussed through Panmunjeom liaison officials.

#### Statement of the North

3. The agendas of the talks include the normalization of the GIC, the resumption of Mt. Geumgang tours, the reunions of separated families, other humanitarian issues, joint commemoration of the June 15 Joint Statement and July 4 Joint Communiqué, private traffic and contact, the pursuit of collaborative projects, and other pressing issues in North–South Korean relations.
  4. The delegation will comprise five representatives from each side; the chief delegate of the North will be a high-ranking official.
- \* Same as the South's statement for Nos. 1 to 2 and 5 to 6.

## 2 Collapse of the Inter-Korean Authorities' Talks

On June 9, after the working-level meetings to arrange the inter-Korean governmental talks, the ROK government asked the North several times to notify it of the list of the North Korean delegates through Panmunjeom

according to the usual practices, but the North insisted that both sides exchange their lists simultaneously. At 1:00 pm on June 11, following the ROK government's acceptance of the North's request in a bid to hold the inter-Korean authorities' talks successfully, liaison officers of both sides at Panmunjeom exchanged the lists of delegates of the inter-Korean authorities' talks. The South Korean delegation comprised five officials led by Vice Minister of Unification Kim Nam-shik, and the North Korean delegation was made up of five delegates led by Director of the Secretariat of the CPRF Kang Ji-yong.

Immediately after the lists of delegates were exchanged, Pyongyang took issue with the rank of the South Korean chief delegate and informed the South of its stance that the inter-Korean authorities' talks could not be held unless a minister-level official attended.

In response, the ROK government demanded that the government-level talks be held in Seoul with the South Korean delegation led by the Vice Minister of Unification, who is an official authorized and accountable to discuss and resolve inter-Korean issues, and the North Korean delegation led by the official, as had been announced by each side at working-level meetings. The North unilaterally notified the South that the South should take sole responsibility for stymieing the talks: it alleged that "the South's change of the head of its delegation to a vice minister constitutes a mockery of the inter-Korean authorities' talks and a breach of the agreements reached at the working-level talks, and the North regards it as a grave provocation and, therefore, calls off the dispatch of its delegation."

The ROK government expressed its strong regret at the North's unilateral notification of cancellation of the talks and urged the North to respond to the inter-Korean authorities' talks, pointing out that it made no sense to go so far as to refuse dialogue under the pretense of taking offense at the rank of South Korea's top delegate.

## Section 2 Talks on Economic Issues

### ① Inter-Korean Authorities' Talks for the GIC

#### A. First round of the inter-Korean working-level talks for the GIC

Having cut off military communication lines in the West Sea region on March 27, 2013, North Korea announced the withdrawal of its workers from the GIC and temporary suspension of the GIC's operations on April 8. This resulted in the shutting down of the GIC ten years after the commencement of its operations.

On three occasions, namely on April 11, April 25, and May 14, the ROK government proposed that working-level talks be held between the authorities of the two Koreas to discuss the normalization of the GIC and collection of raw materials and finished products from the GIC. This proposal was rejected.

At the working-level meetings to arrange the inter-Korean authorities' talks on June 9-10, South and North Korea agreed to table the issue of normalization of the GIC. However, the normalization of the GIC could not even be discussed, because the North, ostensibly taking offense at the rank of the South's chief delegate, aborted the talks.

On July 3, the North sent to the South a written notice that it would allow people concerned to visit the North, so that they could take measures to prevent damage to facilities and equipment during the monsoon season and conduct necessary discussions. On July 4, the ROK government proposed inter-authority talks on July 6, and the two Koreas held the first working-

level talks for the GIC at Tongilgak, in the northern side of Panmunjeom, on July 6-7.

【Delegations of Both Sides (1<sup>st</sup> and 2<sup>nd</sup> sessions)】

| Classification  | South Korea   | North Korea   |
|-----------------|---|---|
| Chief delegates | Seo Ho (Director General of Inter-Korean Cooperation District Support Directorate, MOU) | Park Chol-su (Vice Director of the General Bureau)  |
| Delegates       | Hong Jin-seok (Director, MOU)<br>Heo Jin-bong (Director, MOU)                           | Heo Yeong-ho (Section director of the General Bureau)<br>Won Yong-hee (Department head of the General Bureau) |

The ROK government pointed out that the GIC's operations had been suspended due to the North's unilateral actions, while emphasizing that such actions violated not only the North's laws, but also the agreements reached between the authorities of both sides, to the detriment of mutual trust. The government also made clear that in order to normalize the GIC, the North should express a responsible position on the GIC companies' damages arising from the North's unilateral measures and guarantee that it would never again take the same measures. Furthermore, it explained its stance that the normalization of the GIC should entail its development into a world-class operation, instead of merely its reopening and functioning as before its closure.

In the meantime, the South proposed first discussing the retrieval of finished products, raw materials, and facilities with a view toward minimizing GIC companies' losses during the rainy season. To that end, the government demanded the collection of goods, a guarantee of the personal safety of South Korean workers, and prompt restoration of military communication lines.



First round of inter-Korean working-level talks on the GIC (July 6, 2013)

#### Key points of the inter-Korean working-level agreement on the GIC

South and North Korea shared recognition that difficulties of the GIC companies should be completely resolved, and that the GIC should be developed in more constructive ways, and reached agreements as follows:

1. To minimize any damage from the rainy season, the personnel concerned, including those from South Korean companies, will visit the GIC from July 10 to examine and perform maintenance work on facilities.
2. South Korean companies are allowed to retrieve their finished products and raw materials, as well as facilities in accordance with relevant processes.
3. North Korea will guarantee the freedom of commuting and communication, safe return, and the personal safety of South Korean personnel and vehicles that will enter and exit the GIC to examine facilities and retrieve goods.
4. The GIC companies will resume their operations as they are ready, and follow-up talks will be held in the GIC on July 10 to discuss the normalization of the GIC, including prevention of another suspension.

Focusing on re-operation of the industrial park, the North proposed that the operation of factories that were operable immediately be resumed first. Pyongyang concurred to the retrieval of finished goods, but took a negative position on the retrieval of raw materials and facilities.



After a series of discussions, the two sides, agreeing that the difficulties of the GIC companies should be completely resolved, and that the GIC should be developed in more constructive ways, adopted an inter-Korean working-level agreement on the GIC.

## B. Second to sixth rounds of the inter-Korean working-level talks for the GIC

From the second round of the working-level talks, the discussions focused on ways to normalize the GIC in more progressive ways, including prevention of the recurrence of unilateral disruptions to its operations.

At the second working-level talks held at the GIC Support Center on July 10, the South set forth progressive normalization initiatives for the GIC that involve the guarantee of free business activities and the improvement of systems to bring them up to international standards, and emphasized that the unilateral shutdown of the complex should not recur if the GIC were to be positioned as an international industrial park. With respect to the resumption of the GIC's operations, the ROK government made its position clear that the North should take responsibility for the unilateral shutdown, commit to preventing another such incident, and take concrete measures to that end.

North Korea shifted responsibility for the suspension of the GIC to South Korea and claimed that the South should stop creating obstacles to the complex's normal operation. In its argument, the North made specific mention of the South's news reports and military exercises. The North also argued that the industrial complex should resume its operations after finishing the inspection and maintenance of facilities as soon as possible.

【Delegations of Both Sides (3<sup>rd</sup> to 7<sup>th</sup> sessions)】

| Classification  | South Korea  | North Korea   |
|-----------------|--|---|
| Chief delegates | Kim Ki-woong<br>(Director General of Inter-Korean Cooperation District Support Directorate, MOU) | Park Chol-su<br>(Vice Director of the General Bureau)   |
| Delegates       | Hong Jin-seok (Director, MOU)<br>Heo Jin-bong (Director, MOU)                                    | Hwang Chung-seong (Councilor of the Secretariat for the CPRF)<br>Won Yong-hee (Department head of the General Bureau) |

\* The chief delegates of both sides were changed from Seo Ho to Kim Ki-woong for the South and Heo Yeong-ho to Hwang Chung-seong for the North.

At the ensuing three rounds of the talks (July 15, July 17, and July 22), the two Koreas reached a considerable degree of agreement on how to internationalize the GIC, such as by improving systems to guarantee personal safety and protect invested assets, resolving the 3C issues, and guaranteeing business activities according to international standards. It was also agreed to establish the South-North Joint Committee for GIC and subcommittees under the committee to fulfill the aforementioned agreements. Not sorted out, however, were differences over responsibility for the suspension of the GIC, the need for safeguards to prevent future unilateral disruptions to business operations at the GIC, and the timeline for the resumption of the GIC's operations.

At the sixth round of the talks, held three days later, the North took issue with the South's news reports and shifted blame for the suspension of the GIC to the South. It also presented a revised agreement draft containing a provision that the GIC's operations might be suspended again if similar events occur.

The ROK government wrapped up the talks on the basis that further progress could not be made with such an agreement draft, and proposed rescheduling the next talks. The North rejected the proposal, declaring that the South made the talks abortive, and called upon the South to withdraw its position



Third round of working-level talks between the authorities of South and North Korea  
(July 15, 2013)

on the issue of preventing a recurrence of the suspension of the GIC. Eventually, the sixth session also finished with no progress due to differences over the prevention of another suspension.

Meanwhile, immediately after the closure meeting, the North's representatives broke into the South Korean pressroom, where they forcibly held a press conference with South Korean reporters without the South's consent. The ROK government strongly objected to this act through liaisons and expressed regrets through the chief delegate briefing and the Unification Ministry spokesperson's statement. As the North declared the talks abortive at the sixth session, both sides closed the talks without agreeing upon additional ones.

### C. Seventh round of the inter-Korean working-level talks for the GIC

On July 28, the ROK government reemphasized through the Unification Minister's statement that the GIC's operations should not be suspended for political or military reasons, and that unrestricted business activities in the GIC should be guaranteed in accordance with international standards. Lastly, it proposed to the North that talks be held, while at the same time making

clear that the South would need to take a serious decision, in order to prevent further mental and material damage among the GIC companies, unless North Korea made a clear promise about the prevention of another such suspension of operation.

In response, on August 7, in a special statement of the spokesperson of the CPRF, the North proposed that the seventh session of the working-level talks be held on August 14. At the same time, it announced that it would lift the temporary suspension of the factory park, allow all entries and exits, guarantee the normal attendance of the North's workers, thoroughly protect personnel and property, prevent the recurrence of the suspension of the GIC, and guarantee the normal operation of the GIC. The South accepted the proposal on August 8 by sending a message under the name of the head of the delegation. The seventh round of the working-level talks between the authorities of the two Koreas was therefore held at the GIC Support Center on August 14, 2013.

At the seventh round of the working-level talks, both sides focused on the issue of preventing another suspension. This had been a major moot point of the previous six rounds of the talks. They also fine-tuned ways to establish institutional frameworks for the progressive normalization of the GIC. The ROK government presented a draft of the amended agreement at the first plenary session, and explained its measures to normalize and globalize the GIC in constructive ways, always with the issue of preventing another suspension as the primary focus of the meeting. The North expressed its position mainly based on the special statement of the spokesperson of the CPRF made on August 7.

Afterwards, through three rounds of meetings between chief delegates, both sides reconciled their opinions mainly on the basis of the South's amended agreement. As a result, the two Koreas agreed on five points,

including the guarantee of prevention of another suspension and the establishment of the South-North Joint Committee for GIC, and adopted the Agreement on Normalization of the Gaeseong Industrial Complex.

### Key Points of the Agreement on Normalization of the Gaeseong Industrial Complex

With a view toward normalizing the Gaeseong Industrial Complex in a more progressive manner, South and North Korea agree that:

1. A temporary suspension of the GIC shall not occur again; and normal operations of the GIC under shall be guaranteed under all circumstances;
2. Personal safety shall be guaranteed; investment assets shall be protected; and the issue of the 3Cs (come-and-go, communications, and customs) shall be resolved;
3. Business activities according to international standards shall be guaranteed, and both sides shall make the GIC internationally competitive;
4. The South-North Joint Committee for GIC shall be established, and subcommittees shall be set up under the Joint Committee; and
5. Institutional mechanisms to facilitate access to and stay in the GIC and protect invested assets shall be provided; and both sides shall make strenuous efforts to resume the GIC's operations.



Seventh round of the inter-Korean working-level talks for the GIC (August 14, 2013)

## 2 South–North Joint Committee for GIC

### A. First session of the South–North Joint Committee for GIC

South and North Korea discussed the Agreement on the Establishment and Operation of the South–North Joint Committee for GIC by way of document exchange through the Panmunjeom liaison channel, as agreed at the working-level talks between the authorities of the two Koreas. South and North Korea signed the agreement on August 28, and exchanged the signed agreements at a meeting room of the Neutral Nations Supervisory Commission in Panmunjeom on August 29.

#### Key Points of the Agreement on the Establishment and Operation of the South–North Joint Committee for GIC

1. The Joint Committee shall be composed of one chairman and five members for each of the two Koreas.
2. The Joint Committee shall have responsibility for managing the fulfillment of agreements between South and North Korea related to the GIC and coordinating the activities of its subcommittees.
3. The Joint Committee shall be convened on a quarterly basis and overseen jointly by the chairmen of both sides.
4. The Joint Committee shall organize the Joint Subcommittee for Entry, Exit, and Stay; the Joint Subcommittee for Investment Protection, Management, and Operation; the Joint Subcommittee for 3Cs; and the Joint Subcommittee for International Competitive Power.
5. The Joint Committee shall organize the Secretariat of the South–North Joint Committee for GIC to ensure the smooth operation of the Joint Committee.

In the meantime, on August 28, through a written notice under the name of the Director General of Inter-Korean Cooperation District Support Directorate (renamed the Inter-Korean Cooperation District Policy Planning Direc-

torate as part of the reorganization of the MOU on October 4, 2013), the ROK government proposed the holding of the first session of the South-North Joint Committee for GIC in the GIC on September 2. The North concurred to the proposal by way of a written notice of the Vice Director of the General Bureau for Central Guidance to the Development of the Special Zone (“General Bureau”) on August 29, and the first session of the Joint Committee was held at the GIC Support Center on September 2.

**【Delegations of Both Sides (1<sup>st</sup> to 3<sup>rd</sup> sessions)】**

| Classification  | South Korea  | North Korea  |
|-----------------|--|--|
| Chief delegates | Kim Ki-woong (Director General of Inter-Korean Cooperation District Support Directorate, MOU)  | Park Chol-su (Vice Director of the General Bureau)   |
| Delegates       | Hong Jin-seok (Director, MOU)<br>Heo Jin-bong (Director, MOU)<br>Park Byeong-gui (Team head, Ministry of Strategy and Finance)<br>Jeon Je-gu (Team head, Ministry of Trade, Industry and Energy) | Ryu Chang-man (Office head of the General Bureau)<br>Won Yong-hee (Department head of the General Bureau)<br>Hwang Chung-seong (Councilor of the Secretariat for the CPRF)<br>Hwang Jeong-mu (Councilor of the General Bureau) |

The ROK government emphasized that the resumption of the GIC’s operations required the restoration of military communication networks, the revamping of the infrastructure, and the improvement of institutional frameworks. In addition, it explained the progressive normalization of the GIC while clarifying the South’s stance on the improvement of systems, compensation for damages, the resumption of operations of the GIC, and the establishment of a standing secretariat. The North, emphasizing the resumption of the GIC’s operations, presented its positions on the timeline and agenda of subcommittees as well as the resumption of operations.

The two Koreas agreed upon the schedules for the next session of the Joint

Committee and its subcommittees, and resolved to continue discussing the issue of compensating the GIC companies for damages arising from the suspension of operations.



First session of the South-North Joint Committee for GIC (September 2, 2013)

## B. Second session of the South-North Joint Committee for GIC

The second session of the South-North Joint Committee for GIC was held at the GIC Support Center on September 10-11 to discuss the results of discussions of the four subcommittees under the Joint Committee held on September 4-5.

South and North Korea signed the Agreement on the Establishment and Operation of the Secretariat of the South-North Joint Committee for GIC and the Annex Agreement on the Implementation of the Agreement on the Establishment and Operation of South-North Commercial Arbitration Commission for the GIC; and reached an agreement on the introduction of the electronic entry system to allow daily unrestricted passage, the holding of the joint investor relations sessions, and the issue of compensation for the affected GIC companies. A joint statement was adopted.



### Key Points of the Joint Statement

1. The Agreement on the Establishment and Operation of the Secretariat of the South–North Joint Committee for GIC will be established, and the Secretariat will open in September.
2. The Annex Agreement on the Implementation of the Agreement on the Establishment and Operation of South–North Commercial Arbitration Commission for the GIC will be signed.
3. Working–level issues will be discussed to introduce the electronic entry system (RFID) to allow daily unrestricted passage, and to provide Internet connectivity and mobile phones.
4. Investor relations meetings for foreign companies and businesses in South Korea will be held in Gaeseong in October.
5. An annex agreement on exit, entry, and stay is to be exchanged, and the issues related thereto will be discussed further for resolution.
6. Taxes paid to the GIC for 2013 shall be exempted, and wages for workers that are incurred starting in April this year will be addressed through consultation of the General Bureau and the KIDMAC.
7. The GIC companies will resume business on September 16.
8. Subcommittees are to be held on September 13, and the Joint Committee on September 16.

## C. Third session of the South–North Joint Committee for GIC

The third session of the South–North Joint Committee for GIC was held at the GIC Support Center on September 16, 2013.

South and North Korea mainly discussed an annex agreement on exit, entry, and stay; installation methods and the timeline of the electronic entry system; a joint investor relations meeting; and the opening of a permanent secretariat by simultaneously conducting meetings between co-chairmen of the Joint Committee and the Joint Subcommittee for Entry, Exit and Stay.

The two Koreas agreed to hold a working-level meeting to open the Secretariat for the South–North Joint Committee for GIC on September 24,

to convene the joint investor relations meeting in the GIC on October 31, and to determine the timeline of the 4<sup>th</sup> session of the Joint Committee according to discussion results of subcommittees.

#### D. Fourth session of the South-North Joint Committee for GIC

On December 12, 2013, the North sent a written notice proposing the holding of the 4<sup>th</sup> session of the South-North Joint Committee for GIC at the joint industrial park on December 19. The South concurred to the proposal on December 13, and the 4<sup>th</sup> session of the Joint Committee was held on December 19, 2013 at the GIC Support Center in the GIC.

##### 【Delegations of Both Sides (4<sup>th</sup> session)】

| Classification  | South Korea  | North Korea   |
|-----------------|--|---|
| Chief delegates | Kim Ki-woong (Director General of Inter-Korean Cooperation District Support Directorate, MOU)  | Park Chol-su (Vice Director of the General Bureau)  |
| Delegates       | Hong Jin-seok (Director, MOU)<br>Heo Jin-bong (Director, MOU)<br>Na Won-chang (Director, Ministry of Strategy and Finance)<br>Jeon Je-gu (Team head, Ministry of Trade, Industry and Energy) | Ryu Chang-man (Officie head of the General Bureau)<br>Won Yong-hee (Department head of the General Bureau)<br>Hwang Chung-seong (Councilor of the Secretariat for the CPRF)<br>Hwang Jeong-mu (Councilor of the General Bureau) |

\* A delegate of the South was changed from Park Beyong-gui to Na Won-chang.

South and North Korea considered whether the undertakings set out in the agreement on the normalization of the GIC were implemented as agreed after the resumption of the operations of the factory park, and discussed the next steps to take. The South called upon the North to promptly resolve the 3C issues, including the daily unrestricted passage through the completion of the construction of the electronic entry system and the provision of Internet

services. The South also explained its stance on the implementation of an annex agreement on entry, exit, and stay and the establishment and operation of the Commercial Arbitration Commission for the GIC. It then proposed that a joint investor relations meeting, which had originally been scheduled for the end of October and then postponed, be held at the end of January 2014.

The North presented its position on the GIC management and operation issues such as working conditions and wages, while assessing the implementation of agreements including the construction of the electronic entry system and on-site visits for customs clearance issues.

The two Koreas closed the meeting by agreeing to continue discussing through subcommittees the various issues on which they still had disagreements, including ways to provide Internet service; adoption of an annex agreement on exit, entry, and stay; and the GIC management and operation issues such as working conditions and wages.

### ③ Subcommittees under the South–North Joint Committee for GIC

#### A. Joint Subcommittee for 3Cs

The Joint Subcommittee for 3Cs is a subcommittee under the Joint Committee that discusses issues to facilitate commuting, communications, and customs in the GIC, subject to the Agreement on the Establishment and Operation of the South–North Joint Committee for GIC.

In 2013, the Joint Subcommittee for 3Cs was convened on September 5, September 13, and November 29.

At the first session held on September 5, the two Koreas discussed daily unrestricted passage through an electronic entry system, sampling inspections to streamline the customs clearance process, and the provision of Internet and mobile telephone services. As the first step to resume operations of the

## 【Delegations of Both Sides】

| Classification  | South Korea  | North Korea  |
|-----------------|--|--|
| Chief delegates | Hong Jin-seok (Director, MOU)  | Rah Sun-kwon (Senior Colonel of the North Korean People's Army (NKPA))   |
| Delegates       | Choi In-yong (Director general, Ministry of National Defense)<br>Shim Hoon-bo (Director, MOU)<br>Nam Seung-hyeon (Lieutenant Colonel, MND)<br>Park Tae-hee (Deputy director, Ministry of Science, ICT and Future Planning) | Lim Ryong-moon (Colonel of the NKPA)<br>Chang Bi-soo (Colonel of the NKPA)<br>Hong Seok-il (Colonel of the NKPA)<br>Lee Young-min (Lieutenant Colonel of the NKPA) |

GIC, both sides agreed to reopen the military communications network in the West Sea zone on September 6, and to carry out test calls at 9:00 am that day.

At the second session held on September 13, South and North Korea discussed technical issues regarding the installation of the electronic entry system, the provision of Internet and mobile telephone services, and sampling inspection. The South raised the need to permit delayed travel to and from the GIC on the same day even before the installation of the electronic entry system, in the interest of greater convenience for the GIC firms.

The North agreed to guarantee, starting on September 16, that all South Korean personnel who have not crossed the border at designated time slots can travel at different time slots without penalties, so long as they notify to the North Korean CIQ (customs, immigration, and quarantine) office of their travel plans in advance. It also made its position clear that it would shorten the customs clearance process by inspecting personnel and vehicles simultaneously and allowing individuals to verbally declare small quantities of personal belongings.

On November 6, the ROK government sent the North a written notice

under the name of the chairman of the Joint Committee, wherein it proposed the holding of meetings of the Joint Committee and subcommittees. However, the Joint Subcommittee for 3Cs was not convened due to the North's rebuff.

On November 25, Seoul urged Pyongyang again to promptly convene the Joint Subcommittee for 3Cs through a written notice under the name of the chairman of the subcommittee, and the North concurred to the proposal. The third session of the subcommittee was held on November 29.

At the session, the two Koreas agreed to commence construction of the RFID-based electronic entry system in the first week of December and conduct on-site visits to customs facilities on the North Korean side. They also agreed to discuss details concerning Internet connectivity by holding working-level meetings on telecommunications and military communications.

At the working-level meeting for communications held on December 6 in accordance with these agreements, the two Koreas continued their discussions on technical issues, such as means of Internet connection.

## B. Joint Subcommittee for Entry, Exit and Stay

The Joint Subcommittee for Entry, Exit and Stay is a subcommittee under the Joint Committee that discusses issues concerning convenience of transit, sojourn, and personal safety of the personnel, and transportation traveling to and from the GIC, subject to the Agreement on the Establishment and Operation of the South-North Joint Committee for GIC.

In 2013, the Joint Subcommittee for Entry, Exit and Stay was convened at the GIC Support Center on September 5, September 13, September 26, and November 14.

## 【Delegations of Both Sides】

| Classification  | South Korea   | North Korea  |
|-----------------|---|--|
| Chief delegates | Heo Jin-bong<br>(Director, MOU)   | Lee Chang-il (Director of the immigration operations division, GIC)  |
| Delegates       | Shin Hye-seong (Director, MOU)<br>Choi Won-yeon (Deputy director, MOU)<br>Jang So-young (Prosecutor, MND) | Bae Bong-guk (Director of the immigration operations division of the GIC)<br>Oh Han-cheol (Instructor of the immigration operations division of the GIC)<br>Hwang Seong-ho (Councilor of the General Bureau) |

At the first session held on September 5, the South raised the necessity for the execution of an annex agreement that expressly provides for basic rights pertaining to the guarantee of personal safety set forth in the Agreement on the Entry and Stay in the Gaesong Industrial Complex Zone and Mt. Geumgang Tourism Zone (which was signed on January 29, 2004 and came into force on August 1, 2005). The ROK government presented the draft of the annex agreement and explained ways to guarantee personal safety and reinforce the protection of basic rights during investigations. The North, agreeing to the necessity of the annex agreement, proposed its draft of the annex agreement for discussion.

At the meetings of the Joint Subcommittee for Entry, Exit and Stay held on September 13, September 26, and November 6, the two Koreas focused on fine-tuning the annex agreements proposed by both sides. South and North Korea reached a considerable degree of agreement on investigation methods, such as presence of persons concerned, and notification processes in the event of illegal acts, basic rights to be guaranteed during investigation, and measures to prevent illegal acts. However, the North held to its stance that it could restrict basic rights in terms of the scope of application of the annex agreement, with the result that final agreement could not be reached.

### C. Joint Subcommittee for Investment Protection, Management and Operation

The Joint Subcommittee for Investment Protection, Management and Operation is a subcommittee under the Joint Committee that discusses matters concerning commercial disputes, including joint investigations into any illegal acts and compensation for damage with a view toward protecting invested assets; labor, taxes, wages, insurance, and environmental protection; and other matters to raise the GIC's management and operation to international standards, subject to the Agreement on the Establishment and Operation of the South-North Joint Committee for GIC.

The Joint Subcommittee for Investment Protection, Management and Operation held two sessions, on September 4 and November 13, 2013.

#### 【Delegations of Both Sides】

| Classification  | South Korea  | North Korea  |
|-----------------|--|--|
| Chief delegates | Park Byeong-gui (Director, Ministry of Strategy and Finance)   | Ryu Chang-man (Officie head of the General Bureau)   |
| Delegates       | Lee Sang-gyu (Director, Office for Government Policy Coordination)<br>Lee Hye-ryeon (Deputy director, MOU)<br>Goh Seung-jin (Deputy director, Ministry of Trade, Industry and Energy)<br>Lee Chang-joo (Deputy director, Ministry of Employment and Labor) | Oh Kwang-wook (Councilor of the General Bureau)<br>Kim Dong-il (Councilor of the General Bureau) |

At the first session held on September 4, the South proposed the establishment of a commercial arbitration commission for the GIC to resolve issues such as illegal conduct perpetrated in the GIC and compensation for damage. The North agreed to the need for an arbitration function. Both sides closed the session by agreeing to discuss details later.

At the second session of the Joint Committee held on September 10, the

two sides concluded the Annex Agreement on the Implementation of the Agreement on the Establishment and Operation of South-North Commercial Arbitration Commission for the GIC.

About two months afterwards, on November 13, the second session of the Joint Subcommittee for Investment Protection, Management and Operation was held to discuss the implementation of the agreement above. At the session, the two Koreas agreed to exchange the lists of members of the commercial arbitration commission of both sides within three months from the adoption of the annex agreement, i.e., by December 11, and the lists of arbitrators within six months, i.e., by March 11, 2014. The South also raised issues of a shortage of workers and tax rules, and the North raised issues of overdue wages, accounting transparency of GIC companies, and other matters.

#### D. Joint Subcommittee for International Competitive Power

The Joint Subcommittee for International Competitive Power is a subcommittee under the Joint Committee that discusses matters concerning the international competitiveness of the GIC, such as attracting foreign companies, holding joint investor relations meetings, and applying for preferential tariffs for GIC products exported to a third country, subject to the Agreement on the Establishment and Operation of the South-North Joint Committee for GIC.

One session each of the Joint Subcommittee for International Competitive

#### 【Delegations of Both Sides】

| Classification  | South Korea  | North Korea  |
|-----------------|--|--|
| Chief delegates | Jeon Je-gu (Team head, Ministry of Trade, Industry and Energy)   | Won Yong-hee (Director general of the General Bureau)  |
| Delegates       | Park Sang-gyu (Director, MOU)<br>Yeo So-yeong (Secretary, Ministry of Foreign Affairs)<br>Jo Hye-shil (Deputy director, MOU) | Jeon Gwang-cheol (Councilor of the General Bureau)<br>Ryeom Tae-bong (Councilor of the General Bureau) |



Power was held on September 4 and November 13, 2013.

At the first session held on September 4, the South, explaining the importance of attracting foreign companies, emphasized that stability for investment should be ensured and a world-class business environment put in place. In addition, the ROK government mentioned its efforts at free trade agreement negotiations to have the GIC recognized as an outward processing zone, and explained the importance of the North's efforts to introduce direct payment of wages and improve working conditions. Concurring to the South's proposal to better position the GIC as an international industrial park, the North proposed making support of the ideas conditional on the progress in discussions of the Joint Subcommittee for Investment Protection, Management and Operation.

As the North showed a positive position to the South's proposal to hold a joint investor relations meeting for foreign companies and businesspersons stationed in Seoul, both sides agreed to include this issue in the statement of the second meeting of the Joint Committee scheduled for September 10.

At the second session held on November 13, the two Koreas comprehensively discussed ways to globalize the GIC, including the holding of joint investor relations meetings and joint tours of inspection abroad. The ROK government placed extra importance on the fact that without resolving the issues of 3Cs and transit & sojourn, it would not be possible either to globalize the GIC with foreign investment or to win recognition for it as an outward processing zone. Both sides closed the meeting by agreeing to continue their discussions on these matters at the next subcommittee session.

## Section 3 Talks on Humanitarian Issues

### ① Inter-Korean Red Cross Working-Level Meetings

In her Liberation Day speech on August 15, 2013, President Park Geun-hye proposed the holding of reunions for war-separated families around the traditional Chuseok holiday. On August 16, the ROK government proposed to the North, through a written notice of the president of the Korean Red Cross, that inter-Korean Red Cross working-level meetings be held to discuss holding reunions of separated families on the occasion of the Chuseok holiday. The North accepted the proposal, and an inter-Korean Red Cross working-level meeting was held on August 23, 2013 at Peach House, in the southern part of Panmunjeom, three years after the 2010 inter-Korean Red Cross talks.

#### 【Delegations of Both Sides】

| Classification  | South Korea   | North Korea   |
|-----------------|---|---|
| Chief delegates | Lee Deok-haeng (Executive member of a committee, Korean Red Cross)  | Park Yong-il (Central member of the Central Committee of the DPRK Red Cross Society)  |
| Delegates       | Kim Seong-geun (Director, Korean Red Cross)<br>Song Hye-jin (Executive member of a committee, Korean Red Cross) | Kim Myeong-cheol (Member of the Central Committee of the DPRK Red Cross Society)<br>Cho Jeong-cheol (Deputy manager of the Central Committee of the DPRK Red Cross Society) |

The South suggested ways of not only providing opportunities for reunions for more war-separated families, but also fundamentally resolving the prob-

lem of their separation. It proposed expanding the size of reunions from 100 to 200 families, letting them visit Seoul and Pyongyang alternately, and hosting video reunions before Chuseok. To resolve the issue more fundamentally, the South proposed several practical solutions, including the holding of regular reunions three or more times a year, confirmation of the living status and addresses of 500 individuals a month, and exchange of correspondences of 1,000 individuals a month. The South continually emphasized the need to resolve the issue of South Korean prisoners of war and abductees in particular. It also strongly called on the North to ease eligibility requirements for requesting the confirmation of living status of separated families, so as to afford more opportunities for reunions of the South Korean prisoners of war and abductees.

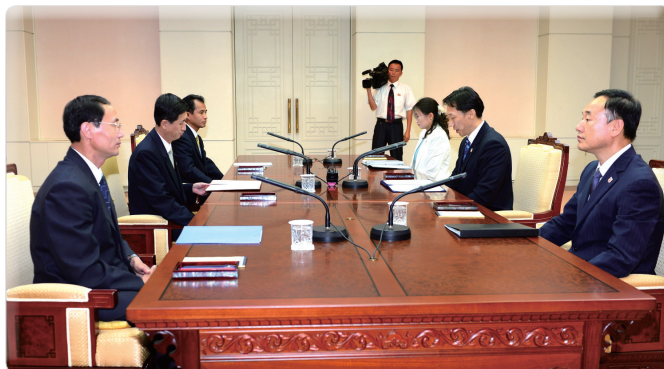
In response, the North stated that 100 individuals from each side could participate in reunions on Mt. Geumgang as a usual practice. With respect to the South's proposed solutions to South Korean POWs and abductees as well as separated families, the North was half-hearted, attempting to avoid discussions by stating that those issues were not appropriate to address at the working-level meetings.

Through two rounds of general meetings and five rounds of meetings between chief delegates, the two sides came up with a four-point agreement including reunions of separated families during Chuseok. They agreed to hold reunions with 100 families from each side at Mt. Geumgang on September 25-30 and to allow 250 individuals, rather than 200, to request the confirmation of the life and death of their separated family members. Furthermore, it was agreed to hold another reunion in November, following the Chuseok reunions, and to hold video reunions on October 22-23 after Chuseok. The two Koreas agreed to continue to make efforts to fundamentally resolve the issue of separated families, coupled with those planned events.

On September 21, however, only four days before the first reunions in three years were to take place, the North announced through its CPRF spokesperson's statement that it would postpone them. The reunions therefore fell through.

#### Highlights of the Agreement

1. Conduct reunions of separated families during the Chuseok holiday
  - At Mt. Geumgang with 100 families from each side on September 25–30
  - Both sides are to exchange written requests for the confirmation of the life and death of separated family members (August 29), written replies (September 13), and final lists (September 16).
    - \* Written requests are to be received from 200 to 250 individuals from each side, as the case may be.
2. Video reunions are to be conducted for 40 individuals from each side on October 22–23.
3. A reunion of separated families is to be carried out in November; and the Inter-Korean Red Cross working-level meetings will be held to proceed with this event.
4. South and North Korea continue to strive to fundamentally resolve the issue of war-divided families including the holding of regular reunions, the confirmation of life and death of family members between families, and the exchange of correspondences.



Inter-Korean Red Cross working-level meeting (August 23, 2013)



# 나원-국립결핵병원(마산·목포), 북한이탈주민 의료지원협약 체결

[일시] 2013. 9. 30(월) [주최] 통일부 하나원, 나원, 국립마산병원, 국립목포병원



## Chapter 6

# Settlement Support for North Korean Refugees

06

**Section 1** Social Orientation Program for North Korean Refugees

**Section 2** Settlement Support for North Korean Refugees

## Chapter 6 Settlement Support for North Korean Refugees

The number of North Korean refugees entering the South rose steadily from 1998 to 2011. For various reasons, defection became more difficult, with the result that the number of refugees fell in 2012 and 2013. In 2013, 1,516 North Korean refugees came to Korea, bringing the cumulative total to 26,124 by the end of December 2013.

The number of female North Korean refugees exceeded that of males for the first time in 2002. This trend continued until 2013, when female defectors accounted for about 70% of all refugees.

【North Korean Refugees in South Korea】

| Classi-<br>fication \ Year | ~'98 | ~'01  | ~'02  | ~'03  | ~'04  | ~'05  | ~'06  | ~'07  | ~'08  | ~'09  | ~'10  | ~'11  | ~'12  | ~'13  | Total  |
|----------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Male                       | 831  | 565   | 510   | 474   | 626   | 424   | 515   | 573   | 608   | 662   | 591   | 795   | 404   | 371   | 7,949  |
| Female                     | 116  | 478   | 632   | 811   | 1,272 | 960   | 1,513 | 1,981 | 2,195 | 2,252 | 1,811 | 1,911 | 1,098 | 1,145 | 18,175 |
| Total                      | 947  | 1,043 | 1,142 | 1,285 | 1,898 | 1,384 | 2,028 | 2,554 | 2,803 | 2,914 | 2,402 | 2,706 | 1,502 | 1,516 | 26,124 |
| Percentage of female       | 12%  | 46%   | 55%   | 63%   | 67%   | 69%   | 75%   | 78%   | 78%   | 77%   | 75%   | 70%   | 73%   | 76%   | 70%    |

The ROK government recognizes North Korean refugees as dislocated people who also suffer from the national division. It has steadfastly adhered to the principle of accommodating all those who, by their own free will, choose to receive protection and support from the South Korean government. Upon their arrival in South Korea, the government provides them with a variety of basic benefits to help them enjoy the freedom and human rights of South Korean society.



## 【Settlement Support Process for North Korean Refugees】

### Request for protection and transfer to South Korea

- Upon request for protection, report and notify the situation to appropriate government agencies
- Accommodate refugees in foreign diplomatic offices or temporary shelters in a host country
- Negotiate with the host country and support the immigration of refugees after verifying their identity

### Joint interrogation

- Upon entrance, conduct joint interrogation with appropriate government agencies, including the National Intelligence Service
- After interrogation, transfer refugees to the custody of Hanawon, the education center for social adaptation

### Decision over protection

- Decide through deliberation by the Consultative Council to Deal with Dislocated North Koreans whether to grant the refugees protection

### Hanawon

- Education for social adaptation (12 weeks, 392 hours)
  - Psychological well-being, better understanding of South Korean society, and basic vocational training
- Transfer refugees to their residence after registration of family relations and arrangement for housing

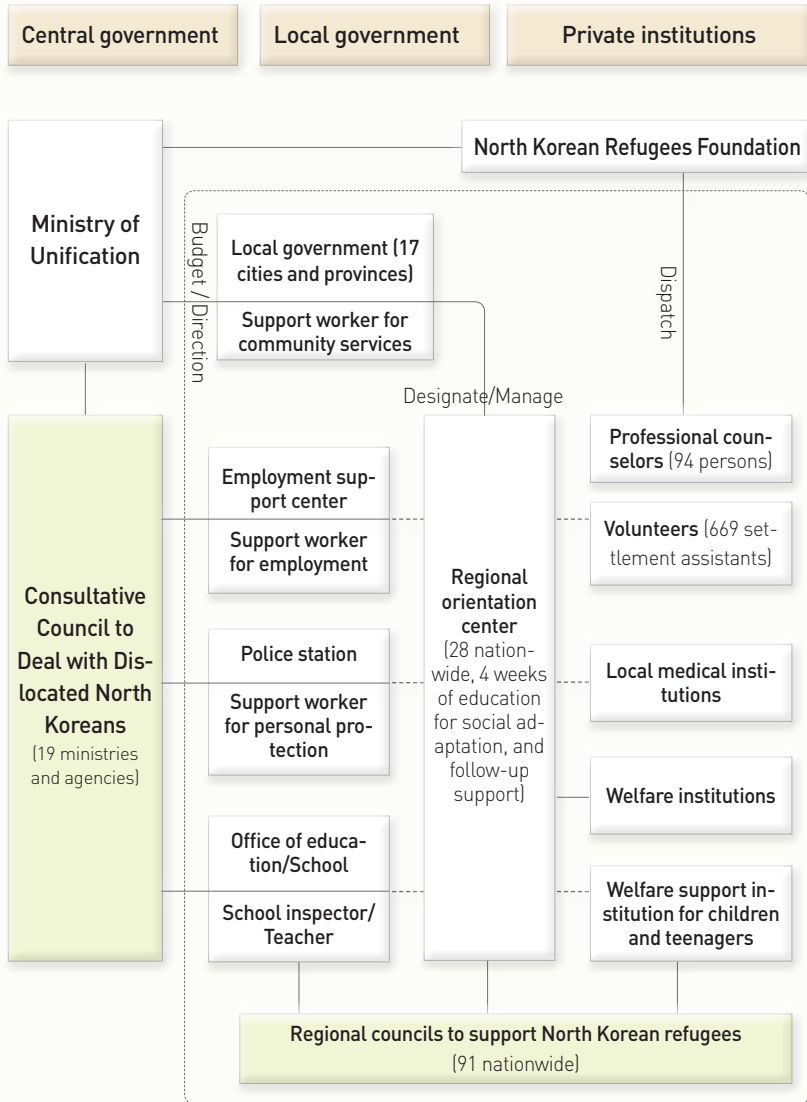
### Residence support (five years)

- Vocational support: vocational training, employment incentive, employment subsidy, etc.
- Educational support: special admission and transfer to schools and support for tuition
- Apply special cases for basic livelihood security (social security)
- Support workers system: community services (local governments), employment (employment centers), and personal protection (police stations)
- Operate regional councils to support North Korean refugees that are private-public collaborative bodies (91 nationwide)
- Provide comprehensive services through the North Korean Refugees Foundation

### Non-governmental participation

- Designate and operate regional adaptation centers (28 nationwide)
  - Provide information on everyday life, psychological and career counseling services, and education to help refugees adapt to their community
- Manage volunteer settlement helpers (669 persons)
- Professional counselors for North Korean refugees (94 persons)
  - Provide professional counseling services

# 【Settlement Support System for North Korean Refugees】



## Section 1 Social Orientation Program for North Korean Refugees

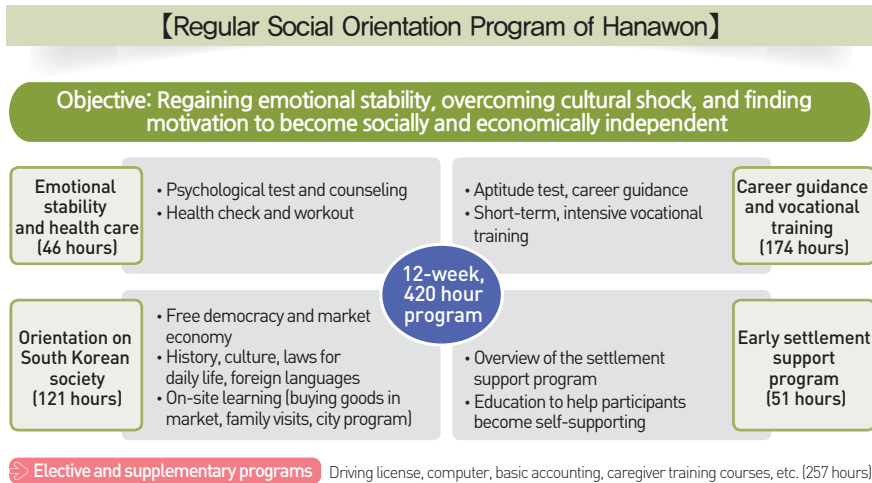
### ① Basic Social Orientation Program for North Korean Refugees

After entering South Korea, North Korean refugees undergo basic social orientation to become South Korean citizens at the Settlement Support Center for North Korean Refugees (hereunder “Hanawon”). Hanawon was established in Anseong, Gyeonggi Province in July 1999, and the Hanawon Branch opened in Hwacheon-gun, Gangwon Province in December 2012.

The basic social orientation program is intended to give North Korean refugees the basic knowledge necessary to function as citizens of democratic South Korea. It is also meant to ensure that they regain the emotional stability required for stable settlement, to help them overcome cultural shock, and to motivate them to become socially and economically independent. The program is specifically designed to help participants (i) improve their emotional and physical health; (ii) gain a better understanding of South Korean society; (iii) obtain career advice and find jobs; and (iv) become acquainted with the early settlement support services offered by the government. In addition to the regular program, Hanawon also offers elective and supplementary programs in which participants can voluntarily take part to address their individual needs.

In April 2013, Hanawon carried out the 12<sup>th</sup> year of its social orientation program. This program made several improvements to the 11<sup>th</sup> social orientation program by focusing on (i) providing effective, personalized career guidance and vocational training in consideration of male and female employment conditions; (ii) helping North Korean defectors understand

South Korean society, and develop self-identity as members of it; and (iii) providing on-site education useful for everyday living.



## ② Vocational Training and Career Advice in the Initial Period of Settlement

At Hanawon, with a view towards encouraging North Korean refugees to make independent decisions on their career, career advice services that meet specific needs of North Korean defectors have been developed and applied to vocational training. There were 1,804 participants in the Career Advice Program in 2011, 1,142 in 2012, and 1,334 in 2013.

Starting in 2012, Hanawon focused its efforts on instilling in North Korean refugees a desire to work. The Hope for Work Program was created to help participants make their own life plan, improve inter-personal skills, and overcome obstacles to obtaining employment.

Meanwhile, Hanawon provides gender-specific vocational training for participants. Since June 2013, it has offered female participants a career explo-

ration program through which they are given opportunities to experience 12 jobs, one job a day. Male participants choose one from among three vocational training programs to concentrate on while under training at Hanawon.

### 【Vocational Training at Hanawon】

| Classification | Number of students who completed programs |              |              |
|----------------|---|--------------|--------------|
|                | 2011                                      | 2012         | 2013         |
| Female         | 1,351                                     | 1,002        | 843          |
| Male           | 546                                       | 361          | 254          |
| <b>Total</b>   | <b>1,897</b>                              | <b>1,363</b> | <b>1,097</b> |

\* For female participants, vocational training classes are offered in 12 subjects: basic assembly (quality control), administrative work, social work, tour guidance, nurse's aide work, floristry, Korean cooking (server), baking, cosmetology (nail art), barista work, needlework, and home fashion (ornaments)

\* For male participants, vocational training classes are offered in three subjects: forklift operation, auto mechanics, and welding.



Vocational training for career exploration (sewing class)

In cooperation with the Small and Medium Business Administration, Hanawon held a job fair for North Korean refugees every month to help them find jobs at small or medium enterprises (SMEs). At the fair, North Korean refugees submitted their resumes to HR personnel of SMEs and took

interviews. This event exposed participants to the employment process, helping them to overcome the fear associated with working life and to make decisions on their careers of their own volition. Coupled with the job fair, visits to SMEs are organized to familiarize participants with the work culture and with SMEs in South Korea. A total of 5,546 North Korean refugees participated in the job fair between January 2010 and December 2013, 2,372 of whom passed their interviews and got job offers.



SME job fair for North Korean refugees

### ③ Education for Children and Teenagers

Hanawon's Hanadul School offers educational programs for North Korean refugee children and teenagers up to 19 years of age. The school has one pre-school class, one kindergarten, two elementary school classes (low level and more advanced), and three secondary school classes. Students are placed based on age and academic level.

The pre-school class is run by licensed nursery school teachers and infant care specialists who attend to the pregnant women and babies.

Children enrolled in the kindergarten class spend the day learning along

with their South Korean peers in a kindergarten attached to an elementary school near Hanawon. After school, they return to Hanadul School to read books, play with blocks, do role-playing, and socialize through play and learning.

Elementary school children are enrolled in regular school programs with South Korean children at a local elementary school nearby. As in the kindergarten, the children return to Hanadul School for supplementary classes, as well as for extracurricular sports, music, and art activities. Every other Saturday, volunteer organizations offer classes in music, art, and sports, including soccer.

Teenagers are offered full-time education. As of 2013, classes for teenagers were being provided by eight teachers dispatched by provincial and municipal educational offices, three counselors from the North Korean Refugees Foundation, and one teacher hired by the school. The regular program for teenagers runs 392 hours over 12 weeks. Of those, 209 hours (53%) are dedicated to the basic academic curriculum and remediation classes, 90 hours (23%) to understanding of South Korean society and school, 78 hours (20%) to emotional stability and health, and 15 hours (4%)

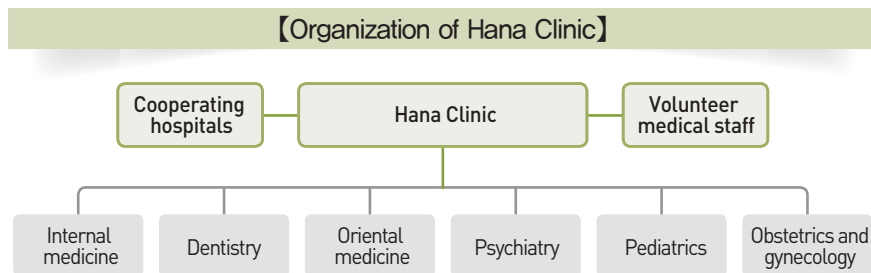
【Number of Children and Teenage Students by Year】

| Classi-<br>fication \ Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Total        |
|----------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--------------|
| Pre-school<br>class        | 2    | 4    | 8    | 18   | 8    | 18   | 17   | 28   | 22   | 32   | 36   | 86   | 62   | 46   | 57   | <b>444</b>   |
| Kindergar-<br>ten class    | 0    | 6    | 12   | 14   | 18   | 24   | 14   | 19   | 53   | 54   | 63   | 70   | 69   | 42   | 37   | <b>495</b>   |
| Elementary<br>class        | 3    | 34   | 38   | 68   | 74   | 139  | 74   | 97   | 104  | 107  | 142  | 118  | 179  | 124  | 98   | <b>1,399</b> |
| Teenager<br>class          | 2    | 7    | 65   | 132  | 97   | 160  | 111  | 169  | 232  | 276  | 220  | 193  | 198  | 113  | 106  | <b>2,081</b> |

to college education or career development and planning. There are also two hours of after-school computer or dance classes every day. Volunteers offer weekend programs on Saturdays.

#### ④ Health Management in the Initial Period of Settlement

The Hana Clinic inside Hanawon is staffed by public health doctors and other medical specialists to manage the health of newly-arrived North Korean refugees. At present, Hanawon has six departments, i.e., internal medicine, dentistry, oriental medicine, OB/GYN, psychiatry, and pediatrics. The Hanawon Branch offers internal medicine, dentistry, oriental medicine, and psychiatry, and has been authorized to administer the driver's license aptitude test for male participants.



The government continues to develop a cooperative network with local hospitals to ensure that North Korean refugees can continue receiving medical services from local medical institutions even after completing their program at Hanawon. In 2013, the government stepped up tuberculosis (TB) management by improving treatment and the support system for TB for North Korean refugees. Before completing programs of Hanawon, the North Korean refugees are examined again. Those who contracted TB are treated



before moving out, so that they can settle at their residences in good health. Furthermore, in cooperation with the Two Cross Association, the government is helping those who desire to receive support for TB treatment after leaving Hanawon get treatment. It also signed medical service agreements with Masan National Hospital (September 30) and Mokpo National Hospital (September 30), which are specialized in TB, to enable North Korean refugees who have contracted drug-resistant TB and multidrug-resistant TB to be hospitalized for long-term treatment.

As of December 2013, Hanawon's network had 52 cooperating hospitals, including 34 provincial clinics nationwide.



Hanawon concludes medical service agreements with hospitals (September 30, 2013)

At the Counseling Office at Hanawon, its five psychologists offer professional psychological testing and counseling for North Korean refugees dealing with emotional issues. Educational programs for psychological and emotional stability are also provided. Adults are offered individual counseling and group counseling (heart-to-heart talk: interpersonal communication training, etc) and psychological education. With respect to individual counseling, the office uses a simplified psychological test for North Korean refugees to

detect as soon as possible those in need of emotional intervention; this testing is used as an important means of ascertaining the degree of change in psychological state during the early intervention of psychotherapy and training at Hanawon. In addition to screening-based counseling services through psychological testing, the office has a request box through which North Korean refugees at Hanawon can make a request for counseling. More than 60 percent of all psychological counseling is rendered in response to requests received through the box, demonstrating that voluntary counseling is increasing in number in comparison to involuntary counseling. The group counseling (heart-to-heart talk: interpersonal communication training) program is conducted by outside instructors with the aim of helping North Korean refugees understand their own personalities and develop empathic conversation skills. Psychological education programs involve developing understanding of one's own personality, stress management, and how to lead a happy life. These programs help North Korean defectors learn to understand and manage their own mental and psychological state, and to recognize when they need treatment.

Classes for teenagers provide individual counseling and group counseling (heart-to-heart talk) services, as well as psychological education programs to raise self-esteem.

For senior citizens, in addition to the same programs required for adults, the office offers a cognitive rehabilitation program along with art and music therapy to prevent dementia and maintain emotional stability.

【Number of Cases of Individual Psychological Counseling and Testing by Year】

| Classification \ Year               | 2008 | 2009 | 2010 | 2011 | 2012  | 2013  |
|-------------------------------------|------|------|------|------|-------|-------|
| Individual psychological counseling | 261  | 247  | 678  | 646  | 1,044 | 1,035 |
| Individual psychological testing    | 19   | 17   | 36   | 19   | 84    | 111   |

### 5 Basic Social Orientation Program and Intensive & In-Service Education at Second Hanawon (Hanawon Branch)

The Second Hanawon (Hanawon Branch) offers social orientation classes for North Korean male refugees who entered South Korea. Like the head office in Anseong, the curriculum of the Second Hanawon encompasses such matters as emotional stability and health, understanding South Korean society, career guidance and vocational training, and guidance on the settlement support system. It specifically emphasizes education in South Korean language and vocational training, which are especially useful for quick settlement. Short-term vocational training and education are offered intensively for three jobs—automobile maintenance, welding, and forklift operation—in cooperation with the Chuncheon campus of the Korea Polytechnics III University. The Second Hanawon also offers field trips to various institutions and companies, including the Hwacheon Traditional Korean House Building School, the Chuncheon Employment Center, the Agricultural Exhibition Hall, Hanil Electric, and Yuseong Chemical.

For those who have completed the regular Hanawon program, the Second Hanawon offers intensive courses on how to better exploit one's past job experience in the North or to acquire new certificates of qualification. There are five intensive programs for career change for doctors, coordinators for

North Korean student defectors, care workers, vocational counselors, and public officials. By the end of 2013, 144 refugees had completed these programs. The care worker program was conducted in alignment with the basic vocational training for care workers provided by Hanawon in Anseong (74 hours). The remaining 166 hours required to become qualified to take a test is offered by the Second Hanawon. Of the 44 participants who completed the course, 38 (86%) obtained the care worker certificate.

The Second Hanawon offers seven programs for in-service education to settlement service providers to help them better understand North Korean refugees and increase the effectiveness of the settlement support system. These programs are for support workers, social welfare officials, teachers in charge of North Korean refugee students, Hana Center staff, regional council staff, SMEs, and mentors of North Korean refugee public officials. By the end of 2013, 317 participants had completed the programs. While Hanawon had provided basic social orientation programs (12 weeks) for North Korean refugees, the Second Hanawon offered intensive & vocational training for the first time, to provide refreshers for refugees and educational programs to settlement service providers.

### 【Intensive & In-Service Education for 2013】

| Classification   | Program  | Period          |                 | Number of people | Remarks   |
|--|--|-----------------|-----------------|------------------|---|
| Intensive Education (North Korean refugees who completed Hanawon programs) | Career change for doctors                      | Mar 25 – Dec 27 |                 | 12               | To prepare for the National Exam for Medical Practitioners  |
|  | Coordinator for North Korean student defectors | 1 <sup>st</sup> | Jul 29 – Aug 9  | 13               | To improve capability to guide North Korean refugee students  |
|  |  | 2 <sup>nd</sup> | Dec 16 – 20     | 18               |   |
|  | Care worker                                    | 1 <sup>st</sup> | Jan 21 – Feb 28 | 19               | To obtain a care worker certificate; (1 <sup>st</sup> ) 18 persons, (2 <sup>nd</sup> ) 13 persons, (3 <sup>rd</sup> ) 7 persons   |
|  |  | 2 <sup>nd</sup> | May 6 – Jun 14  | 17               |   |
|  |  | 3 <sup>rd</sup> | Sep 2 – Oct 18  | 8                |   |
|  | Vocational counselor                           | Oct 14 – Dec 6  |                 | 13               | To obtaining a vocational counselor certificate   |
|  | Public official                                | 1 <sup>st</sup> | Nov 13 – 15     | 29               | To provide courtesy training for North Korean refugee public officials  |
|  |  | 2 <sup>nd</sup> | Nov 10 – 22     | 12               |   |
| In-service Education (Settlement service providers)                        | Support worker                                 | 1 <sup>st</sup> | Apr 16 – 19     | 35               | To increase workers' understanding of North Korean refugees: 249 police stations for personal protection, 229 institutions for community services, 54 institutions for employment |
|  |  | 2 <sup>nd</sup> | Apr 30 – May 3  | 30               |   |
|  |  | 3 <sup>rd</sup> | May 21 – 24     | 35               |   |
|  | Social welfare official                        | 1 <sup>st</sup> | Oct 15 – 18     | 19               | To help social welfare officials of local governments better understand North Korean refugees   |
|  |  | 2 <sup>nd</sup> | Oct 29 – Nov 1  | 30               |   |
|  | Teacher in charge of refugee students          | Aug 5 – 9       |                 | 34               | To help teachers better understand North Korean refugee students  |
|  | Mentor for refugee public officials            | 1 <sup>st</sup> | Sep 26 – 27     | 23               | To improve mentors' capabilities to support refugee public officials with their adaptation to organizations   |
|  |  | 2 <sup>nd</sup> | Oct 1 – 2       | 15               |   |
|  |  | 3 <sup>rd</sup> | Oct 10 – 11     | 19               |   |
|  | Hana Center staff                              | Apr 10 – 12     |                 | 32               | To improve work efficiency of the staff, who help refugees settle in their region   |
|  | Regional council staff                         | Mar 6 – 8       |                 | 27               |   |
|  | SME businessperson workshop                    | Jun 20 – 21     |                 | 18               | To increase understanding of refugee workers  |
| Total  |  |                 |                 | 458              |   |

## Section 2 Settlement Support for North Korean Refugees

The Park Geun-hye administration focuses on rendering settlement support services tailored to the individual needs of each and every North Korean refugee. To that end, the government is specifically stepping up the personalized support to meet the needs of female and teenager refugees, while at the same time improving regional adaptation centers to closely help North Korean refugees adapt to the community where they live. The government is also searching for and publicizing success stories of refugees who have adapted well to South Korean life, in order to present role models for settlement to all refugees, as well as to improve awareness on North Korean defectors among the general public.

### [President Park's statements concerning settlement support for North Korean refugees]

- We will be able to better understand North Korean refugees if we put ourselves in their shoes. Settlement support programs should be examined from their perspectives, and programs should be changed so that they may more effectively meet their personal needs. (Briefing session of the MOU in March 2013)
- I would like you to make efforts to encourage North Korean refugees by searching for more success stories about North Korean refugees. (Cabinet meeting in April 2013)

### ① Settlement Services in the Initial Period of Settlement

#### (1) Family relations registry, resident registration, and housing arrangement

Hanawon helps North Korean refugees enter into the family relations registry and register as residents of South Korea, so that they can enjoy their rights and duties as South Korean citizens. These two procedures, once completed, ensure North Korean refugees' legal status as citizens of South Korea. Since June 2007, Hanawon has ensured that each North Korean refugee obtains a resident registration number from a public service office in one of 22 cities and provinces nationwide designated by Hanawon, prior to completing the Hanawon program.

Upon completing the Hanawon program, North Korean refugees receive housing in the area they wish. The Ministry of Unification works with the Korea Land & Housing Corporation, the Seoul Housing Corporation, and regional urban development corporations to help North Korean refugees get housing. They are usually placed in housing in consideration of their preferences and the residences of family members who entered South Korea earlier, but their location may also be determined by lottery, depending on the availability of housing in the regions where they intend to settle.

#### 【Housing Arrangement】

| Year                 | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | Total        |
|----------------------|-------|-------|-------|-------|-------|-------|--------------|
| Number of households | 2,182 | 1,681 | 1,837 | 1,815 | 1,320 | 1,027 | <b>9,862</b> |

## (2) Basic settlement benefits

The amount of the basic settlement benefit depends on the size of household. It consists of an initial payment granted immediately upon completion of the Hanawon program, and a quarterly payment for one year after the recipient moves into his or her residence. The amount for a single

person household totals KRW 7 million, with an initial payment of KRW 4 million and the remaining KRW 3 million paid out in installments. That amount had been KRW 6 million from 2007 to 2012, but rose to KRW 7 million in 2013 to better help refugees gain a stable footing in the initial phase of their entry into society.

### 【Basic Settlement Benefits by Household Size】

(in KRW tens of thousands)

| Household size        | Basic settlement benefit |              | Housing subsidy | Total |
|-----------------------|--------------------------|--------------|-----------------|-------|
|                       | Initial payment          | Installments |                 |       |
| One person            | 400                      | 300          | 1,300           | 2,000 |
| Two persons           | 500                      | 700          | 1,700           | 2,900 |
| Three persons         | 600                      | 1,000        | 1,700           | 3,300 |
| Four persons          | 700                      | 1,300        | 1,700           | 3,700 |
| Five persons          | 800                      | 1,600        | 2,000           | 4,400 |
| Six persons           | 900                      | 1,900        | 2,000           | 4,800 |
| Seven persons or more | 1,000                    | 2,200        | 2,000           | 5,200 |

### 【Basic Settlement Benefit Expenditures】

| Year<br>Classification      | 2008   | 2009   | 2010   | 2011   | 2012   | 2013  | Total  |
|-----------------------------|--------|--------|--------|--------|--------|-------|--------|
| Number of persons           | 3,005  | 2,321  | 2,435  | 2,417  | 1,524  | 1,307 | 13,009 |
| Amount<br>(in KRW millions) | 30,068 | 18,918 | 13,932 | 13,815 | 12,167 | 9,173 | 98,073 |

In addition to the basic settlement allowance, the government also grants additional benefits to especially vulnerable groups—seniors aged 60 years or older (at the time of making decisions on protection), the mentally or physically challenged, people in long-term medical treatment, and children of single-parent families. Those who fall under two or more categories can apply



### 【Criteria for Additional Benefits】

| Category                                 | Criteria   | Amount  |
|--|--|---|
| Age benefit                              | 60 years or older  | KRW 7.2 million   |
| Disability benefit                       | Disability grade   | KRW 15.4 million (grade 1)<br>KRW 10.8 million (grades 2-3)<br>KRW 3.6 million (grades 4-5) |
| Long-term medical treatment benefit      | Hospitalized due to serious illness for three months or more | Months x KRW 800,000  |
| Children of single-parent family benefit | Children under 13 years old living with a single-parent      | KRW 3.6 million   |

### 【Additional Benefit Expenditures】

(in KRW thousands)

| Year           |                        | 2008   | 2009    | 2010    | 2011    | 2012    | 2013      |
|----------------|------------------------|--------|---------|---------|---------|---------|-----------|
| Classification | Disability             | 34,107 | 54,212  | 66,350  | 49,911  | 31,469  | 243,459   |
|                | Age                    | 29,965 | 75,236  | 84,178  | 84,903  | 67,108  | 794,613   |
|                | Single-parent children | 15,963 | 39,124  | 48,518  | 58,709  | 56,758  | 717,332   |
|                | Long-term treatment    | 560    | 720     | 4,280   | 4,000   | 5,680   | 40,000    |
|                | Total                  | 80,595 | 169,292 | 203,326 | 197,523 | 161,015 | 1,795,404 |

for only one type of additional benefit, and the maximum total amount of additional benefits allowed to a single household cannot exceed 50 times the monthly minimum wage. Additional benefits are paid in quarterly installments over the remainder of the support period after the basic settlement payment has been paid out in full.

With a view towards helping North Korean refugees become financially independent, the government grants various financial incentives to North Korean refugees who receive vocational training, obtain certificate of qualification, or continue to work at the same job. In 2005, when the incentive sys-

tem was introduced, the government began to grant up to KRW 2 million in employment incentives for those staying at the same job for a year or more. This amount was increased to KRW 4.5 million in 2007 and then to KRW 5.5 million in 2009. Starting in 2013, the government increased the incentives for those employed in regions outside of the Seoul metropolitan area, in order to encourage them to find jobs in provincial areas. The program has given North Korean refugees strong incentive to become economically self-reliant through normal employment rather than depend on the national basic livelihood security system. If a recipient who completes the Hanawon program (i) is trained at a vocational training institute, (ii) obtains a certificate of qualification, and (iii) finds and maintains a job, he or she will become eligible for up to KRW 25.1 million in incentives.

The number of North Korean refugees receiving financial incentives and the total amount of payments has risen every year. The number of employment-incentive recipients, in particular, has increased significantly: an indication that North Korean refugees are actively looking for jobs during their initial period of settlement.

#### 【Eligibility Criteria for Financial Incentives】

| Category                               | Criteria                           | Amount  |
|--|------------------------------------|---|
| Vocational training incentive          | <500 hours                         | No incentive                                      |
|  | 500 hours                          | KRW 1.2 million                                   |
|  | 500 -740 hours                     | KRW 1.2-1.6 million<br>(KRW200,000 per 120 hours) |
| * Additional incentive                 | 1-year program, priority vocations | KRW 2 million                                     |
| Certificate of qualification incentive | One time only                      | KRW 2 million                                     |

| Category             | Criteria    |   | Amount                          |                                      |
|----------------------|-------------|---|---------------------------------|--------------------------------------|
| Employment incentive | One year    | * KRW2.5 million for provincial areas and KRW2million for the Seoul metropolitan area for employment of 6 months or more and less than a year | (Seoul area)<br>KRW4.5 million  | (Provincial area)<br>KRW5.5 million  |
|                      | Two years   |   | (Seoul area)<br>KRW5.5 million  | (Provincial area)<br>KRW6.5 million  |
|                      | Three years |   | (Seoul area)<br>KRW6.5 million  | (Provincial area)<br>KRW7.5 million  |
| Total                |             |   | (Seoul area)<br>KRW22.1 million | (Provincial area)<br>KRW25.1 million |

\*Available for those who enter into society after April 30, 2013

### 【Financial Incentive Expenditures】

(in KRW tens of thousands)

| Year<br>Classi-<br>fication | Vocational<br>training incentive | Certificate of<br>qualification<br>incentive | Priority vocation<br>incentive | Employment<br>incentive      | Total                        |
|-----------------------------|----------------------------------|--|--------------------------------|------------------------------|------------------------------|
| 2008                        | 62,940<br>(506 persons)          | 69,040<br>(345 persons)                      | 18,800<br>(94 persons)         | 89,100<br>(196 persons)      | 239,880<br>(1,141 persons)   |
| 2009                        | 88,400<br>(681 persons)          | 104,000<br>(520 persons)                     | 21,800<br>(109 persons)        | 296,900<br>(646 persons)     | 511,100<br>(1,956 persons)   |
| 2010                        | 150,000<br>(985 persons)         | 171,200<br>(856 persons)                     | 65,000<br>(325 persons)        | 668,600<br>(1,325 persons)   | 1,054,800<br>(3,491 persons) |
| 2011                        | 118,100<br>(726 persons)         | 163,800<br>(819 persons)                     | 70,400<br>(352 persons)        | 1,181,300<br>(2,406 persons) | 1,533,600<br>(4,303 persons) |
| 2012                        | 191,600<br>(1,118 persons)       | 294,400<br>(1,472 persons)                   | 99,200<br>(496 persons)        | 1,720,380<br>(3,455 persons) | 2,305,580<br>(6,541 persons) |
| 2013                        | 1,221<br>(774 persons)           | 1,904<br>(952 persons)                       | 532<br>(266 persons)           | 16,608<br>(3,304 persons)    | 20,265<br>(5,296 persons)    |

\* The number of recipients is shown in parentheses.

To encourage businesses to hire North Korean refugees, the government subsidizes 50% of a North Korean worker's monthly salary, up to KRW 500,000 in the first year and up to KRW 700,000 in the second and third years.

## 【Employment Subsidy Expenditures】

| Year<br>Classification                             | 2008    | 2009    | 2010    | 2011      | 2012      | 2013      | Total            |
|--|---------|---------|---------|-----------|-----------|-----------|------------------|
| Number of employers                                | 888     | 1,151   | 1,419   | 1,717     | 2,915     | 2,824     | <b>10,914</b>    |
| Number of hired persons                            | 1,111   | 1,489   | 1,963   | 2,565     | 3,976     | 4,206     | <b>15,310</b>    |
| Employment subsidy paid (in KRW tens of thousands) | 349,457 | 634,900 | 973,300 | 1,313,209 | 1,533,482 | 1,574,200 | <b>6,378,548</b> |

## 【Illegal Receipt of Employment Subsidies】

| Year<br>Classification                               | 2008                     | 2009                       | 2010                       | 2011                         | 2012                         | 2013                         |
|--|--------------------------|----------------------------|----------------------------|------------------------------|------------------------------|------------------------------|
| Employment subsidies paid (in KRW tens of thousands) | 349,457 to 888 employers | 634,900 to 1,151 employers | 973,300 to 1,419 employers | 1,313,209 to 1,717 employers | 1,533,482 to 2,915 employers | 1,574,200 to 2,824 employers |
| Illegal receipt (in KRW tens of thousands)           | 5,975 by 4 employers     | 5,000 by 2 employers       | 4,574 by 9 employers       | 8,388 by 24 employers        | 7,678 by 7 employers         | 5,340 by 3 employers         |
| Percentage of subsidies illegally received (%)       | 1.7                      | 0.8                        | 0.5                        | 0.6                          | 0.5                          | 0.3%                         |

North Korean refugees' rental security required to rent housing is also subsidized. The rental security is allotted from the total housing subsidy paid differently depending on the size of household. The remaining amount of the housing subsidy is paid out after the support period. However, if there are extenuating circumstances whereby a recipient must receive the remainder of the housing subsidy before the administrative support period expires, the government can grant it according to the Guidelines for Payment of Settlement Subsidies to North Korean Refugees of the Ministry of Unification.

### 【Housing Subsidy Expenditures】

| Classification \ Year                    | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | Total          |
|--|--------|--------|--------|--------|--------|--------|----------------|
| Number of recipients                     | 3,005  | 2,321  | 2,435  | 2,417  | 1,524  | 1,307  | <b>13,009</b>  |
| Housing subsidies paid (in KRW millions) | 20,267 | 19,526 | 24,069 | 26,997 | 25,516 | 21,454 | <b>137,829</b> |

For reasons of employment, education, and other considerations, around 65% of North Korean refugees reside in the Seoul metropolitan area. To encourage North Korean refugees to live outside the metropolitan area so that they can live in harmony with community residents in all parts of the country and naturally integrate into society, the government offers incentives to live or work in provincial areas. These incentives are equivalent to between 10% and 20% of the housing subsidy and are offered to those whose primary residence has been in metropolitan cities and provincial areas outside Seoul, Incheon, and Gyeonggi province for at least two years. The incentive for working in provincial areas is an additional KRW 1 million and is granted to those who are employed in metropolitan cities and provincial areas other than Seoul, Incheon, and Gyeonggi province.

### 【Provincial Resident Incentive Expenditures】

| Classification \ Year         | 2008  | 2009  | 2010  | 2011 | 2012  | 2013  | Total         |
|-------------------------------|-------|-------|-------|------|-------|-------|---------------|
| Number of recipients          | 1,981 | 2,964 | 1,126 | 369  | 744   | 752   | <b>7,936</b>  |
| Amount paid (in KRW millions) | 1,499 | 4,908 | 1,673 | 805  | 2,323 | 1,806 | <b>13,014</b> |

Pursuant to the Elementary and Secondary Education Act, North Korean refugees enrolled in high school under certain conditions are exempt from admission fees, tuition, school operation fees, and boarding fees. A North

Korean refugee enrolling in a national or public university under certain conditions can be exempted from admission fees, tuition, and dues for school-support associations for eight semesters over a maximum period of six years from the date of first enrollment or transfer. For study at a private university, North Korean refugees are in most cases completely exempt from tuition, as the government subsidizes the school concerned for 50% of their tuition, with remaining 50% usually being covered by the school. To ensure students are motivated to study in earnest, the tuition subsidy is discontinued if the GPA for the previous two semesters is less than 70 percent of the highest possible GPA.

#### 【Private University Tuition Subsidy Expenditures】

| Classification \ Year                     | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  |
|---|-------|-------|-------|-------|-------|-------|
| Number of colleges                        | 120   | 136   | 156   | 157   | 183   | 200   |
| Number of recipients                      | 537   | 708   | 952   | 1,334 | 1,570 | 1,704 |
| Tuition subsidy paid<br>(in KRW millions) | 1,530 | 1,930 | 2,352 | 3,158 | 3,294 | 3,747 |

## ② Safety Protection and Support in the Place of Residence

After completing the Hanawon program and getting settled into their new homes, North Korean refugees receive assistance from various organizations and individuals, including local governments, regional councils that support North Korean refugees, the regional adaptation center, private settlement volunteers, support workers (for community service, personal protection, and employment assistance), local private welfare organizations, religious groups, and volunteer institutions and groups.

## (1) Regional councils to support North Korean refugees

The regional councils to support North Korean refugees are cooperative networks among support workers, welfare organizations, religious groups, and NGOs in a region who understand the difficulties faced by North Korean refugees and are therefore best able to resolve various problems. The first regional council was set up in Nowon-gu, Seoul in 2001. As of December 2013, there were 92 regional councils in place at the local government level, of which 47 local governments have established ordinances to support North Korean refugees with their settlement.

These regional councils offer efficient public-private collaborative networks at the local government level. They develop, execute, share, and review region-specific programs implemented to support settlement within the region and prevent overlap and excessive or insufficient aid.

## (2) Regional adaptation centers (Hana Center)

Designed to help North Korean refugees quickly adapt to their new environment, regional adaptation centers (Hana Center) offer North Korean refugees a four-week intensive program immediately after settling into their new homes upon their completion of the Hanawon program as well as personalized follow-up service. In 2009, six Hana Centers were operated as pilot projects in Seoul, Gyeonggi (2), Daejeon, Daegu, and Gwangju. Starting in 2010, the network was expanded to 30 Hana Centers in 16 cities and provinces. In 2012, an assessment system was introduced to measure the centers' overall performance in the previous three years. Through the system, depending on the assessment results, centers and regions that show low operational capability or efficiency are to be replaced by new organizations or to be

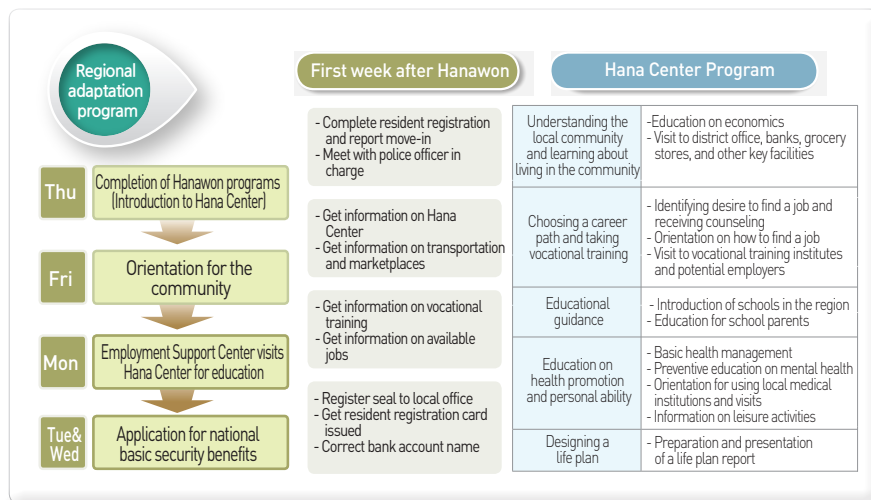
merged. In 2013, there were 32 centers (including four branch offices) in operation in 16 cities and provinces across the country. To render region-specific settlement support services, the period of the initial intensive program was extended from three weeks to four weeks, and the time limit of one year for the personalized follow-up service was abolished. In 2014, the delivery system will be improved in such a way that each Hana Center will offer one-stop support services for all purposes including employment, education, and welfare.

### 【Operations of Regional Adaptation Centers (Hana Centers) in 2013】

| Region            | Seoul | Gyeonggi | Incheon | Gangwon | Chungnam | Gyeongbuk | Gyeongnam | Gwangju |
|-------------------|-------|----------|---------|---------|----------|-----------|-----------|---------|
| Number of centers | 4     | 6        | 2       | 2(+1)   | 1(+1)    | 2         | 1(+1)     | 2       |
| Region            | Busan | Daegu    | Ulsan   | Daejeon | Chungbuk | Jeonbuk   | Jeonnam   | Jeju    |
| Number of centers | 1     | 1        | 1       | 1       | 1(+1)    | 1         | 1         | 1       |

\* Figures in parentheses denote branch offices.

### 【Regional Adaptation Programs Offered by Hana Center】





### (3) Support workers

Local self-governing bodies, police stations, and employment centers are staffed with workers charged with assisting North Korean refugees with community services, ensuring their safety, and helping them find jobs, respectively. Community service assistance workers help North Korean refugees report move-in; apply for cost-of-living benefits, medical care, and other social program benefits; and obtain various certificates, including North Korean refugee registration confirmations. Security assistance workers are charged with protecting North Korean refugees from becoming victims of crime due to unfamiliarity with South Korean society. Employment assistance workers are professional vocational counselors working in employment centers affiliated with the Ministry of Employment and Labor. They offer career counseling and guidance, introduce refugees to vocational training, and help them with employment through the Successful Employment Package Program for North Korean Refugees.

### ③ Employment Support for Self-Reliance

Recognizing that the key to successful settlement lies in employment, the MOU has worked to help refugees develop their capabilities and improve their employment conditions, so that more jobs are available for them and they remain in the same job for the long term. To help improve job skills of refugees who have fewer employment prospects, the MOU has organized various vocational training programs in cooperation with the Ministry of Employment and Labor and has also carried out various projects to create more jobs through the North Korean Refugees Foundation. In 2013, the State Public Officials Act and the Local Public Officials Act were revised to pro-

vide legal grounds to allow North Korean refugees and naturalized foreigners to be hired through restricted competition. The revisions will likely enable the central government and local governments to hire more North Korean refugees.

### (1) Employment support offered by employment centers

The Ministry of Employment and Labor provides North Korean refugees with virtual bank accounts through a vocational training support system called “Tomorrow Learning Card System” (or vocational training development account system). A subsidy of up to KRW 2 million is paid to refugees’ accounts to enroll in any vocational training institute. In particular, North Korean refugees can also take a vocational training class exclusive for them on the same benefit terms.

They can also take part in the Successful Employment Package Program for North Korean Refugees, in which they are counseled individually to determine their employability, and advised on the most appropriate vocational training programs. This package offers a subsidy of up to KRW 3 million, at no additional costs to the trainee, and it includes both a training allowance and a bonus if they get a job.

### (2) Employment support from the North Korean Refugees Foundation

The North Korean Refugee Foundation set up an employment support center in 2012 to help North Korean refugees become more self-reliant and self-supporting. It ramped up its efforts to carry out employment support projects in Busan, Daegu, Gwangju, Jeollanam-do, and Chungcheongnam-do in 2013. The foundation continued to create jobs directly, either by offering

support to social enterprises that hire North Korean refugees or by helping refugees start small businesses or become farmers.

Opened in March 2012, the employment support center offers personalized assistance in finding decent jobs. It systematically manages a database of job vacancies and registered job seekers and offers employment education and mobile counseling services to help refugees find jobs.

### 【Employment Support Center Activities】

| Classification | Job-seeker registration | Employment counseling | Employer registration | Job matching | Employment | Accompany to interview |
|----------------|-------------------------|-----------------------|-----------------------|--------------|------------|------------------------|
| Aggregate      | 1606                    | 18,468                | 1695                  | 1,421        | 528        | 330                    |

The foundation offers support for necessary systems and facilities to social enterprises which have hired or committed to hiring North Korean refugees to satisfy at least 30% of their labor needs. In 2013, four new social enterprises received support. A total of 229 North Korean refugees have been hired by social enterprises established in 2011 and 2012.

In cooperation with the Hyundai Motor Group Smile Microcredit Bank, Shinnaneun Association, and other organizations, the foundation also assists refugees in starting their own businesses. It disseminates models for settling in rural communities by providing agricultural education for those wishing to work as farmers, helping them rent farmland and greenhouses, and rendering consultancy services to help them find markets for their products.

### (3) Employment of North Korean refugees by the central and local governments

Based on the plan devised in February 2013 to employ North Korean refu-

gees in the central or local governments, the employment goal for 2013 of 161 persons was fulfilled by the end of June 2013. North Korean refugees were hired by the central government and local governments in various capacities, such as full-time public officials or part-time workers. The legal basis for government organizations to employ North Korean refugees and naturalized foreigners through a limited competition process was provided through the revision of the State Public Officials Act in April 2013 and the revision of the Decree on the Appointment of Public Officials in March 2013. When this act and decree go into full effect, a larger number of North Korean refugees will likely be hired by the central government and local self-governing bodies.

#### Educational Support for North Korean Youth Refugees

In 2013, the ROK government placed 15 coordinators in schools and regions populated by large numbers of North Korean youths. These coordinators help young North Korean refugees ease into their new environment by coordinating support at home, school, and the community.

In addition to supporting the youths at school, the government is also striving to help them study at home through the North Korean Refugees Foundation. North Korean youths are eligible for home-study workbooks and distance-learning English programs to make up for their lack of English education. In 2013, approximately KRW560 million was administered in scholarships to 438 North Korean refugee students including 149 enrolled in middle school or high schools and 261 enrolled in undergraduate or graduate schools. In that year, the scope of eligibility for scholarships was expanded to include those who passed the school equivalency exam (23 students) and Meister high school students (5 students).



Groundbreaking ceremony for the building of Heavenly Dream School sponsored by the Hyundai Motor Chung Mong-Koo Foundation to support the education of North Korean refugee students (October 23, 2013)



College entrance fair for North Korean refugee youths (June 26, 2013)

The government also strived to afford North Korean refugee youths in difficult circumstances practical opportunities to gain an education. It has offered financial assistance to those who, due to their age, must study outside the regular educational system. It granted KRW 800 million to eight private alternative educational facilities and about KRW 1.1 billion to 24 after-school learning centers in various regions.

Meanwhile, the government continues to hold college entrance fairs and give career track advice to college-bound North Korean refugee youths. For the first time in 2012, it organized a two-year technical college entrance fair to help future technical college students develop career plans and advance into technical fields based on their aptitudes and abilities.

The government offers a number of educational opportunities for North Korean refugee students as they will play an important role when the two Koreas are finally unified. WEST (Work, English Study, and Travel) is a joint Korea-U.S. college student study and work program that offers opportunities to study and work as interns in the U.S. for eight months. Five North Korean refugee students were selected for the program in 2011, ten in 2012, and ten

in 2013.

The College Student Future Leadership Contest, launched in 2011, was also held in 2013. The contest offers students a chance to develop their abilities by having them think about unification issues, draw up plans for unification, and implement them. Contest winners are given a chance to receive training abroad.

Starting in 2012, the government also extended assistance to North Korean children born in a third country and later arriving in South Korea. It provided them with greater access to government-supported private alternative schools and after-school learning centers, as well as home-study workbooks and distance-learning English programs.

## Support for Livelihood

### (1) Professional counselors for North Korean refugees

As of December 2013, there were 96 professional counselors for North Korean refugees in 16 cities or provinces nationwide, who rendered 74,327 sessions of counseling and assistance associated with other support programs in 2013.

Significantly, the number of former North Korean refugees who have been hired as professional counselors has increased sharply. Having completed appropriate undergraduate study or professional counseling education programs, professional counselors with North Korean backgrounds play a positive role in affording refugees practical help in that they can share their personal experiences and know-how on settlement in South Korean society with newly-arrived refugees and develop strong, compassionate bonds with them.

### 【Professional Counseling Offered in 2013】

| Counseling subject                    | Employment | Housing | Health | Education | Support system information | Emotional and psychological issues | Medical / livelihood benefits | Family issues | Legal matters | Others | Total  |
|---------------------------------------|------------|---------|--------|-----------|----------------------------|------------------------------------|-------------------------------|---------------|---------------|--------|--------|
| Number of counseling sessions offered | 11,426     | 4,360   | 10,875 | 8,150     | 7,017                      | 10,059                             | 1,968                         | 5,125         | 3,992         | 11,355 | 74,327 |

## (2) Settlement helpers

The settlement helper system is intended to provide private volunteers who desire to become settlement helpers with education on North Korean refugees, so that they can look after North Korean refugees who have just settled in South Korean society. Settlement helpers serve as friendly neighbors by helping North Korean refugees move into their rented homes and register as residents, or by just paying them neighborly visits once they move into their new communities. As of December 2013, there were 669 settlement helpers in 32 regional adaptation centers (Hana Centers) nationwide.

## (3) Assistance for particularly vulnerable groups

The government stepped up medical support for North Korean refugees suffering health issues. Organ transplant patients or those with serious illnesses or rare diseases receive monetary assistance within the annual limit for uncovered fees through the North Korean Refugees Foundation.

Since 2012, the government has provided basic necessities to North Korean refugees during their early period of settlement when the need to attend adaptation training or hunt for jobs makes it difficult for them to work. Each household receives a three-week supply of 27 basic foods and consumable items worth KRW 210,000, including rice, red pepper paste, soy sauce,

Other support programs for particularly vulnerable groups have been offered on an on-going basis, including the 14 temporary shelters for those on the waiting list for housing, 18 group homes for North Korean teenagers without families, and three shelters for female victims of sexual or domestic violence. Newly introduced in 2012 were temporary shelters for those who are not yet entitled to protection under the Settlement Support Act due to a lengthy stay in a third country after fleeing North Korea. They can use these shelters after leaving Hanawon until they find a residence.



Daily necessity kit during the early period of settlement

## 6 Cooperation with Private Institutions and Public Awareness Campaigns

### (1) Assistance through NGOs

Various private institutions—local welfare centers, religious facilities, and civic groups—help North Korean refugees settle in their new communities through counseling, education, and socialization programs. As of December



2013, there were 177 private institutions offering such services, of which 50 were established by North Korean refugees. The North Korean Refugees Foundation effectively serves as a bridge between these private organizations and the government. In 2013, the foundation organized private involvement projects and community revitalization projects for North Korean refugees, encouraging creative support activities from private organizations. It selected and financed 28 private groups that run community inclusion programs and assistance projects for particularly vulnerable groups of North Korean refugees. It also sponsored 93 community revitalization projects organized by 55 North Korean refugee groups, such as sporting events, cultural events, local volunteer activities, and capacity-building seminars.

## (2) Public awareness campaigns

In 2013, the government focused its public relations program on introducing many North Korean refugees trying to settle into their new lives in South Korea through the media. A promotional video of North Korean refugees' success stories was produced and shared through periodicals and on-line media. Public awareness campaigns were also carried out by a TV campaign program featuring North Korean refugees who succeeded in settling in South Korea and a radio commercial entitled "North Korean Refugees, Our Neighbors Making Us Happier." They were aired on public TV, cable TV, radio, outdoor media, and in subway stations. Settlement success stories were also aired through a Seoul Broadcasting System (SBS) program. The Korean Broadcasting System (KBS) featured a program about North Korean refugee students' experiences overseas. These TV programs helped the general public better understand North Korean refugees.

Through a contest for stories on North Korean refugees, candid stories

about them were collected and reproduced by various means, including webtoons to be shared with the public through on-line media technical magazines, and periodicals. Those stories were also produced and distributed through promotional notes and e-books to expose the public to North Korean refugees' stories in a natural way. A reporters' group for contents on North Korean refugees and an honorary reporters' group were organized to produce timely contents and provide practical information based on continual feedback on the contents. Moreover, a mobile application "*Dongpo Sarang*" launched in February 2013 recorded 10,000 downloads, commanding the attention of the general public.

The government also organized "2013 *Eoullim Hanmadang* Together with North Korean Refugees," a special event promoting unity with North Korean refugees (Yeouido Han River Park, Seoul, October 27, 2013), which attracted 2,400 South and North Korean participants. Meanwhile, the North Korean Refugees Foundation publishes and distributes the bimonthly *Dongpo Sarang* (23,000 copies a month), the English newsletter *NKRF News*, brochures, and other promotional materials to promote North Korean refugee news inside and outside Korea.

### Success Stories of North Korean Refugees

- Ms. Lee Young-hee entered South Korea in 2002 and experienced various kinds of work, from collection for a company leasing mobile phone express chargers to a part-time job making boxes for KRW 700,000 per month. She built her career by leading a project team of Korean paper art for three years at a self-sufficiency center in Yangcheon, Seoul and then started her own business of producing sample books similar to Korean paper art in 2008. Her business has grown as a social enterprise with monthly sales of KRW 50 million, and all ten of its employees are North Korean refugees.
- Ms. Kim Jee-eun entered South Korea in 2002. She is an oriental medical doctor. During the early period of settlement, she became involved in multilevel marketing and lost all of her settlement money. After having made and learned from many mistakes, she entered a college of oriental medicine and passed the state exam for the oriental doctor license in 2009, becoming the first South-North doctor of oriental medicine. She currently runs her own clinic and provides volunteer medical services. A major daily newspaper dubbed her one of the 100 people who will do the most to enhance national prestige in ten years.
- Mr. Kim Chang-jun entered South Korea in 2006 and has trained hard while looking after his sick mother. In 2010 he became a member of the national youth soccer team.

2014 /

White Paper on Korean Unification

UNIFICATION WHITE PAPER



제8기 통일미래지도자과정 입교를 환영함

2013. 2. 14(목)

통일교육원



# Chapter 7

## Unification Education

07

- Section 1** Unification Education System
- Section 2** Unification Education Programs
- Section 3** Support for Unification Education for Schools
- Section 4** Support for Unification Education for the General Public
- Section 5** Development and Distribution of Educational Materials

## Chapter 7 Unification Education

The Park Geun-hye administration has strived to conduct education on unification in such a way as to broaden public unity on the issue. The people's indifference and skepticism in regard to unification have increased over the years, prompting the government to declare and observe the first Unification Education Week, which is intended to build a consensus on unification and offer nationwide unification education. In order to expand the base of unification education, the government ramped up cooperation with the private sector by signing memoranda of understanding with concerned institutions and holding private-public governance meetings. It also enlisted foreign experts to conduct unification education for the first time, expanding the scope of the education program.

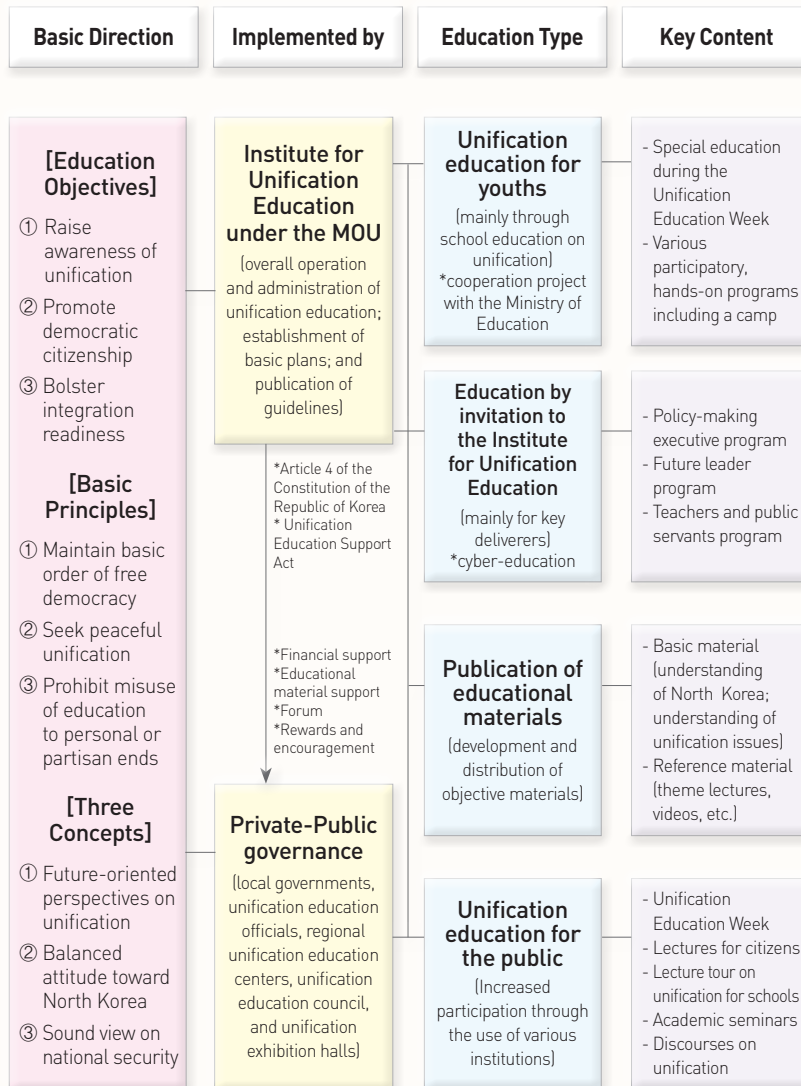
The Institute for Unification Education invited various groups of people to its unification education classes to train key personnel who will take the lead in conducting unification education across the country in the future. It also initiated "unification humanities" lectures to build interest in unification among participants and to deepen discussion on the issue. To make its cyber-education on unification more effective, the institute opened credit-approved courses and established a system for ubiquitous unification education, enabling participants to take the courses anytime and anywhere.

The MOU provided an increasing number of participatory, hands-on programs. Among these was a unification camp for the younger generation that will live in a unified Korea. There is also a cooperation project with the Min-

istry of Education for reinforcing school education on unification. The Unification Education Support Act was revised on August 13, 2013 to provide a legal basis for fact-finding surveys on schools' unification education, serving as an institutional framework to bolster such education as needed.

The government also provided grass-roots unification education through unification education officials, regional unification education centers, the Unification Education Council, and unification exhibition halls nationwide. It produced a variety of educational materials to ensure proper understanding of unification and of North Korea. In particular, the government developed and distributed emotionally-oriented video materials including a music video that appeals to youths, and animations featuring popular characters.

### 【Unification Education Content and Delivery System】





## Section 1 Unification Education System

### ① Basic Plan and Guidelines

In accordance with the provisions of Article 4 of the Unification Education Support Act, the ROK government annually establishes the direction and key tasks, and presents them to the appropriate central government agencies as well as municipal and provincial offices of education. The annual plans collected from these agencies are incorporated into the *Basic Plan for Unification Education*.

In 2013, the government proposed the following key tasks: conducting fully-fledged unification education at the national level by declaring and observing Unification Education Week; providing proactive unification education to raise awareness of the issue among young people; stepping up the development of practical, new, and varied content to prepare for unification; and carrying out all relevant education in active cooperation with appropriate government agencies.

Every year the government publishes its *Guidelines for Unification Education* for distribution to appropriate institutions to ensure consistency in the education activities in schools and outside of schools. As in 2012, the *2013 Guidelines for Unification Education* were published in two separate issues, one for general use and one for school use. The general-use issue explains unification education and how it should be taught to raise public awareness and understanding of unification issues, the unification environment, and governmental efforts for unification. The guidelines for school use not only introduce tasks for school education on unification, but

also recommend different grade levels and curricula to engage the interest and develop the critical thinking abilities of elementary, middle, and high school students, as well as to foster their determination and capability to lead unification. A total of 100,000 copies of the guidelines were distributed to ensure their full and effective utilization at elementary, middle, and high schools nationwide.



## 2 System of Cooperation for Unification Education

The government established a system of cooperation with various players, networking with appropriate institutions to ensure effective unification education. It has more closely consulted with the Ministry of Education and municipal and provincial offices of education to revitalize the unification curriculum in the schools. The MOU selected and co-managed the project for optimizing such education for schools with the Ministry of Education, all the while building a consensus through various channels, and continued to canvass opinions on the direction of the education plan. It has also held semiannual councils for supporting school unification education together

with municipal and provincial offices of education, in order to share ideas and seek cooperation for a more effective approach to teaching on this issue.

In 2013, the Unification Education Support Act was amended to improve unification education at schools. Should the Unification Minister ask either the Education Minister or a Superintendent to include unification education in the curriculum, he/she is obliged to do so. In addition, the Unification Minister may conduct annual fact-finding surveys on unification education at schools in consultation with the Education Minister, and may subsidize hands-on education and lectures for education on unification.

The MOU also began cooperating more closely with the private sector by signing memoranda of understanding with the Press Arbitration Commission on February 5, 2013 and with the College of Liberal Arts of Seoul National University on February 28, 2013, as well as by holding private-public governance meetings on unification education on November 29.



Council for supporting school unification education for the first half of 2013

## Section 2 Unification Education Programs

### ① In-class Education of the Institute for Unification Education

The Institute for Unification Education offers seven in-class programs: unification education programs for schools, public officials, the general public, future unification leaders, unification education instructors, executives, and special programs. In 2013, the institute organized 92 classes for a total of 5,642 participants (25,544 in number of man-days).

The classes, which offer a broad range of knowledge and information on inter-Korean relations and the unification environment, are designed to promote an objective understanding of the true situation in North Korea. They are also aimed at fostering a sound view on national security based on recent developments in inter-Korean relations and at creating a positive outlook by presenting a coherent vision for unification. Given the great ripple effects of education, more classes were offered to key deliverers such as teachers and opinion leaders.

#### 【Regular Unification Education Program for 2013】

| Classi-<br>fication \ Programs | Education<br>for schools | Education<br>for public<br>officials | Education<br>for the<br>general<br>public | Education<br>for future<br>unification<br>leaders | Education<br>for<br>education<br>instructors | Education<br>for<br>executives | Special<br>program | Total         |
|--------------------------------|--------------------------|--------------------------------------|---|---|--|--------------------------------|--------------------|---------------|
| Number of<br>participants      | 1,576                    | 1,250                                | 906                                       | 49  | 131  | 35                             | 1,695              | <b>5,642</b>  |
| Number of<br>courses           | 26                       | 21                                   | 20  | 1   | 5  | 1                              | 18                 | <b>92</b>     |
| Number of<br>man-days          | 4,956                    | 4,136                                | 2,494                                     | 10,780  | 1,033  | 210                            | 1,935              | <b>25,544</b> |

\* The number of man-days is the number of participants multiplied by the number of class days.

The unification education program for schools is designed for principals, vice-principals, school inspectors and school commissioners; education officials and education researchers; and elementary and middle school, kindergarten, and model school teachers. In 2013, the program was offered on 26 occasions to a total of 1,576 people. These courses offer objective information and materials pertaining to inter-Korean relations, policy toward the North, and the current situation in North Korea for each area, as well as other programs that can be utilized at schools.

The public officials' program is offered to central and local government officials to enhance their understanding of the government's unification policy, and to help them perform unification-related tasks more effectively. In 2013, on 21 occasions, 1,250 persons took courses, including senior and working-level public officials, military officers, troop information and education officers, national security police, those enrolled in the deputy director course at the Local Government Officials Development Institute, and newly-hired officials.

The program for the general public is offered to people working for pro-unification organizations, unification education organizations, and other civic groups, with the goal of helping them carry out their unification-related activities based on a sound understanding of the issues concerning North Korea, unification, and inter-Korean relations. In 2013, the program was designed mainly for the unification education official class, civic group instructor class, and leadership class. It was offered 20 times to 906 persons including members of unification education institutions and organizations and opinion leaders of communities and professional associations.

The institute has also offered the Future Unification Leadership Program since 2006 to government officials at the director and director-general levels, as well as to managing staff above the team-leader level in public organiza-

tions, in order to develop experts at the national level who will play a leading role in advancing inter-Korean relations and the unification process. In the Class of 2013, 49 participants were trained to build policy-making capability to effectively respond to changes in inter-Korean relations, coordinate public-private collaboration in the unification process, and reinforce strategic leadership to prepare proactively for a unified Korea. From the Class of 2006 to the Class of 2013, a total of 294 persons completed the program.



Participants of the Future Unification Leadership Program, Class of 2013

In line with the Unification Education Support Act, which was revised and went into effect on April 20, 2010, the Institute for Unification Education offers a “train the trainer” program to develop knowledgeable and capable instructors specialized in unification education. The program has three courses: one to develop instructors for unification education for schools who teach teenagers about unification issues and help them gain an objective understanding and sound view of national security; one to nurture instructors for unification education for the general public who can render timely education on unification to the general public; and one to train North Korean defectors to offer education on North Korean issues based on their personal experiences.

In 2013, one course for instructors for schools and another course for North Korean defector instructors were offered. A total of 50 participants completed them. Instructors who were trained before 2012 and are actively working as instructors for schools and the general public are given refresher courses. From 2010, when the unification education instructor program was piloted, a total of 286 professional instructors were trained through 2013.

### 【Unification Education Instructors】

| Year<br>Classi-<br>fication | Unification education<br>instructors for schools | Unification education<br>instructors for the<br>general public | North Korean<br>defector instructors | Total      |
|-----------------------------|--|--|--------------------------------------|------------|
| 2010                        | 21   | 31   | -                                    | 52         |
| 2011                        | 21   | 37   | 26                                   | 84         |
| 2012                        | 21   | -  | 79                                   | 100        |
| 2013                        | 29   | -  | 21                                   | 50         |
| <b>Total</b>                | <b>92</b>  | <b>68</b>  | <b>126</b>                           | <b>286</b> |

\* The above figures only reflect new participants: they do not include those taking refresher courses.

In response to the rising need for practical preparation for unification due to rapid changes in the unification environment on the Korean Peninsula, the Institute for Unification Education introduced a unification policy-making executive program in 2012 to provide governance for such preparation. There have been a total of 104 participants in three classes so far: 69 participants in two classes in 2012 and 35 participants in one class in 2013.

The program has brought together leaders in academia, the media, the corporate sector, culture and sports, law, and government. Each class had six lectures. Special lectures were given under such main themes as unification policy, unification diplomacy, national security, the state of affairs in the region surrounding the Korean Peninsula, the future of the Korean Peninsula, and tasks for unification.

## 【2013 Unification Policy-Making Executive Program】

| Classification | Curriculum for the 2013 Class (May 2 – July 11, 2013)  |   |
|----------------|--|---|
| Lecture 1      | Direction of Unification Policy  | Ryoo Kihl-jae, Minister of Unification  |
| Lecture 2      | Future of the Korean Peninsula and Tasks for Unification                                       | Park Se-il, President of the Hansun Foundation for Freedom & Happiness                  |
| Lecture 3      | Unification diplomacy and international cooperation  | Ha Young-sun, Chairman of the East Asia Institute                                       |
| Lecture 4      | Unification and National Security  | Ju Chul-ki, Senior Secretary to the President for Foreign Affairs and National Security |
| Lecture 5      | Field trip (Panmunjeom, etc.)  | -   |
| Lecture 6      | State of Affairs in the Region Surrounding the Korean Peninsula and International Perspectives | Lee Kyu-hyung, Former Ambassador to China   |



Field trip by the 2013 class of the executive program

The institute also runs a special program to make timely changes to unification education in response to the latest developments in the circumstances surrounding unification. In 2013, it offered an advanced course for middle school teachers to beef up readiness for unification, a unification education program for youths to engage the interest of the future generation, and a program for senior public officials from each government agency who will play a key role in formulating and executing policy.



## 2 Online Education

The Institute for Unification Education offers online courses geared toward specific groups: public officials, school teachers, visitors to North Korea, those who wish to earn credits, and those attending open unification lectures. In 2013, a total of 29 courses for 11 subjects were developed and revised in consideration of recent developments in the situation. As of December 2013, the institute developed 114 courses of online content for 37 subjects including the Meaning and Necessity of Unification.

The web-based education for public officials was launched on March 1, 2008. As of December 2013, two programs were being offered: Understanding Unification Issues and Understanding North Korea. In total, 3,231 public officials have taken one of the programs, which have been held nine times. On June 1, 2004, the program for school teachers commenced, offering ten short-term courses and 14 long-term courses, including a field trip. In 2013, 3,830 persons took one or more of the courses, which were offered 13 times. The program for visitors to North Korea went online on January 30, 2009 and is offered as needed. It includes four courses, including Preparations and Instructions for Visits to North Korea. In 2013, 3,923 persons took the courses.

The online unification education lectures for the general public are offered through two programs: credit-approved courses and open unification lectures. There were two subjects in the credit-approved course, which were initiated on March 11, 2013: North Korean Politics and Society; and Understanding of Unification Issues. Participants can earn three credits for each subject. The open unification lectures were first introduced on October 7, 2011. In total, the lectures are offered 20 times: 14 courses for the Understanding Unification Issues program, including the course on the meaning and necessity of

unification, and six courses for the Understanding North Korea program, including the course on perspectives of understanding North Korea.

### ③ Overseas Education Tour

Koreans living abroad tend to be very patriotic and interested in unification. The government has dispatched personnel every year to conduct overseas education on unification for them. The program raises their understanding of unification policy and issues, and encourages greater support for unification and the government's North Korea policy from Korean expatriates. On October 10-15, 2013, the MOU visited Koreans living in Auckland, New Zealand and Kuala Lumpur, Malaysia to explain the importance of unification policy and education.

### Section 3 Support for Unification Education for Schools

Recognizing that awareness among teenagers is the key to unification readiness, the government has bolstered relevant education for teenagers. It particularly increased support for the key program of unification education offered in schools. The government carried out participatory, hands-on programs for elementary, middle, and high schools. For college and graduate school students, the government organized in-depth discussions on unification issues at various venues.

#### 1 Participatory, Hands-on Unification Education

In 2013, the hands-on unification programs were reorganized into the Unification Leadership Camp and the Unification Future Leaders' Camp. The Unification Leadership Camp was held around the nation, attracting 3,059 elementary and middle school students (30 sessions), 232 high school students (1 session), and 234 students from colleges of education (1 session). Fifty-four representative school parents of school steering committees who



2013 Unification Leadership Camp



2013 Unification Future Leaders' Camp

had been recommended by municipal and provincial offices of education also took part in the camp (1 session). The Unification Future Leaders' Camp program was held four times and was attended by 316 college students, teachers, and staff in charge of unification education at local governments. Participants visited China, Vietnam, and other former socialist countries to gain firsthand experience on unification issues, thereby enhancing the effect of unification education.

To cultivate children as future leaders of a unified Korea, the government organized the second cohort of teen reporters. One hundred fifty fifth- and sixth-grade student reporters were selected through online recruiting event and participated in various hands-on activities. They posted their articles about unification on a dedicated blog and online community and published an off-line newsletter.



Kick-off ceremony of the second cohort of teen reporters (April 5, 2013)

The 3<sup>rd</sup> Annual Children's Unification Story Competition was held for both teenagers and the general public. Of 774 entries, two stories received first prize. There were also four second prizes, six honorable mentions, and 20

special prizes. Also, the 18<sup>th</sup> National Student Unification Writing Contest was held from May 1 to 30, 2013. A total of 318,364 students from 4,192 elementary, middle, and high schools nationwide participated.

## ② Unification Education Visits

The government organized visits to elementary, middle, and high schools nationwide to afford them opportunities to receive professional unification education. Instructors specialized in unification education, including school instructors and North Korean defectors, visited some 650 schools, where they provided unification education for a total of 120,000 students.

## ③ Exploration and Dissemination of Best Practices

In order to disseminate best practices of school unification education, the government designated unification education model schools and, accordingly, promoted them nationwide while awarding them various teaching materials on unification. In 2013, the government recognized 64 model elementary, middle, and high schools and rendered each of them support to carry out a variety of unification education programs.

### 【Model Schools for Unification Education】

| Region      | Schools  |
|-------------|--|
| Seoul (7)   | Dongil Elementary School, Gwangnam Elementary School, Gongneung Elementary School, Sanggok Elementary School, Daemyeong Middle School, Seo Seoul Life Science High School, Yangjae High School |
| Busan (1)   | Namcheon Elementary School   |
| Daegu (2)   | Daegu Jinwol Elementary School, Daegu Il Middle School   |
| Incheon (4) | Incheon Haksan Elementary School, Hajeom Elementary School, Incheon Nam Middle School, Daechong High School  |

| Region         | Schools   |
|----------------|---|
| Gwangju (1)    | Songjeong Seo Elementary School   |
| Daejeon (4)    | Daejeon Songgang Elementary School, Daejeon Songchon Elementary School, Daejeon Yongun Middle School, Daeseong Middle School  |
| Ulsan (3)      | Wolpyeong Elementary School, Daehyeon Middle School, Beomseo High School  |
| Gyeonggi (5)   | Duil Elementary School, Tapdong Elementary School, Geumneung Middle School, Maewon High School, Pungdeok High School  |
| Gangwon (4)    | Bangsang Elementary School, Sangpyeong Elementary School, Cheolwon Girls' Middle School, Gandong High School  |
| Chungbuk (5)   | Seochon Elementary School, Sotae Elementary School, Jangrak Elementary School, Miwon Middle School, Boeun Information High School   |
| Chungnam (2)   | Daegwan Elementary School, Banpo Middle School  |
| Jeonbuk (7)    | Gochangnam Elementary School, Balsan Elementary School, Ibaek Elementary School, Jinan Bugwi Elementary School, Gunsan Jayang Middle School, Daegang Middle School, Iri Girls' High School  |
| Jeonnam (3)    | Gokseong Jungang Elementary School, Shinbuk Middle School, Haui High School   |
| Gyeongbuk (11) | Murya Elementary School, Yangbuk Elementary School, Ocheon Elementary School, Cheongha Elementary School, Hyoryeong Elementary School, Chuksanhang Elementary School, Yeongyang Jungang Elementary School, Hangnim Elementary School, Yeongchang Middle School, Gimcheon Commercial High School, Hyeonseo High School |
| Gyeongnam (3)  | Susan Elementary School, Sindeung Middle School, Gimhae Daechong High School  |
| Jeju (2)       | Namgwang Elementary School, Seogwipo Daesin Middle School   |

### 【Photo Contest to Wish for Unification at Pilot Schools】

#### “We Want Unification”

On May 31, 2013, at the photo contest dedicated to the theme “We Want Unification,” hosted along with an athletics competition, the Flower Bud Art Group of class 9 of the second year won first place. At the highly competitive contest, classes came up with photographs to which characterful phrases had been attached, showing both their creativity and their interest in unification.



In 2013, the Best Unification Education Contest, which had been held to search for and disseminate best practices in unification education offered in schools, was expanded and changed to the Research Contest for School Unification Education accredited by the Ministry of Education. Across the country, 168 teachers and education experts in elementary, middle, and high schools submitted research papers to undergo preliminary screening, evaluation, and presentation sessions. Of these, 31 participants were selected as winners and granted research points and the Education Minister Award.



Award ceremony of the first Research Contest for School Unification Education

#### ④ Workshops for School Unification Education

The government held workshops to improve school unification education jointly with four municipal and provincial offices of education for elementary, middle, and high school teachers of ethics and social studies to seek ways to revitalize unification education at schools (May 30 in Seoul, July 8 in Incheon, September 30 in Gwangju, and November 12 in Daegu). The workshop program helped teachers better understand unification policy and recognize the importance of school education on unification by directly explaining to teachers the government's policy on unification and North Korea and the



direction of unification education at schools.



Workshop to improve school unification education in Seoul in 2013

## 5 Unification Education for Undergraduate and Graduate students

In a bid to promote college-level discussions on unification, the government supported the establishment of the Unification Academy at Korea University as well as at Dongguk University, Hannam University, and Hallym University. Five times it hosted special lectures for college students about the unification environment, inter-Korean relations, the situation of North Korea, and the future vision for unification. With the aim of interesting college students in unification and helping them form a sound view on inter-Korean relations, the government held the Unification Forum at Gyeongsang National University, Myongji University, Sunmoon University, Silla University, Yeungnam University, Chonbuk National University, Jeju National University, Changwon National University, Cheongju University, Chungnam National University, Pyeongtaek University, and Hankuk University of Foreign Studies. The forum featured special lectures and seminars on unification.

From July 9 to September 2, 2013, the government hosted the 32<sup>nd</sup> College (Graduate School) Unification Thesis Contest to encourage undergraduate



and graduate students to research unification topics. Of 65 entries, there was one first prize, two second prizes, three honorable mentions, and seven participation prizes.



Award ceremony of the College (Graduate School) Unification Thesis Contest

## Section 4 Support for Unification Education for the General Public

### ① Unification Education Officials

Since 1987, the government has appointed as unification education officials people with expertise and teaching experience in the relevant issues, and supported them in their unification education activities. They each serve for two years. In 2012, the government appointed the 18<sup>th</sup> cohort of unification education officials (1,063 professionals), and organized the Central Council of Unification Education Officials, as well as 16 regional councils. For the first time, the 18<sup>th</sup> cohort included 73 overseas Koreans, from the U.S., China, Japan, and Russia.

In 2013, the officials were invited to four-session of refresher courses at the Institute for Unification Education to update their professional knowledge and hone their lecture skills. They also enjoyed access to various teaching materials, videos, and newsletters for unification education officials designed to reinforce their professionalism. In addition, a wide range of information on unification is shared via the website of the unification education officials.



Workshop of the Central Operating Committee of the Unification Education Officials (October 25, 2013)



Meeting of the Central Council of Unification Education Officials (May 21, 2013)

## 2 Regional Unification Education Centers

Since 2004, the government has designated organizations to operate as regional unification education centers to effectively carry out unification education for communities. It has also developed and administered unification education programs catering to the needs of each community. In 2013, 17 regional unification education centers nationwide provided unification education programs 2,493 times, including Unification Citizen Lectures, the School Lecture Circuit, On-site Tours, Unification Cultural Festivals, Unification Education Workshops, and the Unification Education Forum, drawing 618,632 local residents.

### 【Regional Unification Education Centers】

| Center   | Managed by   |
|--|--|
| Seoul Regional Unification Education Center          | Seoul Council of Unification Education Officials     |
| Busan Regional Unification Education Center          | Busan Council of Unification Education Officials     |
| Daegu Regional Unification Education Center          | Daegu Council of Unification Education Officials     |
| Incheon Regional Unification Education Center        | Incheon Council of Unification Education Officials   |
| Gwangju Regional Unification Education Center        | Gwangju Council of Unification Education Officials   |
| Daejeon Regional Unification Education Center        | Daejeon Council of Unification Education Officials   |
| Ulsan Regional Unification Education Center          | Ulsan Council of Unification Education Officials     |
| Gyeonggi North Regional Unification Education Center | Gyeonggi Council of Unification Education Officials  |
| Gyeonggi South Regional Unification Education Center | Gyeonggi Council of Unification Education Officials  |
| Gangwon Regional Unification Education Center        | Gangwon Council of Unification Education Officials   |
| Chungbuk Regional Unification Education Center       | Chungbuk Council of Unification Education Officials  |
| Chungnam Regional Unification Education Center       | Chungnam Council of Unification Education Officials  |
| Jeonbuk Regional Unification Education Center        | Jeonbuk Council of Unification Education Officials   |
| Jeonnam Regional Unification Education Center        | Jeonnam Council of Unification Education Officials   |
| Gyeongbuk Regional Unification Education Center      | Gyeongbuk Council of Unification Education Officials |
| Gyeongnam Regional Unification Education Center      | Gyeongnam Council of Unification Education Officials |
| Jeju Regional Unification Education Center           | Jeju Council of Unification Education Officials      |



Unification education center workshop

### ③ Unification Education Council

The Unification Education Council, established in 2000, is a consultation body of NGOs engaged in unification education. As of December 2013, the organization had 63 NGOs as members. To effectively coordinate education at the private level, the council directly organizes unification education programs that include surveys on youth awareness of unification, unification education forums, case study presentations on unification education, and a course on how to negotiate with North Korea. It supports its members' unification education programs by hosting contests to promote activities of NGOs involved in such education. In 2013, the council held 242 unification education sessions for 341,780 participants as a part of its membership support project.

### ④ Operation of the Unification Exhibition Halls

Unification exhibition halls are organized for hands-on unification education at the community level, offering local residents access to various materials on inter-Korean relations and on North Korea. As of December 2013, 13

unification exhibition halls were in operation by local self-governing bodies or private organizations. The government provides various materials for exhibitions, including videos, and special items related to North Korea. In 2013, it remodeled the worn-out facilities of the Mt. Odusan Unification Observatory as part of its efforts to improve unification education services for the general public.

### 【Unification Exhibition Halls】

| Unification Exhibition Hall           | Location                    | Managed by  | Date opened   |
|---------------------------------------|-----------------------------|---|---------------|
| Mt. Odusan Unification Observatory    | Paju, Gyeonggi-do           | Institute of Unification Education, Ministry of Unification | Sep. 8, 1992  |
| Seoul Unification Exhibition Hall     | Guro-gu, Seoul              | Seo Seoul Life Science High School                          | Oct. 29, 2008 |
| Busan Unification Exhibition Hall     | Busan Jin-gu, Busan         | Korea Freedom Federation, Busan branch                      | Jan. 30, 1989 |
| Incheon Unification Exhibition Hall   | Nam-gu, Incheon             | Korea Freedom Federation, Incheon branch                    | Dec. 15, 1994 |
| Gwangju Unification Exhibition Hall   | Seo-gu, Gwangju             | Gwangju Council of Unification Education Officials          | Mar. 10, 1989 |
| Daejeon Unification Exhibition Hall   | Yuseong-gu, Daejeon         | Daejeon Expo Science Park Corporation                       | Aug. 11, 2001 |
| Goseong Unification Exhibition Hall   | Goseong-gun, Gangwon-do     | Goseong Unification Observatory Inc.                        | Jun. 16, 1988 |
| Yanggu Unification Exhibition Hall    | Yanggu-gun, Gangwon-do      | Yanggu County Office  | Aug. 14, 1996 |
| Cheorwon Unification Exhibition Hall  | Cheorwon-gun, Gangwon-do    | Cheorwon County Office                                      | Dec. 15, 1990 |
| Cheongju Unification Exhibition Hall  | Cheongju, Chungcheongbuk-do | Cheongju Land Management Office                             | Feb. 23, 1993 |
| Chungnam Unification Exhibition Hall  | Gongju, Chungcheongnam-do   | Korea Freedom Federation, Chungnam branch                   | Apr. 5, 2007  |
| Gyeongnam Unification Exhibition Hall | Changwon, Gyeongsangnam-do  | Korea Freedom Federation, Gyeongnam branch                  | Apr. 29, 1998 |
| Jeju Unification Exhibition Hall      | Jeju-do                     | Korea Freedom Federation, Jeju branch                       | Dec. 18, 1993 |

## 5 Designation and Observance of Unification Education Week

In 2013, the government declared the last week of May as the first Unification Education Week (May 27-31) to offer opportunities to build a consensus on unification among the general public. During the week, it held a variety of unification education programs across the country in cooperation with private organizations and appropriate government agencies. The programs included the Unification Education Week declaration ceremony, a one-day lesson by the MOU officials including the Unification Minister, commemorative classes at elementary, middle, and high schools nationwide, UGC contests for kid reporters, unification camp for school parents, “talk concerts,” and other events conducted by 17 regional unification education centers, lecture tours by foreign academics, the unification education expert forum, and other events open to the general public. These programs were intended to facilitate the establishment of a foundation for peaceful unification, which is one of the Park Geun-hye government’s major administrative policy objectives, by increasing people’s interest in unification and unification education and enhancing the people’s determination and readiness for unification.



First declaration ceremony of Unification Education Week (May 27, 2013)

## ⑥ Unification Education Conducted by Specialists from Abroad

In 2013, the government introduced a unification education program involving foreign specialists in order to make unification education more effective and substantial by reflecting international perspectives on unification issues, to develop foreign unification experts, and to build networks with them. This program consists of three sub-programs: invitation of up-and-coming foreign academics for education, lectures by foreign experts as visiting professors at the Institute of Unification Education, and a nationwide lecture circuit by foreign academics. Twenty young up-and-coming academics from the U.S., China, Japan, Russia, Germany, East Asia, and other regions were invited on July 1-10 to receive unification education through special lectures, field trips, and international academic seminars. Experts from abroad were invited by the Institute of Unification Education as visiting professors and offered 86 special lectures and discussion sessions, attended by 4,989 participants in total. The first session was conducted by Professor Zhao Huji, an expert on Korean affairs at the Party School of the Central Committee of the Communist Party of China, from September 29 to October 12; the second session was by Dr. Alexandre Mansourov at SAIS, Johns Hopkins University in the U.S., from October 15 to November 14; the third session was by Professor Emeritus Lee Chae-jin at Claremont McKenna College in the U.S., from November 14 to November 30; and the fourth session was by Dr. Sue Mi Terry at the Weatherhead East Asian Institute, Columbia University in the U.S., from November 26 to December 5. The nationwide lecture circuit by foreign academics was carried out in three sessions, 21 times in total for an audience of 3,047. The first session of special lectures and seminars was hosted by Everhard Holtmann, director of the Institute of Political Science at the University of Halle, Germany, in the Jeolla region (Jeonju, Gwangju, and

Muan) on May 27- 29; the second by professor Kim Kyeong-il of Peking University, China, in the Gyeongsang region (Busan, Changwon, Jinju, Dae-gu, and Gyeongsan) on September 23-29; and the third by Kongdan Oh Hassisig, a research staff member at the Institute for Defense, the U.S., in the Chungcheong region (Asan, Cheonan, Cheongju, Daejeon, and Gongju) on December 9-13. The lecture circuit and visiting professor programs were carried out mainly for regional unification education instructors, teachers, public officials, and college students.



## Section 5 Development and Distribution of Educational Materials

### ① Teaching Materials

Each year, the government publishes new editions of *Understanding Unification Issues* and *Understanding North Korea* as basic teaching materials to promote a positive view of unification issues among the people and help them better understand the actual situation in North Korea. The 2013 editions were revised and complemented, featuring updates on North Korea and changes in the unification environment, so that readers could better understand the reality of inter-Korean relations; establish a sound view of national security, the nation, North Korea, and unification; and recognize the need for unification readiness.

The 2013 *Understanding Unification Issues* introduced the Trust-Building Process on the Korean Peninsula by explaining its background, objectives, principles, policy directions, and initiatives to promote the people's understanding of the process. This teaching material deals with the situation surrounding the Korean Peninsula and the changes in the unification environment that have resulted from the adoption of different policies towards the Peninsula by new leadership in nearby countries. In addition, it deals with issues addressed at summit talks between Korea and the U.S., Korea and China, and the U.S. and China. It also touches upon changes in the surrounding situation, such as heightened conflicts in Northeast Asia over territorial issues. The 2013 issue also added a new chapter, "Foundation of the Republic of Korea and Establishment of National Community," that introduces the founding history and development of the country, which has succeeded in achieving both extraordinary economic growth and democratization, and explains the need to build a nation-

al community on the peninsula based on this success.

The 2013 *Understanding North Korea* emphasizes the government's dual approach towards North Korea: Given ongoing political and military confrontation from the North, South Korea is constantly on guard against it. However, North Korea is also the subject of cooperation because South Korea hopes to build a national community with North Korea in the future. The material also describes the changes in the actual situation of North Korea since the emergence of the Kim Jong-un regime, and explains how the North's relations with other countries have changed since 2012. Readers can also find updates of the North's military, economy, society, and culture to gain objective and accurate information. It especially addresses the reorganization of the power structure and elites since the launch of the Kim Jong-un regime and offers insight into the holding of the 4<sup>th</sup> Conference of Party Representatives and the Supreme People's Assembly. In 2013, the government printed 100,000 copies of *Understanding Unification Issues* and the same number of copies of *Understanding North Korea*, and distributed them mainly to educational institutions where there was a high demand for them. As of December 2013, the basic materials for unification education were being used in classroom lectures at 40 universities.



2013 editions of basic teaching materials for unification education

## 2 Video Materials

In 2013, the government produced and distributed a total of 12 videos: ten for teenagers and two for the general public. The video materials addressed a variety of themes and were made in different genres to ensure that young people, who are familiar with visuals, can more easily access and understand unification issues. The materials consisted of emotional and cultural videos, music videos, and animations aimed at teenagers, rather than one-sided explanatory content, so that the younger generation can relate to unification issues naturally. They also dealt with North Korean ecosystem and cultural assets to rouse youths' interest and curiosity.

The government made special efforts to produce materials suitable for students at different grade levels. Thus, materials were further categorized into three groups: four videos (one for lower grades of elementary school, one for upper grades of elementary school, one for middle school, and one for high school students), four animations (one for lower grades of elementary school, one for upper grades of elementary school, one for middle school, and one for high school students), and two music videos (one for elementary school and one for middle and high school students).

The video materials for general use were developed and distributed to



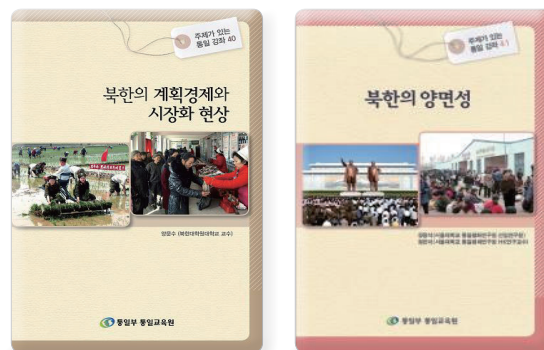
Video materials for unification education for 2013

inform the general public of the government's policies towards unification and North Korea, help people form a sound view of North Korea, and give them accurate information on the situation in the North.

### ③ Themed Unification Lectures Series

Since 2003, the government has published the Themed Unification Lectures series, which provide in-depth coverage of unification issues and other related topics. This easy-to-read series provides in-depth explanations on specific subjects and is to be used to supplement basic teaching materials, such as *Understanding Unification Issues* and *Understanding North Korea*.

In 2013, two series were published: *The North Korean Planned Economy and Marketization* (3,500 copies), which describes developments in marketization of the North's economy, and *The Double-Sidedness of North Korea* (5,000 copies), which describes differences between the regime's allegations and reality.



Themed Unification Lectures series for 2013

A total of 41 series had been published by 2013. The materials have been distributed to unification education institutes for the general public, unifica-

tion education officials and instructors, research institutes on North Korea, schools, public libraries, interested institutions and organizations, and invited participants in unification education.

#### ④ Unification Education Materials in English

The government published *Rethinking the Need for Unification* and *The Story of North Korea Told by a North Korean Refugee* in English to help the international community and Koreans living overseas gain a sound understanding of unification issues and North Korea. With a view to helping Korean teenagers living abroad recognize the necessity for unification on the Korean Peninsula, animations for elementary and junior high school students were also produced and distributed: *Hoon & Geon's Unification Adventure* for elementary school students and *One Korea* for middle school students. These English editions were also distributed, for use as reference materials, to diplomatic offices in foreign countries, communities of overseas Koreans including Korean schools, research institutes with an interest in the Korean Peninsula, the US Library of Congress, and other appropriate organizations.



Unification education materials in English for 2013

## 5 Development of Other Materials and Operation of Repository

In 2013, the government published the *Encyclopedia on North Korea* to explain key terms used in North Korea to the general public. The encyclopedia explains the origins, contents, and definitions of the selected key policies, doctrines, ideologies, institutions, events, and incidents of North Korea.

In 2011, the government began converting materials to e-book form, in order to make unification educational materials available anytime and anywhere through mobile devices. In 2013, a total of seven e-books were developed: *Understanding Unification Issues*, *Understanding North Korea*, *Encyclopedia on North Korea*, and four Themed Unification Lectures. These materials are available for download at the e-book library on the website of the Institute for Unification Education ([www.uniedu.go.kr](http://www.uniedu.go.kr)) by smart phone or tablet PC. In addition, the government enabled more people to access online education services such as Open Unification Education in 2012 and Jigsaw Puzzle for Unification in 2013. They can be downloaded at the website of the Institute for Unification Education ([www.uniedu.go.kr](http://www.uniedu.go.kr)), or from the Google Play Store and the Apple App Store.

The government also publishes UNIZINE, a monthly web magazine providing unification education materials for school officials. The web magazine posted on the website of the Institute for Unification Education is sent by e-mail to 43,000 subscribers (principals, vice-principals, and teachers) through the policy customer relationship management system (PCRM). The webzine consists mainly of discussion on key inter-Korean relations issues, unification cartoons, a calendar of major unification education programs, a Q&A about North Korea, a vivid story told by a North Korean defector teacher, “welcome to IPTV” essay, and an update of school unification education.

In 2013, the government reorganized the website of the Institute for

Unification Education and began mobile website services to attract Internet users and students to the unification education programs on those websites.

The Institute for Unification Education offers various materials on unification education and unification issues on the repository of its website. Anyone can visit the website at any time to download the materials they need. Approximately 390,000 made use of the repository in 2013.



## 【Unification Education Materials Developed in 2013】

| Classification                    | Title   | Key content  | Users   |
|-----------------------------------|---|--|---|
| Basic textbooks                   | Understanding Unification Issues  | Explains unification issues, changes involving the Korean Peninsula and the unification environment, unification policy and approach, changes in inter-Korean relations, vision and tasks for a unified nation   | Teachers and the general public   |
|                                   | Understanding North Korea   | Explains view on North Korea, its ruling ideology and political regime, foreign relations, military strategy and military power, economy and prospects, education, literature, and arts, social structure and daily life of the people                                     | Teachers and the general public   |
| Themed unification lecture series | (English edition)<br>The Story of North Korea Told by a North Korean Defector | An intellectual who fled North Korea describes living conditions, social phenomena, and the power structure of North Korea based on his direct experience  | Diplomatic offices in foreign countries, Korean schools abroad, research centers abroad, etc. |
|                                   | (English edition)<br>Rethinking the Need for Unification                      | Re-establishes logic for the need for unification based on a sound understanding of unification costs and unification cost/benefit   |   |
|                                   | The Double-Sidedness of North Korea   | Enhances the understanding of contradictory reality of North Korean society by explaining the difference between North Korea's allegations and reality   | Teachers and the general public   |
|                                   | The North Korean Planned Economy and Marketization                            | Explains the structure and characteristics of the planned economy, an economic framework for North Korea, and enhances understanding of its recent marketization   | Teachers and the general public   |
| Video materials (DVD)             | The Jindo and the Pungsan   | Describes the positive effects of unification by illustrating a puppy born from a Jindo (a representative South Korean breed) and a Pungsan (a North Korean breed)   | Elementary school students (grades 1 to 3)  |
|                                   | A Spotted Seal of Bakengyeongdo Island  | Describes the sufferings of displaced people from the perspectives of spotted seals living on Bakengyeongdo Island and suggests that unification is necessary for war-separated families to freely meet each other like spotted seals                                      | Elementary school students (grades 4 to 6)  |
|                                   | Dolmen  | Helps viewers understand the cultural homogeneity between the two countries through dolmens and acknowledge that unification is to be achieved through the same kind of cooperation and harmony required to create a dolmen  | Middle school students  |
| Video materials (DVD)             | Continental Train   | Introduces the Trans-Siberian Railroad that people took long ago with their wishes and determination for independence, and suggests that unification will afford opportunities to revitalize the economy by exploiting the geographical advantages of the Korean Peninsula | High school students  |



| Classification        | Title   | Key content   | Users  |
|-----------------------|---|---|--|
| Video materials (DVD) | Cloud Bread's Trip to the DMZ (animation)             | An animation featuring Cloud Bread, a popular character among elementary school students, shows the need for unification by illustrating the story of the DMZ and animals trapped there   | Elementary school students (grades 1 to 3)           |
|                       | Vigor of Tigers (animation)                           | A 3D animation that shows the vigor of a unified Korea through a tiger from Mt. Baekdu taking a trip around a unified Korea together with children, transcending time and space   | Elementary school students (grades 4 to 6)           |
|                       | Letters (animation)                                   | A sand animation that depicts letters being delivered by transcending time and space, to describe the situation of division and the desire for unification  | Middle school students                               |
|                       | Bigger Country, Brighter Future (animation)           | A music video animation about high school student rappers who support and oppose unification through a rap battle   | High school students                                 |
|                       | Unification Train (music video)                       | Song about the post-unification future in which people can cross the border and travel the world in a "unification train"   | Elementary school students                           |
|                       | The Future of a Unified Korea (music video)           | Song about the sufferings of national division and the positive aspects of unification from teenagers' perspectives. Emphasizes that unification will usher in a bright future if South and North Korea can be united                           | Middle and high school students                      |
|                       | Trust-Building Process on the Korean Peninsula        | Introduces the significance, directions, and tasks of the Trust-Building Process on the Korean Peninsula, a North Korea policy of the Park Geun-hye administration  | Teachers and the general public                      |
|                       | The Double-Sidedness of North Korea                   | Enhances understanding of the contradictions of North Korean society by explaining the difference between North Korea's allegations and reality   |  |
|                       | (English edition) Hoon & Geon's Unification Adventure | Traveling by train to the Future Unified Korea, Hoon and Geon stop at Mt. Baekdu Ski Resort and Panmunjeom and think about how Korea will look like after it is unified   | Korean schools and Korean Education Centers overseas |
|                       | (English edition) One Korea                           | Describes athletes of South and North Korea who become united through sports, and shows that the two Koreas need unification to overcome the sufferings of separated families, the destructiveness of diplomatic squabbling, and other problems |  |
| Reference materials   | Encyclopedia on North Korea                           | Explains 242 key terms required for encyclopedic understanding of North Korea   | Teachers and the general public                      |

2014 /

White Paper on Korean Unification

UNIFICATION WHITE PAPER

류길재 통일부장관 초청특강

# 최근 남북관계 현황과 한반도 신뢰프로세스

■ 일시: 2013년 9월 27일(금) 16:00

■ 장소: 본관 4층 대회의실



## Chapter 8

# Consolidating the Foundation for Implementation of Policies

08

- Section 1** Second Basic Plan for the Development of Inter-Korean Relations
- Section 2** Establishment of Legal and Institutional Framework
- Section 3** International Cooperation to Build Consensus on Unification
- Section 4** Communication with the General Public
- Section 5** Improved Intelligence on North Korea
- Section 6** Management and Operation of the Inter-Korean Cooperation Fund

## Chapter 8 Consolidating the Foundation for Implementation of Policies

The ROK government has endeavored to build consensus on the Trust-Building Process on the Korean Peninsula and its unification policy inside and outside Korea, so as to clear the way for the smooth implementation of policies on North Korea and unification with both domestic and international support.

The government established the Second Basic Plan for the Development of Inter-Korean Relations, which reflects administrative keynotes of the Park Geun-hye administration and the Trust-Building Process on the Korean Peninsula, with respect to the progress in improvement in inter-Korean relations and the changes on and off the Peninsula. According to the visions for the realization of lasting peace on the peninsula and the establishment of a foundation for unification, the Second Basic Plan for the Development of Inter-Korean Relations, to be in effect from 2013 to 2017 pursuant to the Development of Inter-Korean Relations Act, pursues two objectives in balanced ways: the development of inter-Korean relations and practical preparation for unification.

The government also continues to lay the legal and institutional foundation for unification. It seeks to uphold and further develop the National Community Unification Formula and build greater political capability and frameworks for unification by conducting studies on policies concerning inter-Korea integration. It also formulated unification legislation to lay down laws concerning inter-Korean integration during and after unification. Twelve laws have been amended to strengthen the legal and institutional framework for

North Korea policies and for unification.

Policies on North Korea and unification should be predicated upon the structured and scientific analysis of intelligence in order to generate substantial outcomes. The government developed a North Korea Situation Index system to support the formulation and execution of effective policies for North Korea and unification through objective analyses and predictions of the situation. It has simultaneously striven to improve intelligence on North Korea by establishing the Comprehensive North Korea Database, which is based on systematic collection of intelligence through in-depth interviews with North Korean defectors and the North Korea Open Source Center. It also operates the Information Center on North Korea to help the general public keep abreast of the actual situation in North Korea, and started to run a North Korea information portal in January 2014.

The government has striven to build consensus on the Trust-Building Process on the Korean Peninsula, which is the primary North Korea policy of the Park Geun-hye administration, through interactive communication with the general public. It has also made effort to incorporate the public's opinions on the issues of inter-Korean relations into its policies.

In regard to unification, it ramped up efforts to promote international cooperation to build consensus on unification, in the belief that this cannot be achieved without the trust of the international community. It employed many different dialogue and consultative channels, including the International Unification Strategy Dialogues and the Korea Global Forum, to induce agreement from the international community on the Trust-Building Process on the Korean Peninsula, and it carried out projects for cooperation with overseas Koreans and China experts, while effectively running the Korea-Germany Joint Consultation Committee on National Unification.

## Section 1 Second Basic Plan for the Development of Inter-Korean Relations

### ① Background

The Basic Plan for the Development of Inter-Korean Relations is a five-year mid- and long-term plan to present the vision, objective, and implementation direction of development of inter-Korean relations in order to realize co-prosperity between the two Koreas and peaceful unification on the peninsula, in accordance with the Constitution of the ROK and the Development of Inter-Korean Relations Act.

Article 13 (1) of the Development of Inter-Korean Relations Act requires that the government establish basic plans for the development of inter-Korean relations every five years. The First Basic Plan for the Development of Inter-Korean Relations was formulated in November 2007 and expired in 2012. The MOU set to formulate the Second Basic Plan for the Development of Inter-Korean Relations, which will be effective from 2013 to 2017.

Around February 2013, when the Park Geun-hye administration was inaugurated, the MOU devised the draft Second Basic Plan for the Development of Inter-Korean Relations. It incorporated the Trust-Building Process on the Korean Peninsula and the government's administrative keynotes and initiatives on the basis of the status of inter-Korean relations and changes in the domestic and international situation. Afterwards, the MOU revised the draft to incorporate opinions from various groups. It collected opinions from experts on inter-Korean issues three times from May to August 2013, and from civilian members of the Committee on Improving Inter-Korean Relations established pursuant to the Development of Inter-Korean Relations Act, and from relevant government agencies such as the Ministry of Strategy and

Finance, the Ministry of Foreign Affairs, the Ministry of National Defense, and the Ministry of Justice.

On August 21, a working-level subcommittee at the Committee on Improving Inter-Korean Relations, composed of the Vice Minister of Unification (chairperson) and high-ranking officials of other ministries (committee members), was convened to review the draft Second Basic Plan for the Development of Inter-Korean Relations. On September 25, the Committee on Improving Inter-Korean Relations composed of the Unification Minister (chairperson), vice ministers of 13 ministries, and ten civilian experts (committee members) pursuant to the Development of Inter-Korean Relations Act was convened to deliberate on the draft. Incorporating their inputs, the Unification Minister finalized the Second Basic Plan for the Development of Inter-Korean Relations on October 21.

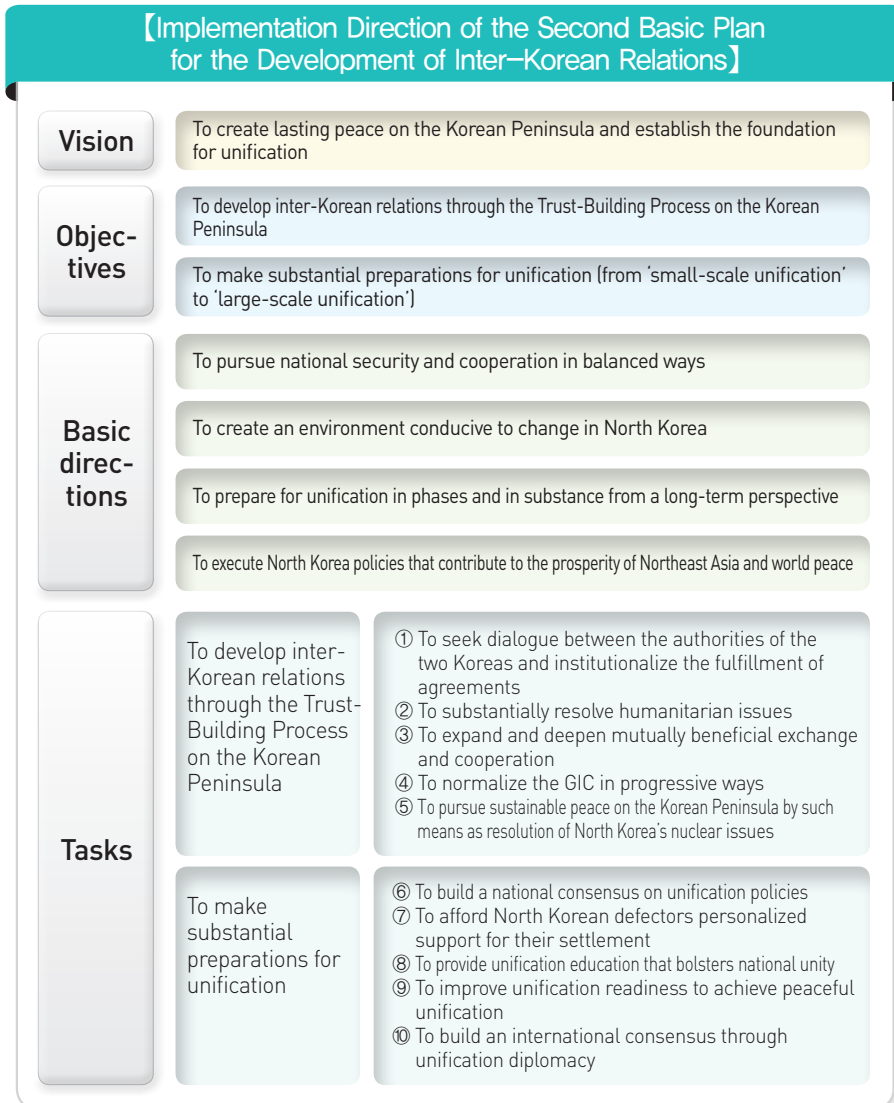
The government intended to report the finalized basic plan to the National Assembly in accordance with the Development of Inter-Korean Relations Act. However, its report was postponed due to differences between the ruling party and opposition parties over the process of establishing the basic plan.

#### 【Composition of the Committee on Improving Inter-Korean Relations】

| Chairperson (1) Minister of Unification |   |
|---|---|
| Government committee members (13)       | First Vice Minister of Strategy and Finance; First Vice Minister of Foreign Affairs; Vice Minister of Unification; Vice Minister of Justice; Vice Minister of National Defense; Vice Minister of Culture, Sports and Tourism; Vice Minister of Agriculture, Food and Rural Affairs; Vice Minister of Trade, Industry and Energy; Vice Minister of Land, Infrastructure and Transport; Vice Minister of Education; Vice Minister of Health and Welfare; Vice Minister of Environment; and First Deputy Director of the National Intelligence Service   |
| Civilian committee members (10)         | Kim Yong-seok (Chairman of policy, Peace Unification National Forum), Park Hyeong-jung (Senior researcher, Korea Institute for National Unification), Baek Jun-ki (Professor, Dept. of International Relations, Hanshin University), Eom Sang-yoon (Research fellow, National Security Strategy Research Institute of Sejong Institute), Yoo Ho-yeol (Professor, Dept. of North Korean Studies, Korea University), Lee Jeong-cheol (Professor, Dept. of Political Science and Diplomacy, Soongsil University), Jeon Jae-seong (Professor, Dept. of Politics and Diplomacy, Seoul National University), Cheong Wook-sik (Director of Peace Network), Jeh Seong-ho (Professor, Dept. of Law, JoongAng University), Joh Jeong-Ah (Research fellow, Korea Institute for National Unification) |

## ② Characteristics of the Second Basic Plan for the Development of Inter-Korean Relations

The Second Basic Plan for the Development of Inter-Korean Relations covers the principles, basic direction, and key tasks of unification and North





Korea policies of the Park Geun-hye administration. As a mid- and long-term plan, it focuses on the direction of inter-Korean relations rather than specific programs. The plan was formulated in consideration of inter-Korean relations, changes in the security situation on the Korean Peninsula, the situation in North Korea, the international strategies of surrounding countries such as the U.S., China, Japan, and Russia, and the domestic situation. It entails a balanced approach, in that it is aligned with the Park Geun-hye administration's policy tasks under the Trust-Building Process on the Korean Peninsula and sets forth tasks to develop inter-Korean relations and prepare for unification.

### ③ Highlights of the Second Basic Plan for the Development of Inter-Korean Relations

The Second Basic Plan for the Development of Inter-Korean Relations mainly entails the vision for the development of inter-Korean relations, two strategic objectives, four basic directions, and ten key tasks. Its vision is to create lasting peace on the Korean Peninsula and establish the foundation for unification. The strategic objectives are to develop inter-Korean relations through the Trust-Building Process on the Korean Peninsula and to make substantial preparations for unification. Basic directions to achieve those objectives include (i) pursuing national security and cooperation in balanced ways; (ii) creating an environment conducive to change in North Korea; (iii) preparing for unification in phases and in substance from a long-term perspective; and (iv) conducting North Korea policies that contribute to the prosperity of Northeast Asia and world peace.

Of the ten key tasks set out in the second basic plan, the first is to seek dialogue between the authorities of the two Koreas and to institutionalize the fulfillment of agreements. It involves the resolution of outstanding inter-

Korean issues and the building of trust through inter-authority dialogue, providing regular channels of dialogue, and accumulating trust through the fulfillment of agreements.

The second task is to substantially resolve humanitarian issues. Above all else, the reunions of separated families should be resumed and the issue of South Korean POWs and abductees should be discussed. The task also involves the government's continued efforts to improve the human rights situation in North Korea and continuing to render humanitarian aid to people there.

The third task is to expand and deepen mutually beneficial exchange and cooperation. It entails the establishment of exchange and cooperation compatible with international norms, the social and cultural exchange intended to restore national homogeneity, the resumption of inter-Korean economic cooperation in accordance with political circumstances, and a review of the issue of allowing for investment in the North.

The fourth task is to normalize the GIC in progressive ways. This entails resolving the issues of 3Cs and raising international competitiveness by organizing a standing consultative body between the authorities of the two Koreas.

The fifth task is to pursue sustainable peace on the Korean Peninsula by such means as resolution of North Korea's nuclear problems. It intends to seek inter-Korean and international cooperation to resolve the North's nuclear problems, create the DMZ World Peace Park, and build political and military trust to the extent that the progress in improvement in inter-Korean relations allows.

The sixth task is to build a national consensus on unification policies. The government will pursue its North Korea and unification policies with top priority on national unity and maximize publicity on succeeding and further improving the National Community Unification Formula.

The seventh task is to afford North Korean defectors personalized support for their settlement. It is intended to help them adapt to their communities while providing them with a foundation for self-support and self-sufficiency.

The eighth task is to provide unification education that bolsters national unity. As part of this task, the government provides unification education designed specifically for teenagers and the general public, establishing the groundwork for effective unification education.

The ninth task is to improve unification readiness to achieve peaceful unification. The government seeks to reinforce internal readiness for unification, establish the foundation for it, and garner support from overseas Koreans around the world.

The tenth task is to build an international consensus through unification diplomacy. The government intends to step up consultation with other countries with respect to unification of the Korean Peninsula and to strive to build an international consensus on this issue.

As demonstrated above, the Second Basic Plan for the Development of Inter-Korean Relations comprehensively proposes five tasks concerning the development of inter-Korean relations and five tasks on preparation for unification with a view toward realizing permanent peace on the Korean Peninsula and advancing inter-Korean relations.

The MOU will formulate yearly action plans to implement the second basic plan in consultation with appropriate government agencies. The implementation will be funded in principle by the Inter-Korean Cooperation Fund, and various other sources will also be explored. In cases where the second basic plan and yearly action plans need to be modified in the course of their implementation due to material changes in inter-Korean relations and surrounding countries, the second basic plan will be amended and revised through legal processes.

The government will conduct North Korea policies in a transparent and consistent manner based on the Second Basic Plan for the Development of Inter-Korean Relations. It will also seek stable development of inter-Korean relations while making substantial and effective preparations for unification on the basis of the Trust-Building Process on the Korean Peninsula.

## Section 2 Establishment of Legal and Institutional Framework

### ① Progressive Development of the National Community Unification Formula and the Integration Process

The National Community Unification Formula was first announced in a Liberation Day speech on August 15, 1994. It is intended to gradually form a unitary state in phases through reconciliation and consolidation according to the basic principles of self-reliance, peace, and democracy. Since its announcement, the formula has been inherited by previous administrations as an official unification scheme of the ROK.

Now that some 20 years have passed since its introduction, opinions have, nevertheless, persistently been voiced to the effect that the National Community Unification Formula needs to be further developed and adjusted to reflect the constantly changing situation on the peninsula and in inter-Korean relations. Furthermore, the younger generation's waning interest in and enthusiasm about unification points to the need to rekindle public determination to see unification through by revitalizing the national discussion on and broadening support for the formula.

For these reasons, the government designated “the succession and development of the National Community Unification Formula” as a government project and devised plans to extensively publicize the approach to developing the formula. In 2013, the government collected opinions on the need for development of the formula with respect to the changes in the environment from all levels of society through public opinion polls, experts, and seminars for college students. Building on those inputs, the government will set out in

2014 to publicize the direction of succeeding and developing the formula. At the same time it plans to form a broader bond of sympathy by actively gathering opinions from overseas Koreans as well.

To reinforce its practical readiness for unification, the government has carried out policy tasks in preparation for various contingencies that may arise before or after national integration. According to the project to build the foundation for inter-Korean communities that was conducted from 2010 to 2012, a road map to form communities was proposed through studies on the Three Communities Creation initiative. In addition, a variety of area-specific projects required for national integration were conducted, including projects for the development of ways to pursue cultural exchange and cooperation and the formulation of strategies to address South-North statistical discrepancies prior to unification.

In 2013, studies that had been carried out were pursued in greater depth through the project for developing and systematizing policy tasks in preparation for unification. A great number of specific projects on inter-Korean integration, such as cost/benefit analysis of unification, were implemented this year. The government will continue such studies to further build political capabilities and the foundation for unification.

## Unification Legislation

The path to unification will almost certainly be fraught with challenges, especially due to domestic and foreign political and economic conditions, relations with neighboring countries, and factors within North Korea. These problems will highly likely revolve primarily around legal and institutional issues. Considering this situation, the government has been working on the Unification Legislation Project since 2009 in order to establish an institution-

al framework specifically for enacting legislation on national integration, either during or after unification, by ascertaining the current status of and need for legislation that may arise in the process of national integration.

### (1) Unification Legislation Committee

Unification legislation can be made more systematic only through cooperation among specialists from ministries coupled with the expertise of legal specialists from the private sector. The MOU, therefore, established the Unification Legislation Committee in 2009, led by the Ministry of Unification, the Ministry of Justice, and the Ministry of Government Legislation, and joined by civilian specialists. In 2013, the efficiency and professionalism of the committee were enhanced by adjusting its composition more rationally and allowing it to convene meetings on an as-needed basis. Chaired by the Assistant Minister for Unification Policy, the committee convened four times in 2013. It helped improve the efficiency of the unification legislation project by collecting advice and opinions on policies and projects relating to unification legislation, and by sharing the results of policy research among government ministries to prevent work overlap. Compatible with the Government 3.0 concept, the government held the Unification Legislation Joint Workshop for representatives of ministries that had long had responsibility for unification, other appropriate ministries (e.g., Ministry of Foreign Affairs, Ministry of Strategy and Finance, and Ministry of Trade, Industry and Energy), and civilian specialists (Anseong, November 22-23) for the first time to create a consensus and share relevant information among ministries.



Unification Legislation Joint Workshop (November 22-23, 2013)

## (2) Symposiums for unification legislation

The government made efforts to raise awareness of the need for unification legislation and expand the scope of unification legislation. It sponsored symposiums on unification legislation, including those hosted by organizations like the Korea Society of North Korean Law Studies and the Korean Public Law Association. Since 2011, the government has supported symposiums hosted by students of the Judicial Research and Training Institute and other graduate schools, in order to raise interest in unification issues and unification legislation among young students and foster young researchers in this field. In 2013, it supported a symposium held by the Constitutional Law and Unification Law Center at the Seoul National University entitled “Issues and Challenges for Unification Legislation: Case Studies and Lessons of German Unification” (August 2013) and a symposium held by the Korea Society of North Korean Law Studies entitled “65 Years of the North Korean Regime and Changes in North Korean Laws: Inter-Korean Legislative Integration” (September 2013).

### (3) Unification Legislation Database

The government built a database to systematically gather and compile all research outcomes on unification legislation which had heretofore been scattered among government ministries and throughout academia. Up to 2011, the government had collected and sorted the results of research published inside and outside Korea and organized it into a database. It is now updated every year and distributed in CD format. In 2012, the government built an online database to enable greater accessibility and usage by the general public. In 2013, user friendliness and accessibility were further enhanced by simplifying the database's sorting function and introducing the "search within results" function. It also updated research data contained in the unification legislation database to register some 1,700 research reports in total, divided into various categories such as North Korea's legal system, legislative comparison between the two Koreas, unification legislation, and foreign case studies.



Website of the unification legislation research database (unilaw.unikorea.go.kr)



#### (4) Studies on unification legislation

The government actively commissioned policy research projects on unification legislation to identify issues for each relevant area and come up with concrete policy alternatives. In 2013, projects were commissioned for six areas including North Korea's legal system, legislative comparison between the two Koreas, and legislative integration. The government took special effort to conduct policy researches in a timely manner by identifying tasks for each area before holding the Unification Legislation Joint Workshop. Through business trips, the government collected data on the support schemes for the improvement of legislation offered by international bodies such as EBRD, as well as on the redesigning of the legal systems of transition countries.

The government will continue to establish and improve the necessary laws and institutions to cope with any uncertainties that will arise in the process of South-North integration.

### ③ Improvement of Laws

The National Assembly passed 12 amendments in 2013 concerning unification and inter-Korean relations, including the Act on Inter-Korean Confirmation of the Life or Death of Separated Families and Promotion of Exchange, the Act on Protection and Settlement Support of North Korean Refugees, the Unification Education Support Act, and the Act on the Support of Gaeseong Industrial District, thereby solidifying the institutional foundations in various areas with respect to exchanges involving descendants of separated family-members, systematic support for North Korean defectors, effective unification education for schools, and support for businesses invest-

ing in the GIC.

(1) Institutional framework for exchanges involving descendants of separated family-members

The Act on Inter-Korean Confirmation of the Life of Death of Separated Families and Promotion of Exchange was amended for the first time since its enactment (March 25, 2009). With the members of separated families aging and their mortality increasing, the need to prepare for exchanges involving descendants of separated family-members becomes higher. Thus, the government established a legal basis upon which separated families can have their gene information stored and verify their family relations after death. The Act was appropriately amended and took effect on November 23, 2013, and the new system is expected to console war-separated families even after death and help promote exchanges between the bereaved families.

(2) Foundation and expansion of support for North Korean defectors

In 2013, a wide range of bills on North Korean defectors was proposed and amended. As of December 31, 2013, 17 amendments of the Act on Protection and Settlement Support of North Korean Refugees were proposed in the 19<sup>th</sup> National Assembly, of which six bills passed the plenary sessions on July 2 and December 26.

The amendment adopted in the plenary session on July 2 provided legal grounds for fact-finding surveys on North Korean defectors with regard to their education, employment, and housing to ensure effective support for them, and to establish basic plans on them every three years. It also stipulates that specialists to provide education for them should be secured, and extends

the employment protection period for them from two to three years. According to the amendment, their national health insurance contributions are to be partially subsidized.

Another amendment of the Act was passed in the plenary session again on December 26 both to allow North Korean defectors to receive financial support in becoming farmers and to enable the North Korean Refugees Foundation to provide systematic support for defectors settling in rural areas as farmers. It also offers legal grounds to recover employment subsidies illegally received by business owners.

### (3) Improvement of support system for the GIC companies and establishment of the foundation for globalization of the GIC

The year 2013 witnessed the first suspension of operations of the GIC since its opening when North Korea unilaterally withdrew its workers from the industrial park. In response, the government formulated and implemented a variety of measures to support the GIC tenant companies. In a bid to offer more effective support in case of emergency such as the suspension of business, the government sought to amend the Act on the Support of Gaeseong Industrial District so as to be able to conduct fact-finding surveys on the GIC companies and hear from them in the process of providing the support. The amendment was promulgated on August 13 and enforced on November 14.

After the GIC came back to normal, the Act was amended to establish the foundation for internationalization of the industrial park and ensure no further interruption in business activities. Another amendment was passed in the plenary session of the National Assembly on December 26; it stipulates that a support system for foreign companies that intend to invest in the GIC

should be put in place and that the transfer of manufacturing facilities to South Korea or the installation of substitute manufacturing facilities should be allowed and supported in such events as a suspension of business.

#### (4) Improvement of unification education for schools

The amendment of the Unification Education Support Act to improve unification education for schools was adopted in the plenary session on July 2. It provides an institutional framework to make such education for schools more effective and substantial. According to the amendment, the Education Minister and other officials in charge shall make unification education a compulsory part of the curriculum of elementary, middle, and high schools, upon the Unification Minister's request. It also provides legal grounds to conduct fact-finding surveys on unification education for schools so that the actual situation of such education can be precisely ascertained at any time.

### Section 3 International Cooperation to Build Consensus on Unification

Upon its inauguration, the Park Geun-hye administration declared the establishment of the foundation for peaceful unification as one of its four policy goals. In line with the policy keynote, the ROK government determined that there was a need to make substantial preparations for unification through the improvement of readiness for unification and, relatedly, endeavored to build international consensus through unification diplomacy. Emphasizing the need for international cooperation is predicated upon the belief that the unification on the Korean Peninsula is possible only when neighboring countries lend support and cooperation.

In 2013, the international cooperation programs of the MOU were carried out mainly at three levels. First, they aimed at building an international consensus on the Trust-Building Process on the Korean Peninsula. One of the key initiatives under the Trust-Building Process on the Korean Peninsula is to seek a virtuous cycle of peaceful unification on the Korean Peninsula and peace and cooperation in Northeast Asia while actively promoting its vision that peaceful unification contributes to the prosperity of Northeast Asia and world peace. The government conducted dialogue and discussion through every possible channel, including the International Unification Strategy Dialogue and the Korea Global Forum, in order to make its vision for unification and the Trust-Building Process on the Korean Peninsula known to the international community and to canvass opinions. These channels of dialogue had been operated for neighboring countries including the U.S., China, Japan, and Russia. In 2013, they were expanded to include EU and ASEAN countries, in order to garner wider support for the Trust-

### Building Process on the Korean Peninsula.

Second, the government pushed for new international cooperation projects targeted at specific policy groups, such as overseas Koreans and China experts. Recognizing that overseas Koreans will play a pivotal role in linking their country of residence with the Korean Peninsula and consolidating the drive for national unity during unification, the government endeavored to establish unification networks with Koreans living abroad. Meanwhile, the government organized the Korea-China Consultative Expert Group to collect the opinions of experts in China. The group was intended not only to support academic seminars between Korea and China but also to discuss countermeasures and propose them to the government when pressing issues occur.

Third, the government sought to reinforce cooperation between Korea and Germany by harnessing the Korea-Germany Joint Consultation Committee, which was established through a memorandum of understanding between the Ministry of Unification and Germany in 2010. In 2013, in celebration of the 130<sup>th</sup> anniversary of establishment of diplomatic ties between Korea and Germany, both countries strived to solidify friendly ties between the two governments and conducted in-depth discussions on numerous challenges and measures that Germany experienced in the process of unification to identify implications for Korea.

### ① International Unification Strategy Dialogue

The International Unification Strategy Dialogue is a project through which officials of the Ministry of Unification visit major countries, including the U.S., China, Japan, Russia, and various European countries primarily to discuss the unification of the Korean Peninsula with their counterparts and explain policies to experts and overseas Koreans residing in the countries visited. In 2013, the

government conducted the International Unification Strategy Dialogue three times in the U.S., two times in China, and once in Japan, Russia, Europe, and Southeast Asia, respectively. In mid-May immediately after the Korea-U.S. Summit Talks, the government conducted the International Unification Strategy Dialogue in full swing, starting with the U.S.

In the U.S., the International Unification Strategy Dialogue was held three times. At the first dialogue in the U.S. held on May 13-19, the government emphasized sharing ideas on the implementation directions of the Trust-Building Process on the Korean Peninsula with the U.S. government and expert groups on the basis of the consensus on the initiative between the Presidents of the two countries. The ROK government officials met with their counterparts including officials from the Department of State and the Department of Defense and visited the National Committee on American Foreign Policy (NCAFP) and the Council on Foreign Relations (CFR) to help them understand the ROK government's policy on North Korea. They also met with the UN officials from the United Nations International Children's Emergency Fund (UNICEF) and United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) to share opinions on the Trust-Building Process on the Korean Peninsula. At the second dialogue held on November 12-17, the ROK government had in-depth discussions with officials from the U.S. Department of State about changes in foreign policy regarding North Korea and ways in which South Korea and the U.S. could cooperate. It also shared its North Korea policies and exchanged assessments on the situation in North Korea with experts at the Heritage Foundation, Koreans living in the U.S., and congressional aides. At the U.N. headquarters in New York, ROK government officials met with Secretary-General Ban Ki-moon and called for the UN to take interest in and cooperate with the government's North Korea policy and the creation of the DMZ World Peace Park. At the

third dialogue held on December 9-14, the ROK government officials attended an international symposium organized by the Korea Global Forum and the Korea Institute for National Unification, and met with personnel from the Congressional Research Service for in-depth discussion on the situation in the North in 2013, North Korea policies, and next steps for 2014.

In China, the International Unification Strategy Dialogue was held twice. As a follow-up measure to the Korea-China Summit Talks held in June, the first dialogue was held in Beijing and Changchun on July 17-20. In Beijing, ROK government officials met with personnel from the China Institute of Contemporary International Relations to assess the significance of President Park Geun-hye's visit to China and discuss ways in which the attendant improvement in ROK-China relations could enhance Beijing's support for the South's policy on North Korea. In Changchun, discussions with experts on inter-Korean issues in Jilin Province were carried out with the aim of helping experts in China better understand the Trust-Building Process on the Korean Peninsula. At the second dialogue held in Beijing on September 5-7, government officials discussed issues on the Korean Peninsula with experts from the Institute of Asia-Pacific Studies at the Chinese Academy of Social Sciences. They also attended the Korea Global Forum for China to make presentations and host a debate on the Trust-Building Process on the Korean Peninsula.



International Unification Strategy Dialogue in China



At the International Unification Strategy Dialogue held in Japan on July 8-11, meetings were organized with officials of the Japanese Ministry of Foreign Affairs and the Secretariat of the Headquarters for the Abduction Issues to provide explanations on the Trust-Building Process on the Korean Peninsula and Korea-Japan cooperation in relation to North Korea policies. The ROK government collected opinions on the situation in North Korea and North Korea policies from Korean Peninsula experts. It also provided policy briefings for Korean nationals living in Tokyo and Osaka who have keen interest in and a clear understanding of the ROK government's North Korea policies, garnering their knowledge and support for the Trust-Building Process on the Korean Peninsula.

The dialogue for Southeast Asia was held on November 4-7. It took place at a seminar in Bangkok, Thailand in alignment with overseas seminars organized by the Korea Global Forum. The ROK government officials also visited Indonesia, where the ASEAN Secretariat is located, and met officials of its Ministry of Foreign Affairs and from ASEAN to obtain their support and cooperation for the government's North Korea policies as well as for peaceful unification on the Korean Peninsula.



At the International Unification Strategy Dialogue in Southeast Asia, the government officials meet officials of the Ministry of Foreign Affairs of Indonesia

The dialogue for Europe was held in the U.K., Italy, and Belgium on November 20-28. The ROK government officials met personnel of the Red Cross and the Foreign and Commonwealth Office of the U.K., the Ministry of Foreign Affairs of Italy, and the European External Action Service. By holding meetings with experts in the U.K. and policy briefings for Korean nationals in Italy, the government made efforts to help local experts and overseas Koreans better understand its North Korea policies.



At the International Unification Strategy Dialogue in Europe, the government officials meet with the officials of the EU Directorate-General for Development

As a follow-up to the Korea-Russia Summit Talks held in November, the dialogue for Russia was held in Moscow and St. Petersburg from November 30 to December 6. Meetings with personnel of the Russian Railway Corporation were held to exchange opinions on the project to reconnect inter-Korean railways. ROK government officials also visited the Center for Korean Studies and the Institute of World Economy and International Relations (IMEMO) at the Russian Academy of Sciences and Saint Petersburg State University to discuss and exchange opinions with local experts with respect to the issues on the Korean Peninsula and the Korea-Russia cooperation plans.

## ② Establishment of a Policy Community Network with Neighboring Countries

The project to establish a policy community network with neighboring countries was introduced in 2013, with the aim of creating an environment conducive to unification on the peninsula by establishing a structured, ongoing policy network with Korea expert groups of neighboring countries. In 2013, the project concentrated on establishing the network for policy cooperation with expert groups in China.

The government carried out prior consultations to establish a policy network in Beijing and Yanji, China, from May 24 to May 27. In Beijing, the government officials met with personnel of the China Center for Contemporary World Studies to discuss Korea-China relations, recent developments on the Korean Peninsula, and views toward North Korea, and to reach agreement on the need for strategic communication. In Yanji, it was agreed to hold the Strategy Dialogue between Korea and China Specialists in cooperation with Yanbian University.

Building on the outcome of the prior consultations, the first Korea-China Expert Strategic Dialogue was held in Yanji with five Korean experts and seven Chinese experts on October 22-24. The ROK government explained the Park Geun-hye administration's Trust-Building Process on the Korean Peninsula and shared opinions with Chinese experts regarding the situation in North Korea, solutions to the North Korean nuclear problems, and development of Korea-China relations.

## ③ Establishment of the Foundation for Unification for Overseas Koreans

The project to establish the foundation for unification for overseas Koreans

is intended to raise awareness of the issue in regions where there are a great number of overseas Koreans who are less exposed to discussion on unification. It is conducted mainly for those overseas Koreans living in the former Commonwealth of Independent States (CIS), central Asia, Russia's Maritime Province, and other countries where there is little discussion of policies. The project aims to encourage those Koreans to constructively engage in the process of unification by helping them better understand the issue.

In 2013, a pilot project was carried out in Kazakhstan, which is home to about 110,000 Korean Russians and Korean residents. The ROK government supported local Korea experts with their contributions to the press in order to increase interest in unification among Koreans living in Kazakhstan. From mid-August to the end of December 2013, Korea experts contributed 16 times to four local Korean newspapers, i.e., Goryeo Daily (in Russian), and Kazakh News, Hanin Newspaper, and Hanil Daily (in Korean), with the aim of helping Korean-Russians and Korean residents take a strong and informed interest in unification. On October 12, when the ceremony to commemorate the 90<sup>th</sup> anniversary of the foundation of Goryeo Daily was held in Kazakhstan, the ROK government invited about 120 people, including Korean-Russian officials in Central Asia, other concerned Korean-Russians,



Unification policy briefing for Korean Russians in Kazakhstan (October 12, 2013)

local journalists, and students of Korean Studies at Kazakh National University to a unification policy briefing held by the Ministry of Unification in Almaty, Kazakhstan.

#### Korea Global Forum

The Korea Global Forum was held in Seoul on November 20-21. At the open meeting held on November 20, Unification Minister Ryoo Kihl-jae delivered a keynote speech and had a question and answer session with the audience. After the keynote address, in the morning session, academics from Korea, the U.S., and China (President of the Asan Institute for Policy Studies Hahm Chai-bong; Professor John Ikenberry from Princeton University; and Professor Wang Yizhou from Peking University) held a symposium entitled “Inter-Korean Relations in the Evolving Global Context.” At the afternoon session held after luncheon hosted by Ju Chul-ki, Senior Secretary to the President for Foreign Affairs of the ROK, lively discussions were held on the Trust-Building Process on the Korean Peninsula and the DMZ World Peace Park. At the Trust-Building Process on the Korean Peninsula session, the Assistant Minister for Unification Policy at the Ministry of Unification moderated the discussion, which was attended by speakers including Professor Chu Shulong from Tsinghua University, Professor David Kang from the University of Southern California, Vasily Mikheev from the Institute of World Economy and International Relations of Russia, Lars-Andre Richter from the Friedrich Naumann Foundation, and Professor Togo Kazuhiko from Kyoto Sanyo University. At the DMZ World Peace Park session, Lee Gang-woo, Director General of the DMZ World Peace Park project at the MOU, explained the importance and implementation direction of the project. The session was attended by other speakers including John Everard, former UK

ambassador to North Korea; Michishita Narushige, researcher of the National Graduate Institute for Policy Studies of Japan; Scott Snyder, researcher of the Council on Foreign Relations of the U.S.; Brendan Taylor, professor from the Australian National University; and Zhu Feng, professor from Peking University. Among the audience were ambassadors to Korea, including U.S. Ambassador to Korea Sung Kim, former and incumbent officials from about ten countries, including Korea, the U.S., China, Japan, Russia, the U.K., Australia, EU countries, and other experts.

On November 21, closed expert meetings were held about recent developments in North Korea, assessment of the government's North Korea policies, and challenges and outlook of unification of the Korean Peninsula. Public officials and civilian academics from about ten countries took part in the meetings to conduct in-depth, lively discussions.

The Korea Global Forum was first organized in 2010 along with the Korea Vision Forum. In 2012, these two international events were merged into the Korea Global Forum, which is a 1.5-track multilateral conference. It was expanded in size and scope and held more frequently in 2013. In 2012, one domestic forum and two overseas seminars in the U.S. and China were held. In 2013, in addition to one domestic forum, four seminars were held in the U.S., China, Japan, and Southeast Asia to collect opinions on the Trust-Building



2013 Korea Global Forum in Korea (November 20, 2013)

Process on the Korean Peninsula of the Park Geun-hye administration from various regions.

The Korea Global Forum was held overseas four times in 2013. The forum in Japan was held in Tokyo on July 9, for China in Beijing on September 6, for Southeast Asia in Bangkok on November 5, and for the U.S. in Washington on December 10. At each forum, high-ranking officials from the Ministry of Unification read a congratulatory address on behalf of the Unification Minister and presided over discussions on the principles and plans for the Trust-Building Process on the Korean Peninsula, while local experts presented their opinions on the situation in North Korea and cooperation approach of the international community. It is notable that the overseas forum for Southeast Asia (Bangkok) held on November 5 was first introduced in 2013. The ROK government invited people concerned from regional offices of the United Nations for Asia to Bangkok, where the various UN agencies such as the WFP, IFRC, and UNDP are stationed, to enhance their understanding of the Trust-Building Process on the Korean Peninsula. It also carried out in-depth discussion on the situation in North Korea, aid for the North, and cooperation plans on human rights in North Korea with UN personnel who deal with humanitarian activities for North Korea.



Korea Global Forum in Bangkok (November 5, 2013)



## Korea–Germany Joint Consultation Committee

The Korea–Germany Joint Consultation Committee was created through the conclusion of a memorandum of understanding with the Federal Ministry of the Interior of Germany in 2010. Starting with the first meeting in Seoul in 2011, the second meeting was held in Berlin, Germany, in 2012. The third meeting was held at the Plaza Hotel in Seoul on June 27–28, 2013.

The third meeting, held in 2013, was moderated by the Assistant Minister for Unification Policy of the Ministry of Unification on the Korean side and attended as advisors by Sung Nak-in, professor of law, Seoul National University; Ahn Du-sun, emeritus professor of economics, University of Seoul; Yoo Ho-yeol, professor of North Korean studies, Korea University; Lee Gak-beom, emeritus professor of business, Korea Advanced Institute of Science and Technology; Lee Eun-young, professor at the Law School of Hankuk University of Foreign Studies; Jeong Jong-wook, chairman of the Central Commission of the Unification Education Council; Choi Wan-kyu, president of the University of North Korean Studies; and Hong Yang-ho, chairman of Kaesong Industrial District Management Committee. Among the specially invited experts were Song Tae-soo, professor of the Employment and Labor Training Institute at the Korea University of Technology and Education; and Kim Young-hoon, head of the Department of Global Cooperation Research at the Korea Rural Economic Institute.

On the German side, Jörg Bentmann, head of the Division of New Federal States at the Federal Ministry of the Interior, moderated the meeting. Among the advisors were Rüdiger Pohl, former director of the Halle Institute for Economic Research; Richard Schröder, former floor leader of the Socialist Democratic Party of East Germany; Johannes Ludewig, former Representative Agent for the New Federal States; Karl Heinz Paqué, former Finance



Minister of Saxony-Anhalt; and Klaus-Dieter Schnapauff, former director of the Interior Ministry. In addition, Detlev Hammann, president of the German Land Use and Management Company and Ken-Peter Paulin, former director of Treuhandanstalt (Trust Agency), were specially invited to attend the meeting.

At the third meeting in 2013, panels discussed the property ownership issue in the process of German reunification and privatization of East German businesses. On June 27, speakers talked about the “meaning of ownership in the process of reunification and transition,” “privatization of agricultural land and forestry,” and “handling of properties of political parties and public organizations of East Germany”. On June 28, they discussed the “request for return of former ownership” and “privatization of East German businesses.” In 2013, at the Korea-Germany Joint Consultation Committee meetings, Korean and German committee members discussed specialized subjects in an effort to identify implications and commonalties between the two countries with respect to privatization in the unification process. The MOU also held events in commemoration of the 130<sup>th</sup> anniversary of the establishment of ROK-Germany diplomatic ties and the 50<sup>th</sup> anniversary of sending Korean miners and nurses to Germany.

Meanwhile, working-level meetings to evaluate the third meeting held in June and prepare for the fourth meeting were convened on September 23-24 in Berlin. Matters concerning pension schemes and medical and unemployment insurance, which had not been covered at the third meeting, were also discussed. The working-level meetings were led by Ahn Du-sun, emeritus professor, the University of Seoul, and attended by Yoon Seok-joon, professor of the Department of Preventive Medicine at Korea University; Jeong Jae-gak, director of the Center for Local Autonomy at Hanyang University; Yoon Seok-myeong, head of the Research Center for Pension of the Korea

Institute for Health and Social Affairs; and Park Myeong-joon, assistant research fellow of the Korea Labor Institute, along with the head and other officials of the Foundation Building Division under the MOU, and the unification attaché in Germany, among others. On the German side, Jörg Bentmann, head of Division of New Federal States at the Federal Ministry of the Interior, and a director and officials from the relevant division participated in the working-level meetings. Both countries recognized that the third Korea-Germany Joint Consultation Committee meeting as a success and agreed to strive to make the fourth meeting successful through active mutual cooperation.



Third Korea-Germany Joint Consultation Committee meeting

## Publication of German Reunification Series

In 2010, which was the 20th anniversary of the unification of Germany, the Ministry of Unification concluded a memorandum of understanding with the Federal Ministry of Interior of Germany. In accordance with the shared belief that it is imperative for Korea to prepare for unification, it was agreed that materials pertaining to Germany's unification and integration would be

transferred to Korea.

In 2010, the Ministry of Unification commissioned a team led by Free University of Berlin to start transferring public documents on Germany's unification and integration. As of 2013, a total of 34 books (excluding appendices) covering all fields such as defense, finance, and social and welfare were passed over to Korea. In 2011, the MOU began to have those documents translated into Korean in order of their relevance and importance.

Starting in 2013, the MOU focused on publishing German books on reunification in a series to derive lessons for each field from Germany's unification and integration. Writings of experts from the Korea Institute of Defense Analyses, the Korea Institute of Public Administration, and the Korea Research Institute for Human Settlements, the list of documents provided by Germany, and their translations were all compiled into four volumes: *German Reunification Series I: Policy Documents for Military*; *German Reunification Series II: Policy Documents for Public Administration*; *German Reunification Series III: Policy Documents for Reconstruction of Infrastructure of Former East Germany*; and *German Reunification Series IV: Policy Documents for Institutions (Special Officer) and Policies for Reconstruction of Former East Germany*. These series were distributed to public libraries and research centers, the National Assembly, the executive branch, and other rel-



German Reunification Series

evant agencies. They will be used as basic materials for government agencies and research institutions concerned with unification.

## Other International Cooperation

The government has exerted efforts in many ways to increase international cooperation for unification. To help enhance understanding of the Trust-Building Process on the Korean Peninsula, which is the North Korea policy of the Park Geun-hye administration, over 10,000 copies of explanatory booklets were published in English, Chinese, and Japanese to be distributed to diplomatic missions abroad and key foreign figures and institutions in Korea, including embassies. Policy briefings for diplomats in Korea were carried out for ambassadors of EU countries in May and working-level embassy officials in Korea in July to enhance understanding of and support for the government's North Korea policy. A national security tour was also carried out in November for concerned embassy officials in Korea in order to publicize the government's policies.

In the meantime, the MOU continued to arrange meetings between key foreign figures visiting Korea and the Minister, Vice Minister of Unification, or other MOU officials. Among the key figures from abroad who met with the Unification Minister the during their stay in Korea included Joseph Yun, Acting Assistant Secretary for the Bureau of East Asian and Pacific Affairs of the U.S.; Tang Jiaxuan, former State Councilor of China; U.S. Senator Bob Corker; Charles Rangel, Member of the U.S. House of Representatives; George Schwab, President of the National Committee on American Foreign Policy (NCAFP) and his entourage, and Liu Zhenmin, Chinese Vice Foreign Minister. Ambassadors of the U.S., Japan, Russia, the U.K., France, Germany, Australia, EU countries, and other countries stationed in Korea

also visited the Minister of Unification to exchange views and opinions on outstanding issues of the Korean Peninsula and means of cooperation.

Other key figures from various countries also met with the Vice Minister of Unification and key assistant ministers and director generals of the MOU to discuss the ROK government's policies on unification and North Korea. Among them were Glyn Davies, the Special Representative of the U.S. Secretary of State for North Korea; Clemens von Goetze, Director of the German Foreign Affairs Ministry; Margot McCarthy, Australia's National Security Advisor; Torgeir Larson, Norwegian Deputy Minister of Foreign Affairs; and Jim Marshall, President of the United States Institute of Peace (USIP).

## Section 4 Communication with the General Public

The government made various communication efforts to build a public consensus on the Trust-Building Process on the Korean Peninsula and help people better understand the issues of inter-Korean relations.

First, it strived to obtain more active support for the Trust-Building Process on the Korean Peninsula, which is the new North Korea policy of the Park Geun-hye administration.

It also reported precise facts and explained the government's positions on outstanding issues of inter-Korean relations, which helped to resolve conflicts within South Korea and unite public opinion. Through statements of the Unification Minister and briefings of the MOU spokesperson, the government kept the general public updated on pressing issues of inter-Korean relations, such as the North's unilateral suspension of the GIC, abortions of the inter-authority talks and the reunions of war-separated families. It also actively communicated with opinion leaders and relevant organizations to take public opinions into consideration and maximize momentum to execute policies.

### ① Popular Participation and Collection of Public Opinions

#### (1) Policy dialogue with all social standings

The government made multi-pronged efforts to effectively communicate with the general public to create consensus on the government policies on unification and North Korea and achieve national integration. It collected

opinions from key figures from all levels of society including the leaders of society on an as-needed basis and incorporated them into policies.

To that end, upon inauguration of the Park Geun-hye administration, a policy advisory committee was organized to include experts in six fields: unification policy, humanitarian aid, political situation analysis, exchange and cooperation, South-North talks, and unification education so that policies can be pursued based on practical and effective advice. In addition, it listened to senior members of society, including religious leaders, regarding the development of inter-Korean relations on an as-needed basis.

It also strived to engage the general public in interactive dialogues. The Unification Minister and Vice Minister delivered lectures and held meetings about 80 times nationwide with specialists, college and graduate students, and the general public to explain inter-Korean issues and unification and North Korea policies and heard their opinions.

To facilitate communication with policy customers for each field, the government engaged in dialogue on an as-needed basis with the Association of the GIC Companies, the Council of Mt. Geumgang Businesspeople, and the Korea NGO Council for Cooperation with North Korea, heard their concerns, and discussed ways of providing support.

The government sought to promote unification campaigns among citizens in cooperation with private unification campaign organizations. It established permanent cooperation channels with various organizations involved with unification, including the Korean Council for Reconciliation and Cooperation and the National Council for Unification to gather their opinions through meetings and reflect them in the processes of formulating and executing policies.

## (2) Public opinion polls

The government conducted quarterly public opinion polls to monitor the public's views on the Trust-Building Process on the Korean Peninsula and unification, as well as issues of inter-Korean relations. According to the poll conducted in December 2013, an overwhelming majority of the public (80.1%) supported the Trust-Building Process on the Korean Peninsula. It also showed that huge majorities supported the government's positions on key issues, including the internationalization of the GIC (76.1%) and the creation of the DMZ World Peace Park (75.2%). The people's interest in and desire for unification were maintained at constant levels. The poll conducted in December 2013 showed that 83.0% of respondents were interested in unification and that 82.0% wanted it. However, those in their 20s showed somewhat lower interest (76.4%) and desire (75.3%).

To sum up the 2013 poll results, the general public strongly supports the Trust-Building Process on the Korean Peninsula and the government's stance on pressing issues of inter-Korean relations; they maintain a certain degree of desire for unification, but the younger generation takes somewhat less interest in the issue.

## Two-Way Communication

### (1) Off-line communication

The government published and distributed 25,000 copies of explanatory booklets and 60,000 copies of leaflets on the Trust-Building Process on the Korean Peninsula (August 21, 2013). It also distributed the booklets and electronic books to about 73,000 policy customers of the MOU through its



policy customer relationship management system. English, Japanese, and Chinese versions of them were published and distributed to obtain support from the international community.



Booklet on the Trust-Building Process on the Korean Peninsula



Leaflet on the Trust-Building Process on the Korean Peninsula

It also had information on the Trust-Building Process on the Korean Peninsula aired by public and cable TV networks 108 times from September 16 to October 17, and carried ads in buses and subway trains from August 21 to September 20.

## (2) Online communication

As regular online communication channels with the general public and the international community, the government operates the main website of the MOU ([www.unikorea.go.kr](http://www.unikorea.go.kr)), its English website (<http://eng.unikorea.go.kr>), the website of the South-North Talks Headquarters (<http://dialogue.unikorea.go.kr>), the website of the Institute for Unification Education ([www.uniedu.go.kr](http://www.uniedu.go.kr)), and the website of the Information Center on North Korea (<http://unibook.unikorea.go.kr>). These websites allow the public to readily access information and materials on the government's policies on unification and

inter-Korean relations, and information on North Korea.

The government greatly improved its online communication capability by making the main website of the MOU much more user-friendly and accessible, in alignment with the policy principles of the Government 3.0 (December 13, 2013) and by opening a Chinese website (<http://cn.unikorea.go.kr>) introducing the government's policies on unification and North Korea to China, an important neighbor to the Korean Peninsula (December 20, 2013).



Main website of the MOU



Chinese website of the MOU



Micropage to publicize the Trust-Building Process on the Korean Peninsula



The government also carried out various web-based activities to encourage the younger generation to take interest in unification and relevant policies. A micropage to publicize the Trust-Building Process on the Korean Peninsula ([www.trustprocess.kr](http://www.trustprocess.kr)) was opened (August 21, 2013) and two-way commu-

nications such as promotional events were carried out, attracting 428,876 visitors between August 21 and October 17 (daily average of 7,524 persons), of which 4,044 people participated in the events.

It also drew sympathy from the younger generation by running a blog called “Dream for a Unified Korea,” where college student reporters’ groups cover and post their articles. In May 2013, the sixth cohort of student reporters’ group was launched, consisting of 33 students, including one North Korean defector and one Russian studying in Korea. They met once every month to discuss contents, and posted a total of 490 articles explaining the Trust-Building Process on the Korean Peninsula and other policies on the Dream for a Unified Korea blog. By November, the cumulative number of visitors exceeded two million.



Dream for a Unified Korea blog



Regular meeting of the college student reporters' group

The government sought to expose the young generation to the Trust-Building Process on the Korean Peninsula through online banner ads on Internet portal sites and the websites of major newspapers. Reinforcing promotional effects through a variety of SNS channels, such as Facebook, Twitter, Me2day and Kakaotalk, the government also encouraged the voluntary participation of young people through events called “Spread story

about the Trust-Building Process on the Korean Peninsula” and “Send proof photos of promotional materials.”

### (3) Internet unification broadcasting service

The government is currently running the Internet Unification Broadcasting Service, seeking to build a public consensus on unification issues by promoting a proper understanding of inter-Korean relations and unification policies.

In February 2013, the Internet Unification Broadcasting Service reorganized its programs to include more visual content that piques viewers’ interest. It produced and aired three new programs to raise the general public’s interest in and awareness of unification: *Uni News*, a weekly program that reports on key issues of inter-Korean relations for the week; *Korean Peninsula Now*, a program that analyzes the situation in the North and the political circumstances of the Korean Peninsula; and *Uni Focus*, a documentary dealing with history and culture as they relate to unification. It also planned and produced its own programs to publicize the Trust-Building Process on the Korean Peninsula, and to convey major speeches and messages of the Unification Minister with the aim of helping the general public better understand the government’s policies on unification.

As its transmission platforms, the Internet Unification Broadcasting Service operates its own website (<http://unitv.unikorea.go.kr>; and [munitv.unikorea.go.kr](http://munitv.unikorea.go.kr) for mobile devices) and a YouTube channel (<http://youtube.com/mouni-korea>). In 2013, 395 videos were broadcast, and they recorded 330,000 hits.

The government seeks to further develop and increase the use of the Internet Unification Broadcasting Service in response to rising indifference

and negative views on unification. To that end, the government secured the budget and human resources for the broadcast service, and commissioned institutions to conduct studies on its development.

The government will continue its efforts to raise awareness of unification and ensure that the general public readily accesses information and policies on unification and inter-Korean issues through media outlets, including the Internet.



Uni News of the Internet Unification  
Broadcasting Service



Production at the Internet Unification  
Broadcasting Service

## Section 5 Improved Intelligence on North Korea

### ① North Korea Situation Index

Since 2010, the MOU has worked to develop a North Korea Situation Index, which integrates quantitative analysis with qualitative assessment, to support objective analyses and predictions of the North Korea situation.

In 2013, it started to compute and use index values based on the North Korea Situation Index model developed from 2010 to 2012 according to various methodologies, such as statistical researches, surveys of North Korean defectors, surveys of experts, and analysis of North Korean document.

The MOU used a simplified model that contains only representative key indicators, so that indices can be calculated promptly and utilized more frequently.

The systematic and scientific index system enabled better forecasting of the situation in North Korea, resulting in more effective formulation, execution, and support of unification and North Korea policies.

### ② Collection and Management of North Korean Intelligence

#### (1) In-depth interview with North Korean defectors

The growing number of North Korean defectors arriving in South Korea since the 1990s and the rise in South Korean visitors to North Korea as a result of increased exchanges with the North have led to a diversification of North Korean information sources. Thus, it became necessary for the

government to manage information gathered from various new sources in a more systematic way.

In 2010, the government developed a standard questionnaire to effectively gather information on the industries and geography of different regions in North Korea. The questionnaire was used to collect information through in-depth interviews with 2,052 North Korean defectors and South Korean nationals visiting North Korea. Concurrently with ongoing improvement of the standard questionnaire, in-depth interviews were conducted for 1,521 persons in 2011, 1,526 persons in 2012, and 1,073 persons in 2013. Altogether, information was gathered from 6,172 people and entered into the Comprehensive North Korea Database.

**【Interview Statistics by Year and Interviewee】**

| Year                                       | 2010         | 2011         | 2012         | 2013         | Total        |
|--|--------------|--------------|--------------|--------------|--------------|
| Number of North Korean defectors           | 1,712        | 1,424        | 1,426        | 1,073        | <b>5,635</b> |
| Number of South Koreans visiting the North | 340          | 97           | 100          | —            | <b>537</b>   |
| <b>Total</b>                               | <b>2,052</b> | <b>1,521</b> | <b>1,526</b> | <b>1,073</b> | <b>6,172</b> |

The information on the industries and geography of different regions in North Korea entered into the Comprehensive North Korea Database was used to conduct time-series analysis of the trend of changes and to ascertain the situation in the North, greatly improving the government's ability to analyze relevant intelligence. The information on each region in the North will also be valuable when devising unification policies and in the process of post-unification integration.

## (2) Operation of the North Korea Open Source Center

The North Korea Open Source Center (NKOSC) was established in February 2012 to enhance the government's ability to analyze the situation in the North and establish a framework to gather intelligence. It is used to collect open information on North Korea from key countries with influence on the Korean Peninsula including the U.S., China, Japan, and Russia.

The NKOSC collects and analyzes relevant statements by key government officials and experts, press releases, and news articles from those countries on a daily or an as-needed basis.

Public information is provided to the government, the National Assembly, and appropriate institutions to be used to define the situation on the Korean Peninsula and neighboring countries.

The NKOSC will enable more dynamic and accurate analysis of the situation and the formulation of North Korea policies by collecting public information on North Korea from key countries and the international community, and providing the information to appropriate entities.

## ③ Establishment of the Comprehensive North Korea Database

Building on the outcome of a study commissioned in 2010 on strategic plans for informatization, the government has set out since 2011 to develop a three-part Comprehensive North Korea Database (i.e., general data, Who's Who, and industry and geography of North Korea) according to a phased plan.

In 2011, the first year of the phased plan, an information system was built to manage and utilize, in a systematic way, general data of North Korea (original North Korean texts, materials available in Korea and abroad, analysis reports, etc.) and information on Who's Who in the North. In 2012, the

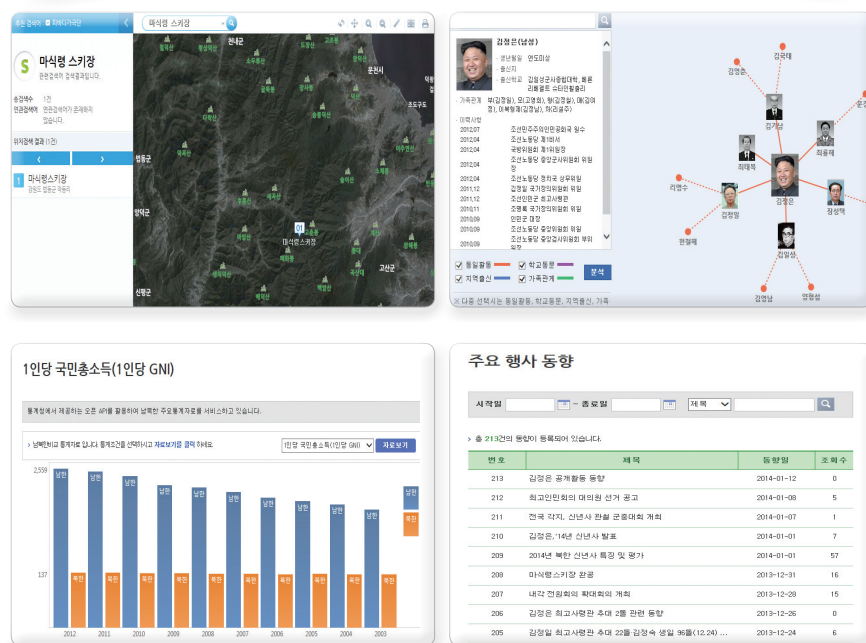


second year of the plan, a geographic information system was built, linking North Korea's topographical information (2D and 3D) and more than 300,000 case files of industrial and geographical information. An information system presenting key statistics in visual, dashboard<sup>1)</sup> form was also developed.

In 2013, the last phase of the project to establish the Comprehensive North Korea Database, the North Korea information portal system (<http://nkinfo.unikorea.go.kr>), which can be accessed by the general public, was built and opened in January 2014.

The North Korea information portal systematically sorted the information

### 【North Korea Information Portal】



1) An on-line user interface that allows various information to be searched for and shown centrally on the screen

available for the general public in the Comprehensive North Korea Database that had been built by 2012. The portal provides a variety of information on North Korea by subject, such as politics, military, economy, society, education, and culture, along with relevant trends, maps, and news articles.

The Comprehensive North Korea Database is a single channel for the provision of a broad range of information on North Korea, enhancing the quality of information services on North Korea.

#### ④ Operation of the Information Center on North Korea

The MOU opened the Information Center on North Korea in May 1989 to make information on North Korea available to the public, thereby helping it to better understand North Korea. The Information Center on North Korea (situated within the National Library in Seocho-gu, Seoul) has a total of 103,955 North Korea-related materials, including 72,000 books, 12,000 periodicals, 3,000 file records, 8,200 audio and video materials, and 6,700 publications of the MOU.

#### 【Original North Korean Materials held by Information Center on North Korea】

| Type of materials   | Book   | Periodical | Audio visual material | Non-book material | Total  |
|---------------------|--------|------------|-----------------------|-------------------|--------|
| Number of materials | 19,526 | 4,549      | 5,560                 | 1,435             | 31,070 |

\*As of December 31, 2013

The center also organizes colloquiums on the current status of North Korea with unification and North Korea experts, college students, members of relevant organizations, and North Korean defectors, offering a venue for free discussion. In 2013, the center organized 60 colloquiums attended by 6,179

participants. In past years (1989-2013), a total of 734 meetings have attracted about 76,000 participants.

The center maintains a collection of about 2,300 North Korean films. Selected films were shown once a month since March 1990; but recently, the center changed its policy to allow visitors to watch North Korean films anytime during opening hours. Since 2006, movies have been shown at eight other locations throughout the country including Mount Odusan Unification Observatory and the Unification Exhibition Halls in Seoul, Incheon, Changwon, Jeju, Busan, and Gwangju. In 2013, North Korean films were shown 1,035 times to about 90,000 viewers. Between 1990 and 2013, there were about 11,500 screenings for about 1.5 million viewers.

To encourage users to take greater advantage of available North Korean materials, the center introduced several new features of its online service system: a radio-frequency identification system (RFID), a database of original texts, a state-of-the-art search engine, mobile web service, short messaging service, improved web accessibility on its website, digital archives, and electronic library and My Library service. In 2013 alone, 312 items were produced in e-book format. This brings the total number of e-books produced between 2000 and 2013 to 3,159, which users can browse anytime, anywhere.

The center also offers wide-ranging information on its website (<http://unibook.unikorea.go.kr>), including the TV schedule of North Korea's Korean Central News Agency, and introductions to North Korean movies and cartoons. The number of website users has steadily risen over the years, exceeding 1.1 million in 2013.

Meanwhile, the center concluded agreements with several research institutes and organizations for exchange of information and materials. As of December 2013, it had formed partnerships with the National Assembly Library

and 18 other organizations.



Information Center on North Korea



Website of the Information Center on North Korea (unibook.unikorea.go.kr)

## Section 6 Management and Operation of the Inter-Korean Cooperation Fund

### 1 Inter-Korean Cooperation Fund Revenue

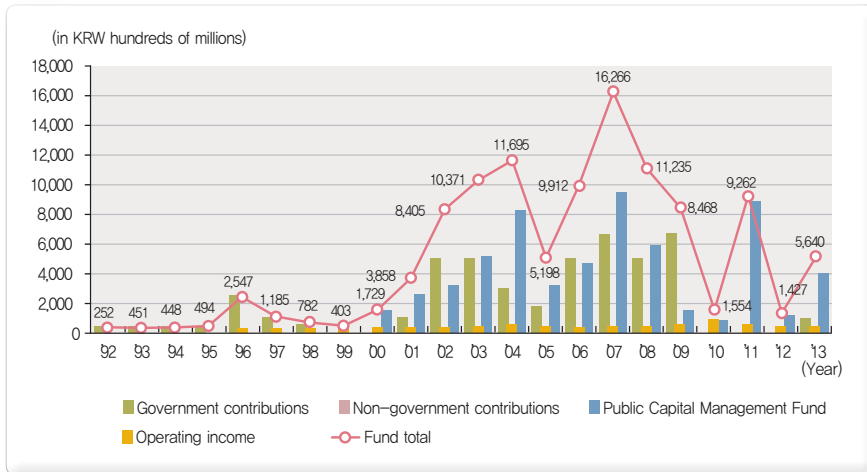
Of the revenue of KRW 1.8251 trillion planned for 2013 Inter-Korean Cooperation Fund, KRW 1.7438 trillion had been received by the end of December 2013. In 2013, KRW 105.5 billion was raised by government contributions to repay the interest on deposits from the Public Capital Management Fund established for the light-water reactor project. Another KRW 530 billion was received from the Public Capital Management Fund to repay the principal. A total of KRW 934.9 billion was received in recovered surplus funds (KRW 124.9 billion from banks, KRW 810 billion from non-banking financial institutions) and KRW 173.4 billion in other revenues.

#### 【Revenue of Inter-Korean Cooperation Fund】

(in KRW hundreds of millions)

| Revenue \ Year                                   | 2009          | 2010          | 2011          | 2012          | 2013          |
|--|---------------|---------------|---------------|---------------|---------------|
| Government contributions                         | -             | -             | -             | 1,128         | 1,055         |
| Deposits from the Public Capital Management Fund | 810           | 8,750         | 1,044         | 4,000         | 5,300         |
| Recovered surplus funds                          | 10,537        | 10,042        | 9,336         | 9,410         | 9,349         |
| Others   | 894           | 741           | 570           | 694           | 1,734         |
| <b>Total</b>                                     | <b>12,241</b> | <b>19,533</b> | <b>10,950</b> | <b>15,232</b> | <b>17,438</b> |

## 【Inter-Korean Cooperation Fund over Time】



## ② Inter-Korean Cooperation Fund Expenditures

In 2013, KRW 1.979 trillion was allocated to various inter-Korean cooperation projects, KRW 651.5 billion for repayment of principal and interest on the Public Capital Management Fund, KRW 70.4 billion for the operation of surplus funds, and KRW 5.3 billion for payment of management expenses. As of the end of December 2013, out of the KRW 1.979 trillion allocated to projects, KRW 295.8 billion had been disbursed (26.9% of planned expenditures).

By project, KRW 2.1 billion was spent on the compilation of the *Big Dictionary of the Korean People's Language* (Gyeoremal-Keunsajeon) in the social/cultural cooperation category. The government has since 2005 supported this project, which is carried out by the Joint Board of South and North Korea for the Compilation of Gyeoremal-Keunsajeon, to provide language standards for a unified Korea and restore linguistic homogeneity between the two

Koreas. As of December 31, 2013, around 195,000 vocabulary words had been identified and 300,000 entries selected, marking 66% of the project completed.

A total of KRW 2.1 billion was disbursed for 31 projects for separated families including support for the production of video messages. For humanitarian projects, KRW 13.2 billion was disbursed for two projects, including aid to North Korean infants and children provided by UNICEF and WHO.

In inter-Korean economic cooperation, a total of KRW 194.1 billion was spent on 307 projects, including KRW 177.1 billion in policy benefits for 199 economic cooperation project cases incurred due to the suspension of the GIC, and KRW 14.3 billion for the construction of the Center for the Future Unified Korean Peninsula. As the suspension of the GIC falls under the risk of non-performance of agreements among the collateral risks set out in the South-North Cooperation Fund Regulations, with the result of constituting a claim event, the government supported the policy benefit arising from inter-Korean economic cooperation projects.

For GIC support, a total of KRW 84.3 billion was disbursed, i.e., KRW 9.6 billion to build infrastructure for GIC facilities through 16 projects as well as KRW 74.6 billion in 115 operational loans. To support the GIC companies affected by the North's unilateral restrictions of entry to and suspension of the GIC, loans for special economic exchange cooperation funds (KRW 55.5 billion) were extended. Funds were also used to repair commuter roads (KRW 1.6 billion).

Meanwhile, to repay the Public Capital Management Fund deposit related with the light-water reactor project, an additional deposit was taken out of the Public Capital Management Fund, increasing the amount of principal by the amount of interest due. As of the end of December 2013, a total of KRW 105.5 billion was received in government contributions to repay interest on

the deposit. A total of KRW 638.8 billion was used to repay the principal and interest on the Public Capital Management Fund, including the KRW 530 billion in principal.

### 【Inter-Korean Cooperation Fund Expenditures】

(in KRW hundreds of millions)

| Expenditure \ Year  |                                   | 2009          | 2010          | 2011          | 2012          | 2013          |
|---|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Inter-Korean projects   | Social/cultural exchanges         | 30            | 21            | 26            | 23            | 21            |
|   | Humanitarian issues               | 315           | 212           | 103           | 28            | 153           |
|   | Inter-Korean economic cooperation | 356           | 497           | 179           | 457           | 1,941         |
|   | Gaeseong Industrial Complex       | 299           | 133           | 119           | 185           | 843           |
|   | Subtotal                          | 1,000         | 863           | 427           | 693           | 2,958         |
| Repayment of principal and interest on Public Capital Management Fund |                                   | 1,159         | 9,305         | 1,086         | 5,161         | 6,388         |
| Operation of surplus funds  |                                   | 10,042        | 9,336         | 9,410         | 9,349         | 8,062         |
| Management expenses   |                                   | 39            | 29            | 27            | 29            | 30            |
| <b>Total</b>  |                                   | <b>12,240</b> | <b>19,533</b> | <b>10,950</b> | <b>15,232</b> | <b>17,438</b> |





2014 /

White Paper on Korean Unification

# UNIFICATION WHITE PAPER



# Appendix

I . Key Statistics

II . Statistics on the Inter-Korean Cooperation Fund

## I. Key Statistics

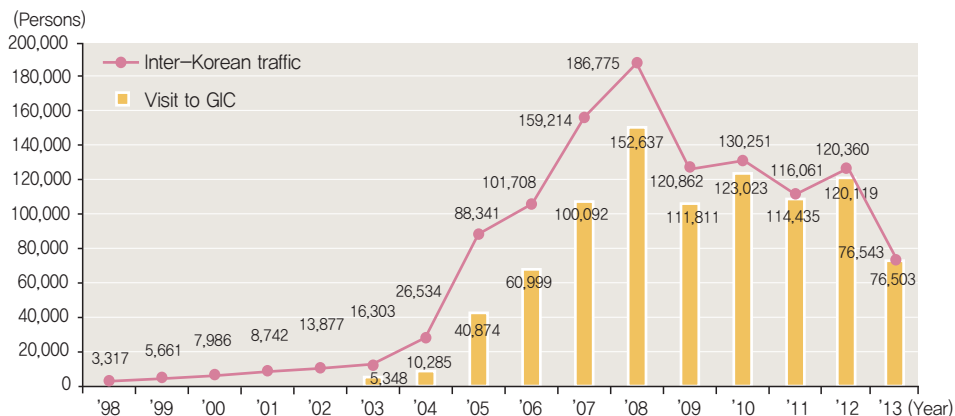
### ① Inter-Korean Traffic

#### ① Number of people traveling between South and North Korea

| Classi-<br>fication \ Year | '89~'00       | '01          | '02           | '03           | '04           | '05           | '06            | '07            |
|----------------------------|---------------|--------------|---------------|---------------|---------------|---------------|----------------|----------------|
| South → North              | 18,601        | 8,551        | 12,825        | 15,280        | 26,213        | 87,028        | 100,838        | 158,170        |
| North → South              | 1,343         | 191          | 1,052         | 1,023         | 321           | 1,313         | 870            | 1,044          |
| <b>Total</b>               | <b>19,944</b> | <b>8,742</b> | <b>13,877</b> | <b>16,303</b> | <b>26,534</b> | <b>88,341</b> | <b>101,708</b> | <b>159,214</b> |

| Classi-<br>fication \ Year | '08            | '09            | '10            | '11            | '12            | '13           | <b>Total</b>     |
|----------------------------|----------------|----------------|----------------|----------------|----------------|---------------|------------------|
| South → North              | 186,443        | 120,616        | 130,119        | 116,047        | 120,360        | 76,503        | <b>1,177,594</b> |
| North → South              | 332            | 246            | 132            | 14             | 0              | 40            | <b>7,921</b>     |
| <b>Total</b>               | <b>186,775</b> | <b>120,862</b> | <b>130,251</b> | <b>116,061</b> | <b>120,360</b> | <b>76,543</b> | <b>1,185,515</b> |

※ The above figures do not include the number of tourists to Mt. Geumgang.



## ② Number of South Korean tourists visiting North Korea

| Year           |         | '98    | '99     | '00     | '01    | '02    | '03    | '04     | '05     |
|----------------|---------|--------|---------|---------|--------|--------|--------|---------|---------|
| Classification |         |        |         |         |        |        |        |         |         |
| Mt. Geum-gang  | By sea  | 10,554 | 148,074 | 213,009 | 57,879 | 84,727 | 38,306 | 449     | -       |
|                | By land | -      | -       | -       | -      | -      | 36,028 | 267,971 | 298,247 |
|                | Total   | 10,554 | 148,074 | 213,009 | 57,879 | 84,727 | 74,334 | 268,420 | 298,247 |
| Gaeseong       |         | -      | -       | -       | -      | -      | -      | -       | 1,484   |
| Pyongyang      |         | -      | -       | -       | -      | -      | 1,019  | -       | 1,280   |

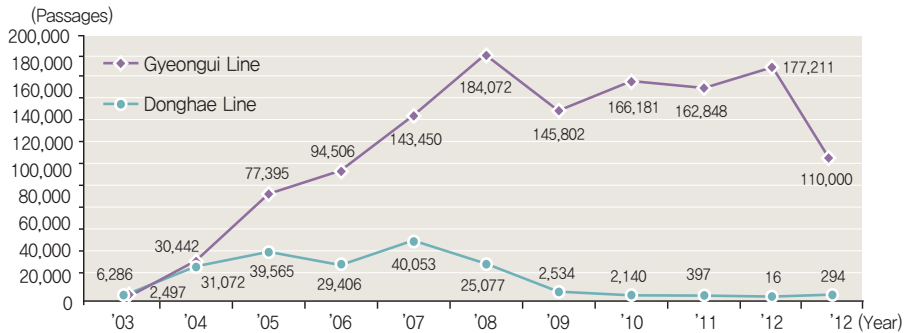
| Year           |         | '06     | '07     | '08     | '09 | '10 | '11 | '12 | '13 | Total     |
|----------------|---------|---------|---------|---------|-----|-----|-----|-----|-----|-----------|
| Classification |         |         |         |         |     |     |     |     |     |           |
| Mt. Geum-gang  | By sea  | -       | -       | -       | -   | -   | -   | -   | -   | 552,998   |
|                | By land | 234,446 | 345,006 | 199,966 | -   | -   | -   | -   | -   | 1,381,664 |
|                | Total   | 234,446 | 345,006 | 199,966 | -   | -   | -   | -   | -   | 1,934,662 |
| Gaeseong       |         | -       | 7,427   | 103,122 | -   | -   | -   | -   | -   | 112,033   |
| Pyongyang      |         | -       | -       | -       | -   | -   | -   | -   | -   | 2,299     |

## ③ Vehicles traveling between South and North Korea

| Year             |               | '03   | '04    | '05     | '06     | '07     | '08     |
|------------------|---------------|-------|--------|---------|---------|---------|---------|
| Classification   |               |       |        |         |         |         |         |
| Vehicle passages | Gyeongui Line | 2,497 | 30,442 | 77,395  | 94,506  | 143,450 | 183,085 |
|                  | Donghae Line  | 6,286 | 31,072 | 39,565  | 29,406  | 40,053  | 25,077  |
|                  | Total         | 8,783 | 61,514 | 116,960 | 123,912 | 183,503 | 208,162 |

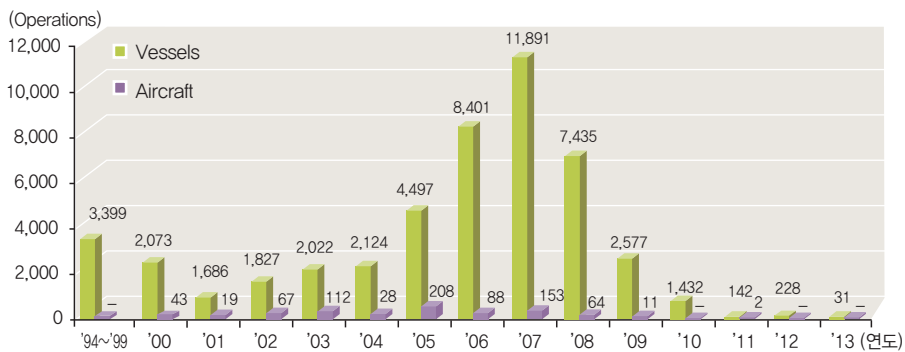
  

| Year             |               | '09     | '10     | '11     | '12     | '13     | Total     |
|------------------|---------------|---------|---------|---------|---------|---------|-----------|
| Classification   |               |         |         |         |         |         |           |
| Vehicle passages | Gyeongui Line | 145,802 | 166,181 | 162,848 | 177,211 | 110,000 | 1,293,417 |
|                  | Donghae Line  | 2,534   | 2,140   | 397     | 16      | 294     | 176,840   |
|                  | Total         | 148,336 | 168,321 | 163,245 | 177,227 | 110,294 | 1,470,257 |



#### ④ Vessels and aircraft traveling between South and North Korea (one-way trips)

| Year     | '94~'99 | '00   | '01   | '02   | '03   | '04   | '05   | '06   | '07    | '08   | '09   | '10   | '11 | '12 | '13 | Total  |
|----------|---------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-----|-----|-----|--------|
| Vessels  | 3,399   | 2,073 | 1,686 | 1,827 | 2,022 | 2,124 | 4,497 | 8,401 | 11,891 | 7,435 | 2,577 | 1,432 | 142 | 228 | 31  | 49,765 |
| Aircraft | -       | 43    | 19    | 67    | 112   | 28    | 208   | 88    | 153    | 64    | 11    | -     | 2   | -   | -   | 795    |



## ② Inter-Korean Exchanges & Cooperation

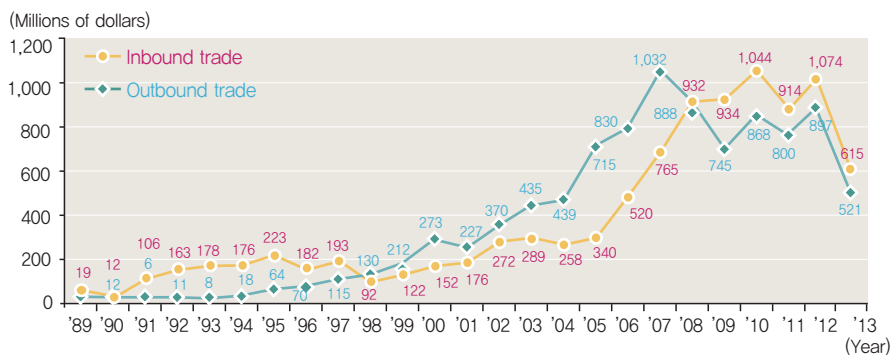
### ① Trade volume

(in millions of dollars)

| Year<br>Classi-<br>fication | '89       | '90       | '91        | '92        | '93        | '94        | '95        | '96        | '97        | '98        | '99        | '00        | '01        | '02        |
|-----------------------------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Inbound trade               | 19        | 12        | 106        | 163        | 178        | 176        | 223        | 182        | 193        | 92         | 122        | 152        | 176        | 272        |
| Outbound trade              | 0         | 1         | 6          | 11         | 8          | 18         | 64         | 70         | 115        | 130        | 212        | 273        | 227        | 370        |
| <b>Total</b>                | <b>19</b> | <b>13</b> | <b>111</b> | <b>173</b> | <b>187</b> | <b>195</b> | <b>287</b> | <b>252</b> | <b>308</b> | <b>222</b> | <b>333</b> | <b>425</b> | <b>403</b> | <b>642</b> |

| Year<br>Classi-<br>fication | '03        | '04        | '05          | '06          | '07          | '08          | '09          | '10          | '11          | '12          | '13          | Total         |
|-----------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Inbound trade               | 289        | 258        | 340          | 520          | 765          | 932          | 934          | 1,044        | 914          | 1,074        | 615          | <b>9,752</b>  |
| Outbound trade              | 435        | 439        | 715          | 830          | 1,033        | 888          | 745          | 868          | 800          | 897          | 521          | <b>9,676</b>  |
| <b>Total</b>                | <b>724</b> | <b>697</b> | <b>1,056</b> | <b>1,350</b> | <b>1,798</b> | <b>1,820</b> | <b>1,679</b> | <b>1,912</b> | <b>1,714</b> | <b>1,971</b> | <b>1,136</b> | <b>19,428</b> |

※ The numbers were rounded off to the nearest millions of dollars. Therefore, the total for each year may differ from the sum of subtotals. Trade volume below USD one million is marked by "0".



### ② Number of trade transactions

| Year<br>Classi-<br>fication | '89       | '90       | '91        | '92        | '93        | '94        | '95          | '96          | '97          | '98          | '99          | '00          | '01          | '02          |
|-----------------------------|-----------|-----------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Inbound trade               | 66        | 79        | 300        | 510        | 601        | 708        | 976          | 1,475        | 1,806        | 1,963        | 3,089        | 3,952        | 4,720        | 5,023        |
| Outbound trade              | 1         | 4         | 23         | 62         | 97         | 267        | 1,668        | 1,908        | 2,185        | 2,847        | 3,421        | 3,442        | 3,034        | 3,773        |
| <b>Total</b>                | <b>67</b> | <b>83</b> | <b>323</b> | <b>572</b> | <b>698</b> | <b>975</b> | <b>2,644</b> | <b>3,383</b> | <b>3,991</b> | <b>4,810</b> | <b>6,510</b> | <b>7,394</b> | <b>7,754</b> | <b>8,796</b> |

| Year<br>Classi-<br>fication | '03           | '04           | '05           | '06           | '07           | '08           | '09           | '10           | '11           | '12           | '13           | Total          |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Inbound trade               | 6,356         | 5,940         | 9,337         | 16,412        | 25,027        | 31,243        | 37,307        | 39,800        | 33,762        | 36,504        | 20,566        | 287,522        |
| Outbound trade              | 4,853         | 6,953         | 11,828        | 17,039        | 26,731        | 36,202        | 41,293        | 44,402        | 40,156        | 45,311        | 25,562        | 323,062        |
| <b>Total</b>                | <b>11,209</b> | <b>12,893</b> | <b>21,165</b> | <b>33,451</b> | <b>51,758</b> | <b>67,445</b> | <b>78,600</b> | <b>84,202</b> | <b>73,918</b> | <b>81,815</b> | <b>46,128</b> | <b>610,584</b> |

### ③ Number of trade items

| Year<br>Classi-<br>fication | '89       | '90       | '91       | '92       | '93        | '94        | '95        | '96        | '97        | '98        | '99        | '00        | '01        | '02        |
|-----------------------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Inbound trade               | 24        | 23        | 43        | 69        | 69         | 80         | 109        | 130        | 143        | 136        | 172        | 204        | 201        | 204        |
| Outbound trade              | 1         | 3         | 16        | 25        | 37         | 87         | 167        | 167        | 284        | 379        | 405        | 527        | 492        | 493        |
| <b>Total</b>                | <b>25</b> | <b>26</b> | <b>57</b> | <b>92</b> | <b>103</b> | <b>158</b> | <b>244</b> | <b>258</b> | <b>365</b> | <b>449</b> | <b>488</b> | <b>578</b> | <b>549</b> | <b>570</b> |

| Year<br>Classi-<br>fication | '03        | '04        | '05        | '06        | '07        | '08        | '09        | '10        | '11        | '12        | '13        | Total        |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Inbound trade               | 186        | 202        | 381        | 421        | 450        | 482        | 486        | 448        | 363        | 377        | 359        | 823          |
| Outbound trade              | 530        | 575        | 712        | 697        | 803        | 813        | 771        | 740        | 676        | 705        | 644        | 1,101        |
| <b>Total</b>                | <b>588</b> | <b>634</b> | <b>775</b> | <b>757</b> | <b>853</b> | <b>859</b> | <b>822</b> | <b>795</b> | <b>702</b> | <b>731</b> | <b>674</b> | <b>1,118</b> |

※ There are some overlaps between inbound and outbound items, so the total may be smaller than the sum of the figures.

### ④ Trade volume by type of transaction

(in millions of dollars)

| Classi-<br>fication | Type of transaction  | '05        | '06        | '07        | '08        | '09        | '10          | '11        | '12          | '13        |
|---------------------|--|------------|------------|------------|------------|------------|--------------|------------|--------------|------------|
| Inbound trade       | General trade, processing-on commission trade  | 320        | 441        | 646        | 624        | 499        | 334          | 4          | 1            | 1          |
|                     | Economic cooperation (GIC, Mt. Geumgang tours, light industry projects)  | 20         | 77         | 120        | 308        | 435        | 710          | 909        | 1,073        | 615        |
|                     | Non-commercial trade (Assistance from government and NGOs / Social and cultural cooperation / Light-water reactor project) | 0          | 1          | 0          | 0          | 0          | 0            | 1          | -            | -          |
|                     | <b>Inbound total</b>   | <b>340</b> | <b>520</b> | <b>765</b> | <b>932</b> | <b>934</b> | <b>1,044</b> | <b>914</b> | <b>1,074</b> | <b>615</b> |



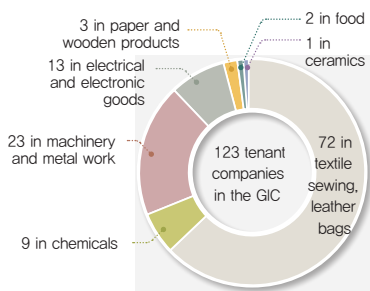
| Classi-<br>fication | Type of transaction   | '05 | '06 | '07   | '08 | '09 | '10 | '11 | '12 | '13 |
|---------------------|---|-----|-----|-------|-----|-----|-----|-----|-----|-----|
| Outbound<br>trade   | General trade,<br>processing-on<br>commission trade   | 99  | 116 | 146   | 184 | 167 | 101 | -   | -   | -   |
|                     | Economic cooperation (GIC,<br>Mt. Geumgang tours, light<br>industry projects)   | 250 | 294 | 520   | 596 | 541 | 744 | 789 | 888 | 518 |
|                     | Non-commercial trade<br>(Assistance from<br>government and NGOs /<br>Social and cultural<br>cooperation / Light-water<br>reactor project) | 366 | 421 | 367   | 108 | 37  | 23  | 11  | 9   | 3   |
|                     | Outbound total  | 715 | 830 | 1,033 | 888 | 745 | 868 | 800 | 897 | 521 |

※ The numbers were rounded off to the nearest millions of dollars. Therefore, the total for each category may differ from the sum of subtotals. Trade volume below USD one million is marked by "0", no trade marked by "-".

### ③ Statistics on Gaeseong Industrial Complex

#### ① Number of tenant companies

| Year<br>Classi-<br>fication      | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 |
|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Number<br>of tenant<br>companies | 18  | 30  | 65  | 93  | 117 | 121 | 123 | 123 | 123 |



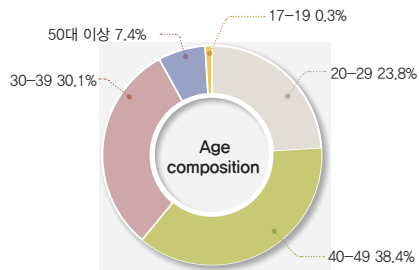
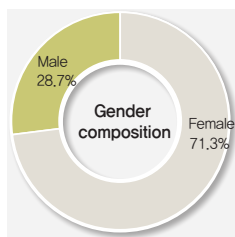
#### ② Production

(in tens of thousands of dollars)

| Year<br>Classi-<br>fication | '05   | '06   | '07    | '08    | '09    | '10    | '11    | '12    | '13    | Total   |
|-----------------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|---------|
| Production                  | 1,491 | 7,373 | 18,478 | 25,142 | 25,648 | 32,332 | 40,185 | 46,950 | 22,379 | 219,978 |
| Export                      | 87    | 1,983 | 3,967  | 3,584  | 2,860  | 3,667  | 3,687  | 3,639  | 1,210  | 24,684  |

### ③ Number of workers

| Year<br>Classification | '05          | '06           | '07           | '08           | '09           | '10           | '11           | '12           | '13           |
|------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| North Korean workers   | 6,013        | 11,160        | 22,538        | 38,931        | 42,561        | 46,284        | 49,866        | 53,448        | 52,329        |
| South Korean workers   | 507          | 791           | 785           | 1,055         | 935           | 804           | 776           | 786           | 751           |
| <b>Total</b>           | <b>6,520</b> | <b>11,951</b> | <b>23,323</b> | <b>39,986</b> | <b>43,496</b> | <b>47,088</b> | <b>50,642</b> | <b>54,234</b> | <b>53,080</b> |



\*Average wage of North Korean workers (2013): \$128.5 (basic wage \$102.5 + bonuses and social insurance premiums \$11.4)

### ④ Visits to GIC

| Year<br>Classification | '05    | '06    | '07     | '08     | '09     | '10     | '11     | '12     | '13    | Total   |
|------------------------|--------|--------|---------|---------|---------|---------|---------|---------|--------|---------|
| Number of visitors     | 40,874 | 60,999 | 100,092 | 152,637 | 111,830 | 122,997 | 114,435 | 120,119 | 75,990 | 899,973 |
| Number of vehicles     | 19,413 | 29,807 | 42,399  | 85,626  | 72,597  | 83,566  | 82,954  | 82,954  | 55,580 | 554,896 |

\* Number of foreign visitors (e.g. buyers, investors, engineers, etc.)

49 ('05), 399 ('06), 460 ('07), 130 ('08), 525 ('09), 737 ('10), 299 ('11), 366('12), 299 ('13)

## ④ Humanitarian Projects

### ① Humanitarian assistance

(in hundreds of millions of won)

| Classification        |           |                    | Year  | '95 | '96 | '97 | '98 | '99   | '00   | '01   | '02   | '03   | '04   | '05   |
|-----------------------|-----------|--------------------|-------|-----|-----|-----|-----|-------|-------|-------|-------|-------|-------|-------|
| Gov. assistance       | Free aid  | Directly by gov't  | 1,854 | -   | -   | -   | -   | 339   | 944   | 684   | 832   | 811   | 949   | 1,221 |
|                       |           | Through NGOs       | -     | -   | -   | -   | -   | 34    | 62    | 65    | 81    | 102   | 120   |       |
|                       |           | Through int'l org. | -     | 24  | 240 | 154 | -   | -     | 229   | 243   | 205   | 262   | 19    |       |
|                       |           | Total              | 1,854 | 24  | 240 | 154 | 339 | 978   | 975   | 1,140 | 1,097 | 1,313 | 1,360 |       |
|                       | Food loan |                    | -     | -   | -   | -   | -   | 1,057 | -     | 1,510 | 1,510 | 1,359 | 1,787 |       |
|                       | Total     |                    | 1,854 | 24  | 240 | 154 | 339 | 2,035 | 975   | 2,650 | 2,607 | 2,672 | 3,147 |       |
| NGO assistance (free) |           |                    | 2     | 12  | 182 | 275 | 223 | 387   | 782   | 576   | 766   | 1,558 | 779   |       |
| Total amount          |           |                    | 1,856 | 36  | 422 | 429 | 562 | 2,422 | 1,757 | 3,226 | 3,373 | 4,230 | 3,926 |       |

| Classification        |           |                    | Year  | '06   | '07   | '08 | '09 | '10 | '11 | '12 | '13 | Total  |
|-----------------------|-----------|--------------------|-------|-------|-------|-----|-----|-----|-----|-----|-----|--------|
| Gov. assistance       | Free aid  | Directly by gov't  | 2,000 | 1,432 | -     | -   | 183 | -   | -   | -   | -   | 11,249 |
|                       |           | Through NGOs       | 134   | 216   | 241   | 77  | 21  | -   | -   | -   | -   | 1,153  |
|                       |           | Through int'l org. | 139   | 335   | 197   | 217 | -   | 65  | 23  | 135 | -   | 2,487  |
|                       |           | Total              | 2,273 | 1,983 | 438   | 294 | 204 | 65  | 23  | 135 | -   | 14,890 |
|                       | Food loan |                    | -     | 1,505 | -     | -   | -   | -   | -   | -   | -   | 8,728  |
|                       | Total     |                    | 2,273 | 3,488 | 438   | 294 | 204 | 65  | 23  | 135 | -   | 23,618 |
| NGO assistance (free) |           |                    | 709   | 909   | 725   | 377 | 200 | 131 | 118 | 51  | -   | 8,761  |
| Total amount          |           |                    | 2,982 | 4,397 | 1,163 | 671 | 404 | 196 | 141 | 186 | -   | 32,379 |

## ② Reunion of separated families

| Year                  |                               | '85         | '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 | '98      | '99       | '00            | '01            | '02            |
|-----------------------|-------------------------------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|----------|-----------|----------------|----------------|----------------|
| N<br>G<br>O<br>s      | Confirmation of living status | -           | 35  | 127 | 132 | 221 | 135 | 104 | 96  | 164 | 377      | 481       | 447            | 208            | 198            |
|                       | Exchange of letters           | -           | 44  | 193 | 462 | 948 | 584 | 571 | 473 | 772 | 469      | 637       | 984            | 579            | 935            |
|                       | Reunion in a third country    | -           | 6   | 11  | 19  | 12  | 11  | 17  | 18  | 61  | 108      | 195       | 148<br>(383)   | 165<br>(471)   | 203<br>(592)   |
|                       | Reunion in North Korea        | -           | -   | -   | -   | -   | -   | -   | -   | -   | 1<br>(2) | 5<br>(18) | 4<br>(9)       | 5<br>(22)      | 5<br>(24)      |
| G<br>o<br>v<br>'<br>t | Confirmation of living status | 65<br>(157) | -   | -   | -   | -   | -   | -   | -   | -   | -        | -         | 792<br>(7,543) | 744<br>(2,670) | 261<br>(1,635) |
|                       | Exchange of letters           | -           | -   | -   | -   | -   | -   | -   | -   | -   | -        | -         | 39<br>(39)     | 623<br>(623)   | 9<br>(9)       |
|                       | Reunion in South Korea        | 30<br>(81)  | -   | -   | -   | -   | -   | -   | -   | -   | -        | -         | 201<br>(1,720) | 100<br>(899)   | -              |
|                       | Reunion in North Korea        | 35<br>(76)  | -   | -   | -   | -   | -   | -   | -   | -   | -        | -         | 202<br>(674)   | 100<br>(343)   | 398<br>(1,724) |
|                       | Video Reunion                 | -           | -   | -   | -   | -   | -   | -   | -   | -   | -        | -         | -              | -              | -              |

| Year                  |                               | '03            | '04            | '05            | '06              | '07              | '08        | '09            | '10            | '11       | '12      | '13            | Total             |
|-----------------------|-------------------------------|----------------|----------------|----------------|------------------|------------------|------------|----------------|----------------|-----------|----------|----------------|-------------------|
| N<br>G<br>O<br>s      | Confirmation of living status | 388            | 209            | 276            | 69               | 74               | 50         | 35             | 16             | 3         | 6        | 9              | 3,860             |
|                       | Exchange of letters           | 961            | 776            | 843            | 449              | 413              | 228        | 61             | 15             | 21        | 16       | 22             | 11,456            |
|                       | Reunion in a third country    | 280<br>(662)   | 187<br>(465)   | 94<br>(256)    | 50<br>(86)       | 54<br>(162)      | 33<br>(92) | 21<br>(47)     | 6<br>(16)      | 4<br>(14) | 1<br>(2) | 3<br>(9)       | 1,707<br>(3,253)  |
|                       | Reunion in North Korea        | 3<br>(15)      | 1<br>(5)       | 1<br>(5)       | 4<br>(19)        | 1<br>(5)         | 3<br>(5)   | 2<br>(4)       | 1<br>(2)       | -         | 1<br>(2) | -              | 37<br>(137)       |
| G<br>o<br>v<br>'<br>t | Confirmation of living status | 963<br>(7,091) | 681<br>(5,007) | 962<br>(6,957) | 1,069<br>(8,314) | 1,196<br>(9,121) | -          | 302<br>(2,399) | 302<br>(2,176) | -         | -        | 316<br>(2,342) | 7,653<br>(55,412) |
|                       | Exchange of letters           | 8<br>(8)       | -              | -              | -                | -                | -          | -              | -              | -         | -        | -              | 679<br>(679)      |
|                       | Reunion in South Korea        | -              | -              | -              | -                | -                | -          | -              | -              | -         | -        | -              | 331<br>(2,700)    |
|                       | Reunion in North Korea        | 598<br>(2,691) | 400<br>(1,926) | 397<br>(1,811) | 594<br>(2,683)   | 388<br>(1,741)   | -          | -              | -              | -         | -        | -              | 3,498<br>(15,443) |
|                       | Video Reunion                 | -              | -              | 199<br>(1,323) | 80<br>(553)      | 278<br>(1,872)   | -          | 195<br>(888)   | 191<br>(886)   | -         | -        | -              | 557<br>(3,748)    |

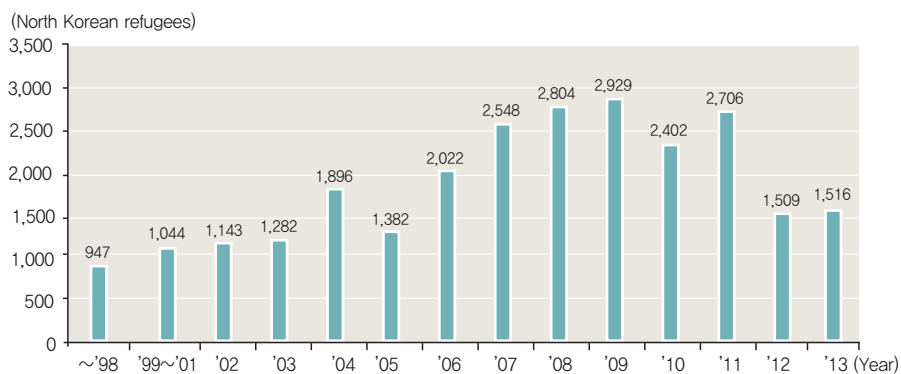
※ Number of separated family members registered with the Integrated Information Center for Separated Families: 129,264 persons (57,784 persons dead, 71,480 persons alive)

### ③ Arrivals of North Korean refugees in South Korea

| Year<br>Classi-<br>fication | ~'98 | ~'01  | '02   | '03   | '04   | '05   | '06   | '07   | '08   | '09   | '10   | '11   | '12   | '13   | Total  |
|-----------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Male                        | 831  | 565   | 510   | 474   | 626   | 424   | 515   | 573   | 608   | 662   | 591   | 795   | 404   | 371   | 7,949  |
| Female                      | 116  | 478   | 632   | 811   | 1272  | 960   | 1513  | 1981  | 2195  | 2252  | 1811  | 1911  | 1098  | 1145  | 18,175 |
| Total                       | 947  | 1,043 | 1,142 | 1,285 | 1,898 | 1,384 | 2,028 | 2,554 | 2,803 | 2,914 | 2,402 | 2,706 | 1,502 | 1,516 | 26,124 |

※ The above figures are estimated based on the number of North Korean refugees who become eligible for government settlement protection.

#### 【Number of North Korean refugees entering South Korea】



### ⑤ Inter-Korean Dialogues

#### ① Inter-Korean dialogues by area

| Year<br>Classi-<br>fication | '71~<br>'95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | '03 | '04 | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 | Total |
|-----------------------------|-------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Politics                    | 170         | -   | 7   | 4   | 8   | 18  | 2   | 4   | 5   | 2   | 10  | 5   | 13  | -   | -   | -   | -   | -   | 1   | 249   |
| Military                    | -           | -   | -   | -   | -   | 4   | 2   | 9   | 6   | 5   | 3   | 4   | 11  | 2   | -   | 1   | 1   | -   | -   | 48    |
| Economy                     | 5           | -   | -   | -   | -   | 3   | 3   | 14  | 17  | 13  | 11  | 8   | 22  | 3   | 4   | 3   | -   | -   | 22  | 128   |
| Humanitarian issues         | 114         | -   | 4   | 1   | -   | 2   | 1   | 3   | 7   | 2   | 4   | 3   | 3   | -   | 2   | 4   | -   | -   | 1   | 151   |
| Society and Culture         | 34          | -   | -   | -   | -   | -   | -   | 2   | 1   | 1   | 6   | 3   | 6   | 1   | -   | -   | -   | -   | -   | 54    |
| Total                       | 323         | -   | 11  | 5   | 8   | 27  | 8   | 32  | 36  | 23  | 34  | 23  | 55  | 6   | 6   | 8   | 1   | -   | 24  | 630   |

※ Politics (Ministerial or vice-ministerial talks) / Military (General-level or working-level talks) / Economy (Committee for the Promotion of Economic Cooperation) / Humanitarian and social issues (Red Cross talks or sports talks)

## ② Number of inter-Korean agreements adopted

| Year       | '96 | '97 | '98 | '99 | '00 | '01 | '02 | '03 | '04 | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 |
|------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Agreements | -   | 3   | 3   | 1   | 18  | 4   | 23  | 31  | 21  | 23  | 10  | 39  | 5   | 1   | 1   | -   | -   | 7   |

## ⑥ Unification Education

| Year   | '00     | '01    | '02    | '03    | '04    | '05    | '06    | '07    |
|--|---------|--------|--------|--------|--------|--------|--------|--------|
| Persons taking unification education program | 365,125 | 12,774 | 16,711 | 17,087 | 20,804 | 26,420 | 25,865 | 34,045 |

| Year   | '08    | '09    | '10    | '11     | '12     | '13     | Total     |
|--|--------|--------|--------|---------|---------|---------|-----------|
| Persons taking unification education program | 32,039 | 71,944 | 68,946 | 119,736 | 133,284 | 185,194 | 1,129,974 |

## II. Statistics on the Inter-Korean Cooperation Fund

### ① General statistics

#### ① Revenue

(in KRW millions)

| Year \ Classification | Gov't contributions | Non-gov't contributions | Deposits from Public Capital Mgmt. Fund | Operations income | Fund total        |
|-----------------------|---------------------|-------------------------|---|-------------------|-------------------|
| 1991                  | 25,000              | -                       | -                                       | 237               | 25,237            |
| 1992                  | 40,000              | -                       | -                                       | 5,118             | 45,118            |
| 1993                  | 40,000              | 3                       | -                                       | 4,778             | 44,781            |
| 1994                  | 40,000              | 1                       | -                                       | 9,387             | 49,388            |
| 1995                  | 240,000             | 119                     | -                                       | 14,589            | 254,708           |
| 1996                  | 100,000             | 132                     | -                                       | 18,409            | 118,541           |
| 1997                  | 50,000              | 288                     | -                                       | 27,874            | 78,162            |
| 1998                  | -                   | -                       | -                                       | 40,280            | 40,280            |
| 1999                  | -                   | 3                       | 149,831                                 | 23,013            | 172,847           |
| 2000                  | 100,000             | 542                     | 254,852                                 | 30,393            | 385,787           |
| 2001                  | 500,000             | 1,079                   | 310,000                                 | 29,406            | 840,485           |
| 2002                  | 490,000             | 77                      | 505,000                                 | 42,036            | 1,037,113         |
| 2003                  | 300,000             | 1                       | 823,000                                 | 46,515            | 1,169,516         |
| 2004                  | 171,400             | 1                       | 310,000                                 | 38,371            | 519,772           |
| 2005                  | 500,000             | 33                      | 460,000                                 | 31,178            | 991,211           |
| 2006                  | 650,000             | 15                      | 940,000                                 | 36,619            | 1,626,634         |
| 2007                  | 500,000             | 75                      | 584,591                                 | 38,859            | 1,123,525         |
| 2008                  | 650,000             | 52                      | 147,500                                 | 49,274            | 846,826           |
| 2009                  | -                   | 56                      | 81,000                                  | 74,354            | 155,410           |
| 2010                  | -                   | -                       | 875,000                                 | 51,238            | 926,238           |
| 2011                  | -                   | 2                       | 104,400                                 | 38,276            | 142,678           |
| 2012                  | 112,800             | 2                       | 400,000                                 | 51,236            | 564,038           |
| 2013                  | 105,500             | 3                       | 530,000                                 | 162,300           | 797,803           |
| <b>Total</b>          | <b>4,614,700</b>    | <b>2,484</b>            | <b>6,475,174</b>                        | <b>863,740</b>    | <b>11,956,098</b> |

## ② Expenditures

(in KRW hundreds of millions)

| Classification \ Year  | '91       | '92      | '93      | '94      | '95          | '96        | '97        | '98        | '99        | '00          | '01          | '02          |
|--|-----------|----------|----------|----------|--------------|------------|------------|------------|------------|--------------|--------------|--------------|
| Support for travel by residents  | -         | -        | -        | -        | -            | -          | -          | -          | -          | 3            | 3            | 237          |
| Cooperation in culture, academic, and sports                               | 9         | -        | -        | -        | -            | -          | -          | 0.3        | -          | 21           | 1            | -            |
| Separated families   | -         | 6        | -        | -        | -            | -          | -          | 0.1        | 4          | 28           | 13           | 20           |
| Humanitarian aid (free)  | -         | -        | -        | -        | 1,824        | 55         | 191        | 199        | 339        | 977          | 976          | 1,226        |
| Humanitarian aid (loan)  | -         | -        | -        | -        | -            | -          | -          | -          | -          | 867          | 190          | 967          |
| Inter-Korean economic cooperation (free)                                   | 13        | -        | -        | -        | -            | 49         | -          | -          | -          | 146          | 898          | 368          |
| Inter-Korean economic cooperation (loan)                                   | -         | -        | -        | -        | -            | -          | -          | 675        | -          | 5            | 461          | 667          |
| Loan for light-water project   | -         | -        | -        | -        | -            | -          | -          | -          | -          | 3,259        | 3,003        | 3,009        |
| Repayment of principal and interests on the Public Capital Management Fund | -         | -        | -        | -        | -            | -          | -          | -          | -          | 190          | 391          | 2,124        |
| -Repayment of principal  | -         | -        | -        | -        | -            | -          | -          | -          | -          | -            | -            | 1,498        |
| -Repayment of interests  | -         | -        | -        | -        | -            | -          | -          | -          | -          | 190          | 391          | 626          |
| Management expenses  | 3         | 3        | 3        | 3        | 2            | 2          | 2          | 2          | 2          | 3            | 5            | 6            |
| <b>Total<sup>(Note)</sup></b>  | <b>25</b> | <b>8</b> | <b>3</b> | <b>3</b> | <b>1,826</b> | <b>106</b> | <b>193</b> | <b>876</b> | <b>346</b> | <b>5,500</b> | <b>5,940</b> | <b>8,625</b> |

| Classification \ Year  | '03           | '04          | '05           | '06           | '07           | '08          | '09          | '10           | '11          | '12          | '13          | Total          |
|--|---------------|--------------|---------------|---------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|----------------|
| Support for travel by residents  | 11            | 11           | 38            | 53            | 17            | 27           | -            | -             | -            | -            | -            | 399            |
| Cooperation in culture, academic, and sports                               | 7             | 32           | 75            | 74            | 69            | 38           | 30           | 21            | 26           | 23           | 21           | 447            |
| Separated families   | 30            | 32           | 133           | 99            | 269           | 182          | 22           | 20            | 1            | 4            | 21           | 884            |
| Humanitarian aid (free)  | 1,501         | 1,225        | 1,866         | 2,125         | 2,272         | 597          | 294          | 192           | 102          | 24           | 132          | 16,117         |
| Humanitarian aid (loan)  | 1,561         | 1,020        | 1,793         | 39            | 1,405         | -            | -            | -             | -            | -            | -            | 7,842          |
| Inter-Korean economic cooperation (free)                                   | 763           | 760          | 2,045         | 1,521         | 1,725         | 1,101        | 415          | 177           | 167          | 421          | 2,037        | 12,606         |
| Inter-Korean economic cooperation (loan)                                   | 547           | 814          | 568           | 710           | 1,400         | 366          | 240          | 453           | 130          | 221          | 746          | 8,003          |
| Loan for light-water project   | 3,287         | 870          | 227           | 89            | -             | -            | -            | -             | -            | -            | -            | 13,744         |
| Repayment of principal and interests on the Public Capital Management Fund | 3,250         | 3,895        | 3,658         | 8,713         | 6,337         | 1,512        | 1,159        | 9,306         | 1,086        | 5,161        | 6,388        | 53,170         |
| -Repayment of principal  | 2,549         | 3,100        | 2,820         | 7,730         | 5,330         | 500          | 100          | 8,200         | -            | 4,000        | 5,300        | 41,127         |
| -Repayment of interests  | 701           | 795          | 838           | 983           | 1,007         | 1,012        | 1,059        | 1,106         | 1,086        | 1,161        | 1,088        | 12,043         |
| Management expenses  | 8             | 12           | 16            | 18            | 19            | 21           | 39           | 29            | 27           | 28           | 30           | 283            |
| <b>Total<sup>(Note)</sup></b>  | <b>10,966</b> | <b>8,670</b> | <b>10,418</b> | <b>13,442</b> | <b>13,513</b> | <b>3,844</b> | <b>2,199</b> | <b>10,197</b> | <b>1,539</b> | <b>5,883</b> | <b>9,376</b> | <b>113,498</b> |

Note) The statistics were rounded off to the nearest hundreds of millions of won, so the total for each year may differ from the actual total.



## 2 Details of Expenditures in 2013

(in KRW millions)

| Project   | Amount         | Project Category  |
|---|----------------|---|
| Joint South-North publication of the Big Dictionary of the Korean People's Language                   | 2,045          | Social or cultural cooperation<br>(4 projects, 2,045)                             |
| Promotion of exchange between separated families  | 520            | Exchange of separated families<br>(31 projects, 2,078)                            |
| Production of video messages of separated family members  | 725            |   |
| Support for the separated family reunion event on the occasion of Chuseok holiday                     | 833            |   |
| Support for humanitarian assistance for North Korean infants and toddlers by UNICEF                   | 6,737          | Humanitarian assistance<br>(2 projects, 13,251)                                   |
| Support for humanitarian assistance for North Korean infants and toddlers by UNICEF                   | 6,514          |   |
| Policy benefits for the economic cooperation projects for companies including Seodo Industry Co. Ltd. | 177,144        | Policy benefits<br>(199 cases, 177,144)   |
| Operating expenses and commission for South-North Korea Exchanges and Cooperation Support Association | 994            | Consolidation of economic cooperation foundation (free)<br>(124 projects, 26,622) |
| 3rd-year project of the foundation for South-North community  | 603            |   |
| Post-project environmental assessment for joint construction of yards in Donghae Corridor             | 167            |   |
| Support for Korea DMZ Council with regard to restoring peaceful and ecological values of DMZ          | 107            |   |
| Construction of Center for the Future Unified Korean Peninsula  | 14,285         |   |
| Commissioning of inter-Korean trade process   | 837            |   |
| Expansion of 2nd waste incinerator in the GIC   | 3,096          |   |
| Repair of water conduction tunnel in the GIC  | 369            |   |
| Operating expenses of the GIC   | 5,268          |   |
| Establishment of electronic entry system of the GIC   | 252            |   |
| Improvement of customs clearance process and maintenance of military communication lines of the GIC   | 336            |   |
| Urgent repair of environmental facilities in the GIC  | 308            |   |
| Loan for trade and economic cooperation   | 55,549         | Economic cooperation (loan)<br>(105 projects, 55,549)                             |
| Loan for commuting cost of the North Korean GIC workers   | 1,594          | Loans in support of national community restoration<br>(10 projects, 19,094)       |
| Loan for account receivable from the North Korea to KIDMAC  | 14,284         |   |
| Operating expenses of the GIC   | 3,216          |   |
| <b>Total (475 projects)</b>   | <b>295,783</b> |   |



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