

VI

INTRA-KOREAN EXCHANGES AND COOPERATION

1. Overview

The ROK government announced in the Special Presidential Declaration for National Self-Esteem, Unification, and Prosperity (commonly known as the July 7 Declaration) of 1988 that “the South and the North must tear down the barrier that divides them and implement exchanges in all fields.” This marked the end of the confrontational structure of the Cold War and the beginning of a new era for intra-Korean exchanges and cooperation through liberalization and reconciliation.

Subsequently, the ROK government lifted its economic sanctions against North Korea in October 1988 and enacted the Guidelines for Intra-Korean Exchanges and Cooperation in June 1989. These measures encouraged contacts between the residents of the South and the North and the trade of commodities between the two Koreas. Moreover, in August 1990, the ROK government established the Intra-Korean Exchanges and Cooperation Act, thereby promoting a legal framework for stable intra-Korean trade.

Once a legal foundation was established, intra-Korean exchange of people and commodities expanded rapidly. The total value of

commodity trade, for example, increased from \$18 million in 1989 to \$287 million in 1995.

In February 1992, the two Koreas finally effectuated the Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation (commonly known as the Basic Agreement) which had already been signed by the prime ministers of the two governments.

In signing the Basic Agreement, the two Koreas agreed to cooperate with each other in accomplishing the balanced and harmonized development of the national economy and advancement of welfare of the entire Korean community. In order to promote free contacts and cross-visits among the members of the national community, they also agreed to work out necessary procedures and technicalities to guarantee convenience and safety of the visitors.

The Kim Young-sam Administration, inaugurated in February 1993, expressed an even stronger desire to reinforce intra-Korean trade based on public consensus. Unfortunately, intra-Korean trade came to a temporary halt as the suspicion of the international community over North Korea's nuclear development mushroomed and North Korea suddenly announced its intension to withdraw from the NPT.

The signing of the Agreement Framework between the United States and North Korea in October 1994 provided a small breakthrough in this stalemate. Accordingly, the ROK government announced a series of measures to revitalize intra-Korean economic cooperation. These measures enabled South Korean business leaders to visit the North and discuss investment possibilities with the North Koreans.

In 1995, as North Koreans suffered from severe food shortages, the ROK government, acting out of compassion for its fellow Kore-

ans, provided them with 150,000 tons of rice. Again, in 1996, the government contributed \$3 million worth of cash and commodities in response to a United Nations appeal to help North Korea.

2. The Institutionalization of Intra-Korean Exchanges and Cooperation

1—Laws on Intra-Korean Trade

Background

In accordance with the spirit of the July 7 Declaration of 1988, the ROK government established the Intra-Korean Exchanges and Cooperation Act in August 1990. Until then, the only section of the South Korean legal system that regulated intra-Korean relations was the National Security Law, under which exchanges and cooperation between the two Koreas were practically not allowed. It was a mechanism for self-defense inevitably required during the forty plus years of the international Cold War and the confrontation along the DMZ.

The intra-Korean Exchanges and Cooperation Act was based on a reconciliatory spirit that called for full-scale opening of intra-Korean contacts, visits, exchanges, and cooperation. This act was given priority over any other existing system of laws when applied to any activities that are conducted for intra-Korean exchanges and cooperation and deemed justifiable under such objectives. The ROK government was convinced that providing constitutional protection for intra-Korean exchanges and cooperation would further expand and

advance the basic rights of its citizens.

Major Contents

— Contact Between the Residents of the Two Koreas

“Contact” in this context refers to the exchange of opinions and communication between the residents of the South and the North by means of telephone, mail, or other similar media or through direct meetings. When a resident of South Korea wishes to make contact with a resident of North Korea, he or she must obtain permission from the Minister of National Unification.

When, however, a resident of one side is already in the territory of the other and has to contact a resident there for reasons necessary to the purpose of his or her visit, separate permission is not required. In addition, when a contact is made at an international event or accidentally in a foreign country, prior approval is not required, but the incident must be reported afterwards.

— Cross-visits

When a resident of either South or North Korea wishes to visit the other side he or she must possess a visitor’s pass issued by the Minister of National Unification. When a South Korean resident wishes to visit the North, he or she must submit the following documents: an application for a visitor’s pass, personal statement, ID photos, and a document or any other form of material that guarantees his or her personal safety and safe return. Submission of a guarantee for personal safety is required in order to protect the safety of a South Korean resident during his or her visit to North Korea.

On the other hand, when a North Korean resident wishes to visit

the South, he or she must also submit an application for a visitor's pass. This is a guarantee by the South Korean government of that person's personal safety in the South, and is also a form of ID to be used while he or she is staying in South Korea.

Exceptions for such procedures may be made by a consensus between the authorities of the two Koreas or by a decision of the Commission for Promotion of Intra-Korean Exchanges and Cooperation.

Meanwhile, South Korean citizens who have acquired permanent residences or permission for long-term stay in a foreign country are allowed to visit North Korea simply by reporting their visits to the head of South Korean representative in that country. Furthermore, Koreans residing in a foreign country with North Korean citizenship or without citizenship of any country are also allowed to visit South Korea.

— Intra-Korean Trade

Trade of commodities between the South and the North should be expanded so as to develop a single national economic community and to advance the welfare of the entire Korean people.

Unfortunately, since Korea is currently divided into two countries and the two Koreas use two different currencies, intra-Korean trade should first follow the customs of international trade. For this reason, those wishing to be intra-Korean traders must register themselves as international traders.

Those who wish to import from or export to North Korea must submit an application for permission to the Minister of National Unification and acquire his approval. For these commodities that are classified as unrestricted items, only approval from the presi-

dent of a foreign exchange bank is required.

No taxes including tariffs and defense tax are imposed on commodities imported from or exported to North Korea because intra-Korean trade is considered as a domestic transaction. Hence, it is referred to as INTRA-Korean trade, instead of INTER-Korean trade. Moreover, the ROK government would provide various forms of support for exporting to North Korea in order to promote intra-Korean trade.

— Intra-Korean Cooperation Projects

Intra-Korean cooperation projects refer to all the activities residents of the two Koreas jointly carry out in various fields including cultural, academic, athletic, and economic areas. When a person wishes to start a cooperation project, he or she must submit to the Minister of National Unification an application for cooperation project, business plan, and a copy of the written agreement signed between the project partners.

To be approved, the submitted cooperation project must be practical in its nature, within the capacity of the partners, and not conceivably harmful to intra-Korean relations. Transaction of foreign currencies arising from the project should be carried out in accordance with the pertinent rules and regulations including the Guidelines on Control of Foreign Exchanges Regarding Investment in North Korea.

In general, earnings from cooperation projects are subject to South Korean tax codes because these projects are considered to be domestic activities. Nonetheless, income tax may be exempted upon agreement with the North Korean government.

2 — The Intra-Korean Cooperation Fund Act

As intra-Korean exchanges of people and commodities increased, the need for governmental support also grew in order to reduce the private losses caused by the difference in the two systems and, at the same time, to accomodate such humanitarian projects as the cross-visits of separated families. As a result, the ROK government established the Intra-Korean Cooperation Fund Act on August 1, 1990. The major points of the act were as follows:

First, the government would raise and supply the funds needed to promote intra-Korean exchanges and cooperation, from the sources including government and private contributions, long-term loans, and proceeds from the operation of the fund.

Second, the fund would be managed and run by the Minister of National Unification, although this authority could be entrusted to a financial institution on his discretion. In addition, important decisions and policies regarding the operation of the fund would be deliberated upon by the Council for Promotion of Intra-Korean Exchanges and Cooperation.

Third, the fund would be used to provide financial assistance for intra-Korean exchange and cooperation projects.

The ROK government contributed \$31 million to the fund in 1991. The total size of the fund as of September 1996 was \$292 million. The cost for providing 150,000 tons of rice to North Korea in 1995 and \$3 million worth of cash and commodities donated in 1996 were paid out of this fund.

3. The Current Status of Intra-Korean Exchanges and Cooperation

1 — Exchange of People

Overview

Interaction between the people of the South and the North takes place mainly in two ways: cross-visits and direct or indirect contacts in third countries. Between June 12, 1989, when the Guidelines on Intra-Korean Exchanges and Cooperation were established, and September 1996, a total of 170 applications for 1,700 people were submitted by South Korean residents for visits to North Korea. Of these, 132 cases involving a total of 1,477 people were approved, and 110 of them, involving 1,393 people, actually took place. At the same time, out of 15 applications involving 607 North Korean residents, 14 cases involving for 597 people were approved. Of them, 12 cases for 575 people were eventually able to visit the South.

In general, the fact that the number of South Korean residents who have visited the North is much larger than that of North Koreans visiting the South indicates that intra-Korean exchange of people has been dominated by the South. The annual trend indicates that the number of exchanges continually increased up to 1992 and then plummeted in 1993 and 1994 when tension in the intra-Korean relations escalated due to North Korea's nuclear development. The number of visits to the North by South Korean residents increased again in 1995 after the signing of the Agreed Framework between the United States and North Korea. On the other hand, North Korean visits to the South occurred occasionally, but have not been

reported since 1994.

A total of 6,008 applications for intra-Korean contacts involving 15,450 people was made by September 1996. Of these, 5,693 applications involving 14,455 people were approved and 1,981 of them involving 6,052 people actually took place. These numbers have been increasing each year. The majority of intra-Korean contacts have been made in a form of correspondence between the members of separated families, trade talks between businessmen, and scholars attending academic conferences in the third countries.

The Current Status in Each Field

— Cross-visits

Cross-visits between the South and the North have been made through eight rounds of intra-Korean high-level talks and UNDP international conferences as well as through such socio-cultural occasions as the cross-visit performance of traditional musicians in 1990, intra-Korean soccer matches, the evaluation games for a single united team for the 1991 World Junior Soccer Championship, and the Intra-Korean Women's Seminar.

Visits by South Korean businessmen came to a temporary halt after a working-level visit for investment in the Nampo light industry zone. But, the number has increased since 1995 with the signing of the Agreed Framework between the United States and North Korea in October 1994 and South Korea's announcement of the measures to revitalize intra-Korean economic cooperation in November 1994. After the announcement, a total of 208 businessmen representing 34 South Korean companies visited the North to conduct investment feasibility studies or to discuss the possibility for economic

Table 6-1 Current Status of Intra Korean Cross-visits in Each Field*

Fields Visits	Govern- ment-level Conference	Internat- ional Conference	Economic Exchange	Religious Exchange	Cultural Exchange	Academic Exchange	Athletic Exchange	Trans- portation	Others	Total
To the North	4 (360)	7 (79)	55 (238)	6 (9)	1 (17)	2 (32)	4 (179)	23 (403)	8 (76)	110 (1,393)
To the South	4 (360)	3 (9)	1 (10)	-	1 (33)	1 (15)	2 (148)	-	-	12 (575)
Total	8 (720)	10 (88)	56 (248)	6 (9)	2 (50)	3 (47)	6 (327)	23 (403)	8 (76)	122 (1,968)

* These are the total numbers of visits in each field made between June 12, 1989 and September 1996. the numbers inside the parentheses represent the total number of people involved.

cooperation.

Their most preferred place of visit was the Pyongyang-Kangsu-Nampo area, followed by the Rajin-Sunbong-Chongjin area. The most frequently used route to North Korea was by plane via Beijing.

— Contacts Between the Residents of the Two Koreas

After the ROK government established the Guidelines on Intra-Korean Exchanges and Cooperation in June 1989, contacts between the two Koreas have been carried out in various areas, including the economic and business, academic, cultural, and religious fields.

Contacts in the economic or business field have been particularly active because North Korea had a strong desire for trade and cooperation with South Korean businesses. These contacts between the residents of the two Koreas were often made in China, especially in Beijing and Yenbian. Sometimes these contacts also took place in Japan and Hong Kong. As of September 1996, 815 contacts in total were reported in this field.

During the same period, 116 contacts in the academic field were reported. These contacts were made in various academic occasions, including an international seminar on the Japanese war comfort women held in Tokyo in July 1995, a conference on Korean unification sponsored by Korean scholars living in the South, in the North, and abroad held in Beijing in July 1995, and an academic conference on environment and development held in Bangkok, Thailand, in October 1995. A large number of contacts in this field took place in China because many Korean scholars and institutions in the Yenbian area have many years of experience in meeting with North Korean academicians. In addition, because of the geographical proximity to both Koreas, these institutions were able to frequently

Table 6-2 Current Status of Application for Intra-Korean Contacts*

Fields Status	Separated Families	Economic	Academic	Cultural	Religious	Athletic	Tourism and Trans- portation	Media and Press	Others	Total
Applied	2,486 (2,704)	1,970 (5,204)	431 (2,836)	212 (1,048)	212 (1,004)	108 (291)	129 (419)	184 (525)	276 (1,419)	6,008 (15,450)
Approved	2,481 (2,699)	1,888 (4,990)	400 (2,534)	172 (971)	168 (899)	102 (268)	120 (390)	152 (446)	210 (1,258)	5,693 (14,455)
Accom- plished	826 (925)	815 (1,494)	116 (1,497)	32 (501)	48 (484)	21 (73)	30 (90)	24 (91)	69 (897)	1,981 (6,052)

* These are the total numbers of applications submitted in each field between June 12, 1989 and September 1996; the numbers inside the parentheses represent the total number of people involved

invite scholars from both Koreas to their academic conferences.

Contacts among the people in the cultural field took place 32 times during this period. Although a large number of applications have been submitted in the areas of music, arts, literature, film, and plays, only a few contacts have actually been materialized.

Contacts among religious leaders have taken 48 times. In particular, the Protestant leaders of the two Koreas met in the Fourth International Conference of Christians held in Kyoto, Japan, in 1995, while Buddhist monks met nine times including the time when the Executive General of the Chogye Order met with the Chairman of the North Korean Buddhist Union in Beijing.

During the same period, contacts in the athletic field took place 21 times and those in media and the press, 24 times.

2 — Intra-Korean Trade

Overview

With the establishment of the Intra-Korean Exchanges and Cooperation Act in August 1990, the ROK government provided a legal framework for full-scale intra-Korean trade.

Since then, the customs records show that intra-Korean trade has steadily grown from \$18 million in 1989 to \$287 million in 1995. Given that North Korea's total external trade volume in 1995 was estimated to be only \$2.1 billion, the volume of intra-Korean trade is hardly insignificant. In fact, since 1994, South Korea has been the third largest trade partner of North Korea, ranking behind only Japan and China.

Since there was no official channel for trade recognized by the

Table 6-3 Status of Intra-Korean Imports and Exports in Recent Years

(Number of Cases/\$1,000)						
Year	Approved			Customs Cleared		
	Import	Export	Total	Import	Export	Total
1988	4/ 1,037	-	4/ 1,037	-	-	-
1989	57/ 22,235	1/ 69	58/ 22,304	66/ 18,655	1/ 69	67/ 18,724
1990	75/ 20,354	4/ 4,731	79/ 25,085	78/ 12,278	4/ 1,187	82/ 13,465
1991	328/ 165,996	40/ 26,176	368/ 192,172	300/ 105,722	23/ 5,547	323/ 111,269
1992	365/ 200,685	42/ 12,818	407/ 213,503	510/ 162,863	63/ 10,563	573/ 173,426
1993	478/ 188,528	76/ 10,262	554/ 198,790	601/ 178,166	97/ 8,425	698/ 186,591
1994	601/ 203,521	173/ 25,423	774/ 228,944	708/ 176,298	267/ 18,248	975/ 194,546
1995	755/ 236,075	604/ 73,751	1,359/ 309,826	976/ 222,855	1,668/ 64,435	2,644/ 287,290
1996*	699/ 134,792	544/ 54,791	1,243/ 189,583	1,054/ 135,756	1,515/ 58,998	2,569/ 194,754
Total	3,362/ 1,173,223	1,484/ 208,021	4,846/ 1,381,244	4,293/ 1,012,593	3,638/ 167,472	7,931/ 1,180,065

*As of September.

authorities of the two Koreas, intra-Korean trade has been generally carried out in the form of indirect trade through a broker located in the third country.

Current Status

— Approval of Intra-Korean Imports and Exports

Between October 1988, when the ROK government announced the open-door measures, and September 1996, South Korea's intra-Korean trade amounted to a total of \$1,180 million on a customs clearance basis, including \$1,013 million of imports and \$167 million of exports.

— Authorization of Intra-Korean Imports and Exports

According to the Public Notice of the Procedures for Approval of Import and Export of Commodities in Intra-Korean Trade based on Article 13 of the Intra-Korean Exchanges and Cooperation Act, trade of the restricted items require separate recommendation or approval of the Minister of National Unification, while the unrestricted items can be traded freely. For the latter, the minister may entrust his authority with the president of a foreign exchange bank.

From 1988 to September 1996, the restricted items amounted to \$196.1 million or 14.2% of the total export approval, while the unrestricted items constituted \$1,186.1 million or 85.8% of the total. The portion of the latter has been consistently larger than the former over the years; 88.3% in 1992, 94.2% in 1993, 87.9% in 1994, and 91.9% in 1995.

Table 6-4 Composition of South Korea's Imports in Intra-Korean Trade*

Year	Agricultural and Forests Products	Marine Products	Mineral Products	Iron and Other Metals	Textiles	Chemical Products	Others	Total
	(In \$1,000)							
1989-90	5,345 (17.3)	566 (1.8)	2,693 (8.7)	19,602 (63.4)	1,515 (4.9)	-	1,212 (3.9)	30,993 (100)
1991	5,046 (4.8)	3,053 (2.9)	6,173 (5.8)	86,046 (81.4)	1,588 (1.5)	1,672 (1.6)	2,144 (2.0)	105,722 (100)
1992	10,576 (6.5)	5,085 (3.1)	14,438 (8.8)	125,416 (77.0)	3,683 (2.3)	1,248 (0.8)	2,417 (1.5)	162,863 (100)
1993	9,674 (5.4)	878 (0.5)	1,371 (0.8)	154,263 (86.6)	8,945 (5.0)	663 (0.4)	2,372 (1.3)	178,166 (100)
1994	12,061 (6.8)	2,723 (1.6)	1,448 (0.8)	136,340 (77.3)	18,500 (10.5)	954 (0.6)	4,272 (2.4)	176,298 (100)
1995	17,768 (8.0)	2,692 (1.2)	3,001 (1.3)	165,590 (74.3)	28,852 (13.0)	56 (-)	4,896 (2.2)	222,855 (100)
1996†	9,176 (6.8)	5,885 (4.3)	1,749 (1.3)	81,474 (60.0)	33,033 (24.3)	48	4,391 (3.3)	135,756 (100)

* Numbers in parentheses represent percentage out of the total.

† As of September.

— Items for Intra-Korean Import and Export

South Korea's major imports in intra-Korean trade include iron and other metals, textiles, agricultural and forest products, mineral products, and marine products. In particular, the three most important import items for the South in intra-Korean trade are gold, zinc,

Table 6-5 Composition of South Korea's Exports in Intra-Korean Trade*

(In \$1,000)

Year	Agricultural and Marine Products	Textiles	Machinery and Electronic Equipments	Chemical Products	Iron and Other Metals	Others	Total
1989-90	-	69 (5.5)	1,094 (87.1)	83 (6.6)	-	10 (0.8)	1,256 (100)
1991	1,607 (28.9)	25 (0.5)	447 (8.1)	3,468 (62.5)	-	-	5,547 (100)
1992	64 (0.6)	496 (4.7)	22 (0.2)	7,932 (75.1)	1,957 (18.5)	92 (0.9)	10,563 (100)
1993	6 (0.1)	6,274 (74.5)	463 (5.5)	1,096 (13.0)	34 (0.5)	552 (6.6)	8,425 (100)
1994	151 (0.8)	12,856 (70.5)	39 (0.2)	1,349 (7.4)	243 (1.3)	3,610 (19.8)	18,248 (100)
1995	865 (1.3)	38,793 (60.2)	1,806 (2.8)	11,567 (18.0)	1,559 (2.4)	9,845 (15.3)	64,435 (100)
1996†	2,824 (4.8)	34,308 (58.2)	2,415 (4.1)	14,556 (24.7)	-	4,895 (8.2)	58,998 (100)

* Numbers in parentheses represent percentage out of the total.

† As of September.

and steel billets. As of September, for example, these three commodities took up 54.7% of the total imports in 1996.

On the other hand, the major exports of South Korea consist of raw materials for textiles to be processed in the North. In addition, iron and other metals, machinery and electronic equipment, agricultural and marine products, and sugar are also important exports.

— Trading Firms and Types of Trade

When intra-Korean trade started in October 1988 major South Korean corporations took the lead because they had advantages in organizational capability, information, and capital. Since 1990, however, a number of small-and-medium businesses have also begun to take part.

In the early days intra-Korean trade was carried out in the form of indirect trade through foreign trade brokers. As experience accumulated, however, many South Korean companies began to deal directly with their North Korean counterparts through their overseas offices or local subsidiaries. Yet, the clearing of payment and other financial transactions were still made through foreign intermediaries. Since 1991, however, some companies have tried to trade directly with North Korea.

In the beginning, the delivery of commodities was occasionally made by vessels hoisting the flag of a third country. However, when the Public Notice on Application for Approval of Operation of Vehicles for Transportation Between the South and the North was announced in July 1994, an intra-Korean trade route was established as a regular course for these vessels, thereby making direct shipment between the two Koreas possible.

Direct Intra-Korean Trade

Although the total amount of approved intra-Korean trade between 1988 and September 1996 was \$1.4 billion, the volume of direct trade was only \$78.4 million or 5.7 percent of the total.

Direct intra-Korean trade first took place in August 1991 between the Chunji Trading Co. of the South and the Kumgangsan International Trade and Development Corp. of the North. This transaction was contracted in the form of barter trade in which the South Korean company was to deliver 5,000 tons of rice and, in return, the North Korean company was to provide 30,000 tons of stone coal and 11,000 tons of cement. However, although the South Korean company delivered the promised commodities at the port of Rajin, the North Korean company has not yet made any notification on its delivery schedule.

Though several more attempts for direct trade were made in trading stone coal and some herbal medicines thereafter, their total volumes were insignificant. Currently, the lack of institutional devices to protect direct trade at the government level is limiting the expansion of such trade. To promote direct trade, therefore, the two Korean governments must first clear away various barriers in communication, transportation, clearing of payments, arbitration of conflicts, and the establishment of authorities for certification of the place of origin.

Processing Trade

Processing trade is a form of intra-Korean trade in which a South Korean firm provides raw materials to process. And to its North Korean partner then receives back the finished products back.

Since a South Korean firm started this form of trade in manufacturing school bags in December 1991, its volume has increased rapidly from \$970,000 in 1992 to \$7,996,000 in 1993, to \$28,564,000 in 1994, and to \$47,237,000 in 1995, and \$46,877,000 as of September 1996.

The reason for such a rapid growth was that through this format of trade the South could take advantage of North Korea's cheap and good-quality labor while the North could earn foreign currency easily without making any additional investment. The North preferred such trade because it also helped to develop its underdeveloped light industries.

The commodities imported in the commission-based processing trade have mainly been garments and other sewn products, but lately, the line of products has expanded to include accessories, color TV sets, and TV speakers.

For a long time, the major obstacle in this type of trade was that it was very difficult for South Korean technicians and engineers to visit the North for quality control and technical training of the North Korean workers. Export of production facilities into North Korea was also restrained. Consequently, it was difficult to produce high value-added products in this a manner. Fortunately, these two obstacles were removed to a large extent as the ROK government published the Measures to Revitalize Intra-Korean Economic Cooperation in November 1994.

Table 6-6 Approval of Processing Trade

(In \$1,000)

Year	Import	Export	Total	Items
1991	23	13	36	bags
1992	556	414	970	bags, garments, shoes
1993	4,385	3,611	7,996	garments, toys
1994	16,598	11,966	28,564	garments, shoes
1995	26,490	20,747	47,237	garments, shoes
1996*	21,863	25,014	46,877	color TV, garments
Total	69,915	61,794	131,679	

* As of September.

3 — Intra-Korean Cooperation Projects

Overview

Intra-Korean cooperation projects refer to all the activities residents of the two Koreas jointly carry out in various fields including cultural, academic, athletic, and economic areas. These are a more advanced and mature form of intra-Korean exchanges.

The legal framework for cooperation projects was laid down by the Intra-Korean Exchanges and Cooperation Act passed in August 1990. However, no project was actually implemented until 1994 due to the increased tension in intra-Korean stemming from the North Korean nuclear threat.

In October 1994, the signing of the Agreed Framework between the United States and North Korea provided a breakthrough for the stalemated intra-Korean economic cooperation. On November 28, the ROK government announced the Measures for Revitalization of Intra-Korean Economic Cooperation. These measures (i) allowed cross-visits by business entrepreneurs, (ii) permitted South Korean technicians to visit the North and approved export of production facilities needed for processing trade to the North, and (iii) launched several pilot projects for economic cooperation.

Cooperation Projects by Field

— The Athletic Field

The first inter-Korean soccer match since the division of the nation was held in Seoul and Pyongyang during October 1990. Reflecting the burgeoning desire of Korean people for more fre-

quent athletic exchanges, the representatives of the two governments held four rounds of talks and finally agreed to dispatch a single national team to the 1991 World Table Tennis Championship and to the 1991 World Junior Soccer Championship.

Consequently, the ROK government approved an application submitted by the ROK Table Tennis Association to form and enter a single national team in the above event and financed the expenses for joint training out of the Intra-Korean Cooperation Fund. The significance of this event was that it was the first intra-Korean cooperation project to be carried out under the Intra-Korean Exchanges and Cooperation Act and the Intra-Korean Cooperation Fund Act.

The second cooperation project involved the forming of a single national team to enter the 1991 World Junior Soccer Championship. The ROK government paid the expenses for the evaluation games held in Seoul and Pyongyang as well as those for the joint training out of the Intra-Korean Cooperation Fund. Eventually, despite being assigned to the same preliminary group with such powerful contenders as Argentina, Portugal, and Ireland, Team Korea advanced to the quarter-finals.

— The Economic Field

Important preparatory efforts were made by South Korean businessmen in promoting intra-Korean trade. In January 1989 and in December 1991, the chairman of the Hyundai Group and the founder of the Unification Church visited North Korea, respectively, but failed to produce meaningful results.

In January 1992, the chairman of the Daewoo Group visited the North and agreed on a joint venture to produce nine different items including shirts, blouses, jackets, and bags in the Nampo light

industry zone. The ROK government subsequently approved the application submitted for this project. Consequently, Daewoo, Inc. became the first company ever to be approved as a cooperation partner in intra-Korean economic cooperation.

Due to the North Korean nuclear issue, however, the Daewoo project remained in a deadlock until November 1994 when the ROK government published the Measures for Revitalization of Intra-Korean Economic Cooperation.

By September 1996, the total number of South Korean companies that had visited North Korea reached 34, involving 208 people. Some of them have applied for cooperation partnerships or cooperation projects. The ROK government issued its first approval on cooperation project for Daewoo, Co. on May 17, 1995. According to the Intra-Korean Exchanges and Cooperation Act, those companies whose applications for cooperation partnership have been approved must later submit a separate application for the cooperation project after they sign an agreement with their North Korean partners on the details of the project.

4 — Humanitarian Projects

Separated Families

As the division of the country continues, the members of separated families are growing older day by day. The ROK government has maintained the position that reunion of these families must be considered as a humanitarian issue separated from any political agenda. Consequently, the government has given the top priority to this issue and tried its best to relieve the pains of these unfortunate

people.

Regretably, although the ROK National Red Cross and The Red Cross Society of the North have held over 60 rounds of talks to resolve the issue over the last twenty-five years, the actual cross-visits by the delegations of separated families took place only once in 1985. After that one-time cross-visit, the talks on this issue, just like those on many other issues, were repeatedly interrupted and suspended.

The ROK government also brought up the issue at the high-level talks convened since 1990 and specified it as the most pending issue of all in the Basic Agreement. Upon the effectuation of the Basic Agreement, therefore, the South and the North thereby consented to exchange a group of separated family members from each side and allow them to visit their parents in their hometowns. The two Koreas agreed that this would be a pilot project for intra-Korean cooperation.

The North, however, did not keep its promise. Since then, Pyongyang has been passive and insincere on this particular issue throughout the years. While efforts at the governmental level to relieve the agony of separated families failed, attempts in the private sector continued in searching for the whereabouts of family members and corresponding by letters via a third country.

With the enactment of the Guidelines for Intra-Korean Exchanges and Cooperation of 1989 and the Inter-Korean Economic Cooperation Act of 1990, the ROK government has encouraged various forms of intra-Korean exchanges by providing legal and institutional supports for them. In particular, the government has given the top priority over applications for contacts with members of separated families. As a result, by the end of 1996, a total of 2,485 families have been

authorized for contact with North Korean residents. 33 percent of them or 826 families have directly or indirectly were able to confirmed on the whereabouts of their family members, either through their relatives or through intermediary service organizations in a third country.

The methods of contact commonly used by these families were (i) through relatives or Koreans living abroad, (ii) through intermediary service organizations, and (iii) by attending international events. In early days, most intermediary services were performed by individuals or organizations located in the United States, Canada, or Japan. After the normalization of ROK-China relations in August

Table 6-7 Status of Separated Family Exchanges

(Number of Families)					
Year	Number of Application for Contact (A)	Number of Confirmation on Where- abouts (B)	Number of Letters Exchanged	Number of Meetings Taken Place	Rate of Suc- cess (B/A)
1989	1	-	-	-	-
1990	62	35	44	6	56%
1991	275	127	193	11	46%
1992	267	132	462	19	49%
1993	743	221	948	12	30%
1994	651	135	584	11	21%
1995	310	104	571	17	34%
1996*	176	72	349	14	41%
Total	2,485	826	3,151	90	33%

*As of September.

1992, however, China has become the most favored intermediary nation. Contact through China now constitutes 56 percent of the total.

At the same time, the ROK government has opened information service centers in thirteen cities and provinces throughout the country. Established on July 1, 1993, at the main headquarters and local chapters of the ROK National Red Cross, these centers provide services for separated families residing in the local areas and promote continuous efforts for confirmation of whereabouts and exchange of letters.

Rice Aid and Aids to the North Korean Flood Victims

Between June and October of 1995, the ROK government provided 150,000 tons of rice to relieve the hardship of North Korean residents. The government also responded to the appeals of the World Food Program (WFP) and other United Nations organizations to help the North Korean flood victims in June 1996. The South Korean contributions included \$2 million in cash to the WFP designated for the purchase of mixed grains and 203 tons or \$1 million worth of dry milk for North Korean children to the UNICEF. In addition, the government donated \$50,000 to the World Meteorological Organization (WMO) to help repair North Korea's meteorological equipment.

Various South Korean private organizations also provided humanitarian assistance to the North Korean flood victims. Their efforts were funneled through the KRNC because all humanitarian issues raised in intra-Korean relations are handled by the Red Cross organizations of both Koreas. Accordingly, from November 1995 to October 1996, the KRNC, with the help of the International Red Cross,

delivered to the North Korean victims \$1.8 million worth of commodities, including flour, cooking oil, dry milk, instant noodles, and blankets. In the long run, these aids would act as a catalyst in tearing down the wall of accumulated mistrust and building reconciliation and confidence between the two Koreas.