



## Is the U.S. Really an Obstacle to Inter-Korean Dialogue? by Scott Snyder

Almost one year following Kim Dae-jung's historic summit meeting with Kim Jong-il, the most obvious area of inter-Korean agreement these days is the mistaken idea that the new Bush administration's North Korea policy review is the cause of the temporary stalemate in inter-Korean dialogue. President Kim Dae-jung has urged the United States to re-engage with North Korea, and Kim Jong-il stated during discussions with EU Chairman Goran Persson in early May that the DPRK must wait for the outcome of the Bush policy review before resuming inter-Korean dialogue. The outcome of the Bush administration's policy review will surely be a major subject on the agenda of senior Japanese, Korean, and Bush administration officials as they meet this weekend in Hawaii. However, inter-Korean dialogue faces many problems that renewed U.S.-DPRK negotiations will be unable to resolve.

The most significant obstacles to further progress in inter-Korean relations are economic. The original inducement for the DPRK to negotiate with South Korea was the promise of economic benefits as the vehicle for tension reduction. Hyundai's Mount Keumgang tourist project was economically important to jumpstart inter-Korean dialogue. However, the Hyundai Asan company no longer has financial resources to sustain promised payments to North Korea, Hyundai Group companies can no longer provide subsidies as a result of corporate restructuring, and tourist demand has dropped by at least half since the project began in 1998. Some may support a bailout of the project by the South Korean government, but such a move would contradict corporate restructuring objectives that are central to the South Korean economy's overall economic recovery.

Plans to assist North Korea's economic rehabilitation through infrastructure projects have also ground to a halt. The proposed inter-Korean railroad and highway project is important because it would provide a direct link to North Korea and the proposed Kaesong Industrial Zone envisioned by Hyundai Group Chairman Chung Ju-yung. However, South Korea's own economic slump has dampened public enthusiasm for investment in North Korea. Re-establishing rail links also will not go forward without North Korean cooperation. No significant work has been undertaken on the North Korean side of the Demilitarized Zone (DMZ), and inter-Korean military agreements necessary to determine jurisdictional and safety procedures for workers inside the DMZ have not been ratified despite initial progress in working-level negotiations.

President Kim Dae-jung pledged in last year's "Berlin Declaration" that South Korea would provide assistance to rebuild North Korea's economic infrastructure. However, North Korean demands for two million kilowatts of energy assistance put forward at ministerial-level negotiations last December are

unlikely to be met. The South proposed a survey of North Korea's current energy needs, but there is probably no cost-effective solution to the North's energy problem. Moreover, the North Korean proposal raised U.S. concerns that the request for energy from South Korea was a way of side-stepping North Korean nuclear obligations to give up its nuclear program under the Geneva Agreed Framework.

The economic obstacles are being overtaken by political problems that may derail inter-Korean dialogue for a prolonged period. The first political obstacle is low public approval for President Kim Dae-jung's government, widely viewed as having failed to solve South Korea's most pressing economic and social problems. Many blame Kim Dae-jung for pursuing inter-Korean progress at the expense of South Korea's domestic agenda. Second, domestic pre-positioning for the next South Korean presidential election has already begun, distracting Korean attention to the North in favor of other issues. Third, political coordination among the United States, Japan, and South Korea remains critical, but domestic issues in all three countries are currently taking priority over international coordination of policy toward North Korea.

The DPRK has further complicated prospects for inter-Korean dialogue by linking continuing progress in inter-Korean relations to the policy review of the new Bush administration. Progress in inter-Korean relations will inevitably create positive momentum and draw the United States into dialogue with the North on a range of issues; however, lack of inter-Korean dialogue is becoming a litmus test of the North's intentions. Moreover, progress in inter-Korean dialogue will be necessary if the Bush administration is to move forward in renewed negotiations with the DPRK.

A successful outcome to the current situation is not up to the United States; the ball is clearly in North Korea's court. In fact, the South Korean side has served almost the entire game with only a few returns by the North, and there are only a few balls left in play. Kim Dae-jung's decision to depend on Kim Jong-il for his political success was a remarkable political risk, which may well prove to have been a starry-eyed failure without a concrete response from Pyongyang. Only the North Korean leadership can decide to take practical steps to lay the foundations for a relationship built on trust. Everyone else has taken their turn. Chairman Kim, it's your serve.

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