North Korea: A Month in Review

An analytic look at the main developments of the September 1 and September 30 period

By NK Pro Staff Analysts
North Korea: A Month in Review & What’s Ahead

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NK Pro has conducted an in-depth analytic review of news on the peninsula for the period between September 1 and September 30.

In addition to an Executive Summary providing top-line findings, the following review includes detailed analysis on a wide range of other specialist focus areas.

Furthermore, it also includes a look ahead at the five events most likely to create news in October.

Please send any feedback about this feature to chad.ocarroll@nknews.org

Published by Korea Risk Group, the world’s premier resource for analysis, research tools and data on North Korea (www.korearisk.com)
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EXECUTIVE SUMMARY

Section by Caroline Kearney and Chad O’Carroll

ECONOMY: MAJOR INFRASTRUCTURE DEVELOPMENT, TWO TRADE FAIRS, AND NOTABLE DATA SPIKES

Section by Caroline Kearney and Chad O’Carroll

Perhaps one of the most important developments of the month relates to the border crossing between the Chinese city of Dandong and neighboring DPRK city of Sinuiju. Six years after construction stalled on the eve of project completion, NK Pro in late September detected signs of renewed building activity on the DPRK side of the modern Yalu River Bridge. Meanwhile, a new road bridge connecting Namyang – a small North Korean border town in the northeast – to Tumen has been paved, suggesting it could be ready to open soon, photos posted to Chinese social media on September 3 indicated. Furthermore, North Korea hosted two international trade fairs that attracted major levels of Chinese participation, with product ranges and exhibitors likely breaching sanctions in one way or another. And DPRK imports of Chinese cereals increased from $3.4 million during the month of June to over $19 million in July, the highest single monthly shipment since September 2013, according to data gathered by the ITC Trade Map and published in September.

RISK: Developments in September all point to a major warming of ties between Beijing and Pyongyang which, if the trend continues, may have profound impacts on North Korea’s medium to long-term interest in serious dialogue with the U.S. and South Korea. As a result, the big picture suggests Beijing will continue growing its presence and influence in the DPRK in the months and years ahead. Absent a breakthrough between Trump and Kim Jong Un emerging in the short-term, it seems that 2020 could see Pyongyang move away from attempting to seek further American or South Korean accommodation. Instead, recent economic developments suggest Kim will focus on cultivating a more strategic and economically vibrant relationship with China, aware that as it grows the need for North Korea to denuclearize will diminish. In a nutshell, increasing dependence on China might be Pyongyang’s “Plan B” should U.S. talks fail in the year ahead.
WMD: NORTH KOREA LAUNCHES SHORT-RANGE PROJECTILES, OSINT DISAGREEMENT ON DPRK SUBMARINE CAPABILITIES

Section by Caroline Kearney and Chad O’Carroll

On September 10, the DPRK launched at least two short-range projectiles from what appeared to be the “super-large” 600mm Multiple Launch Rocket System (MLRS) initially tested on August 24. North Korean leader Kim Jong Un said the launch demonstrated that the system was “finally verified” in terms of combat operations, trajectory, accuracy, and guidance capabilities, according to state media. However, images of the MLRS system on the morning of the launch suggest that three missiles may have been launched, instead of two, with the third missile either failing or crashing during flight. Disagreement also emerged relating to the status of submarine facilities at the Sinpo South shipyard. Also, two underground complexes at Yongbyon were identified, although their exact purpose was described as being unknown.

RISK: Events in September suggest that Pyongyang is seeking to continue developing weapons systems at levels it believes will not undermine a rekindling of DPRK-U.S. talks or Kim Jong Un’s personal relationship with Donald Trump. Thus while the decreased frequency of missile testing seen in September may help pave the way for U.S.-DPRK talks to resume, satellite imagery this month of North Korea’s submarine facilities and underground complexes at Yongbyon served as a reminder that North Korea’s ballistic missile and nuclear weapons program continues to make advancements.

FOREIGN RELATIONS: NORTH KOREA SAYS IT’S READY TO TALK TO U.S., BUT ONLY HOLDS MEANINGFUL EXCHANGES WITH RUSSIA AND CHINA

Section by Caroline Kearney and Chad O’Carroll

During the month of September, a new cautious optimism could be found in official U.S. and North Korean statements regarding the resumption of talks between the two countries. On September 9, North Korea’s vice foreign minister Choe Son Hui announced that the country was willing to return to talks with the U.S. U.S. President Donald Trump also sent out positive signals to Pyongyang, including that he is open to exploring a “new method” in talks with the DPRK. North Korea’s “chief delegate” of DPRK-U.S. working-level negotiations responded to the remarks the following day, saying he “welcome[d] President Trump’s wise political decision” to shift approach. Ultimately, talks did not resume in September and a date had not yet been set, U.S. Secretary of State Mike Pompeo announced on September 26. Meanwhile, North Korea continued to hold high-level exchanges with Russia and China.

RISK: The actual status of relations will not be determined until working-level negotiations resume and the substance of discussions is revealed. Pyongyang’s offers and expectations during talks with the U.S. will determine whether their overtures for dialogue are sincere or if they are biding time until the U.S. makes greater efforts to meet North Korean on its own terms.

INTER-KOREAN: SEOUL SAYS IT WILL GUARANTEE NORTH’S SECURITY, YET NORTH REMAINS CRITICAL

Section by Caroline Kearney and Chad O’Carroll

As has become the norm for inter-Korean relations in recent months, the stark contrast in tone between messages released by Seoul and Pyongyang during September was again clear to see in September. The Moon administration tried its best to remain upbeat and optimistic – and involved in diplomatic processes through another U.S.-ROK summit – yet North Korea responded with more hostile rhetoric, repeatedly reminding Seoul of a perceived absence of trust. How South Korea may turn the inter-Korean situation around in the remaining months of the year – vital if Seoul wishes for an accommodating New Year’s speech by Kim Jong Un – remains to be seen.

LEADERSHIP: KIM JONG UN KEEPS LOW PROFILE, KIM YO JONG MAY HAVE BEEN PROMOTED

Section by Rachel Minyoung Lee

Kim Jong Un made only four public appearances between August 27 and September 30, remaining out of the public eye since September 11, when state media reported on his guidance of the North’s test of a *super-
large multiple rocket launcher." Kim’s observance of the projectile launch seemed to track with a shift in state media rhetoric since September 26, emphasizing defense capabilities. This suggests that the North Korean top leadership a) remains undecided about its policy on the U.S. and the DPRK-U.S. nuclear talks; b) is still skeptical about the outcome of DPRK-U.S. nuclear negotiations; or c) both.

MILITARY: NORTH KOREA SAYS NATIONAL DEFENSE THE FIRST PRIORITY, UN INDICATES IMPROVING MISSILE CAPABILITIES, ROK DRILLS SLAMMED

Section by Caroline Kearney

During the month of September, North Korea stated that national defense capabilities are the country's first priority, a departure from the economic focus associated with the post-April 2018-era. Meanwhile, the UN Panel of Experts’ (PoE) mid-term report highlighted key concerns about advancements in the country’s special weapons programs. Finally, Pyongyang once again slammed the South for developments within its own military. While many scenarios are still possible, it is most likely that Kim Jong Un either "remains undecided on his U.S. policy or has doubts about the negotiations' prospects" and is therefore preparing the military and defense industry - possibly as well as the general public – for renewed investment in this area.

SANCTIONS: UN EXPERT PANEL SAYS SANCTIONS EVASION CONTINUES, U.S. DESIGNATES HACKING GROUPS

Section by Caroline Kearney and Chad O’Carroll

In September the UN PoE released its mid-term report detailing North Korea's ongoing sanctions evasion efforts, while the U.S. Department of Treasury issued new designations against three North Korean hacking groups. Meanwhile, activities at sea and at maritime-related facilities drew concerns. The two most concerning sanctions evasion techniques highlighted in the PoE report include the utilization of smaller vessels to conduct illicit transfers at sea, and an increase in cyber attacks. Thus, policy-makers eager to prevent DPRK weapons development will want to scrutinize these practices and determine the best methods to counteract them.

HUMAN SECURITY / HUMAN RIGHTS: RUSSIA DETAILS DPRK FISHING CREWS, DPRK REQUESTS SOME UN STAFF LEAVE COUNTRY, LIMITED TYPHOON DAMAGE

Section by Caroline Kearney and Chad O’Carroll

Russia arrested two large groups of North Korean vessel crews over illegal fishing, while typhoon damage killed five people in the DPRK. The vessel interdictions could suggest DPRK fishing crews are being expected to increase catches, possibly due to food insecurity issues in-country. Meanwhile, the Global Fund appeared increasingly ready to return to North Korea, even as Pyongyang asked the UN to reduce its in-country footprint of humanitarian staff. North Korea's request for the UN to reduce in-country staff suggests that Pyongyang is continuing a recent trend to politicize humanitarian aid.
In September, there were two notable infrastructure developments between the DPRK and PRC, while data indicators tracked by NK Pro showed a range of up-and-down movements. Furthermore, North Korea hosted two international trade fairs that attracted major levels of Chinese participation, with product ranges and exhibitors likely breaching sanctions in one way or another.

**Notable infrastructure developments at two DPRK-PRC border points**

Perhaps one of the most important developments of the month relates to the border crossing between the Chinese city of Dandong and neighboring DPRK city of Sinuiju. Six years after construction stalled on the eve of project completion, NK Pro in late September detected signs of renewed building activity on the DPRK side of the modern Yalu River Bridge. In particular, satellite imagery indicated that North Korean workers have been clearing roads and demolishing homes near the entrance of the bridge since September 15. The apparent long-awaited restarting of work to connect what North Korea calls the Korea-China Amnokgang Bridge (조중압록강다리) follows a report that Chinese President Xi Jinping recently promised to fund the construction on the DPRK side. According to Japan’s *Asahi Shimbun*, multiple sources informed the paper that Xi made the promise during his visit to Pyongyang in June. The report said that around 2.5 billion yuan ($350 million USD) in funding was pledged for roads and new customs facilities, and that the North Korean military would be involved in the construction. Sources told *Asahi*, however, that Chinese engineers have been seen surveying the land on the North Korean side since late June.

Meanwhile, a new road bridge connecting Namyang – a small North Korean border town in the northeast – to Tumen has been paved, suggesting it could be ready to open soon, photos posted to Chinese social media on September 3 indicated. Only a single-lane bridge currently connects the two towns, meaning that when the much wider new bridge opens it may help facilitate expanded cargo traffic between the DPRK and the Yanbian Korean Autonomous Prefecture.
Two international trade fairs held in Pyongyang, exhibitors may violate sanctions

The new High-Tech International Trade Fair was held in Pyongyang from September 2 to 6, according to the Korean Central News Agency (KCNA). State media said the fair featured “high-tech” products from China and served as an opportunity to “strengthen economic cooperation” and “expedite trade activities” between the two countries. Images of the fair showed a range of goods including virtual reality (VR) motion simulator chairs, agriculture-use drones, luxury hotel equipment, and sports equipment from at least 50 Chinese firms. The import of many of these products into the country for the fair could violate UN Security Council (UNSC) sanctions, analysis by NK News suggested.

In addition, the 15th Pyongyang Autumn International Trade Fair was held from September 23 to 27 with a new high of over 350 companies participating in the fall version of the biannual event, according to NK News analysis. At least 187 of the participants appeared to be Chinese firms, 161 from North Korea and the remaining handful from Vietnam, Russia, Indonesia, and Mongolia, according to the full exhibitor list and images obtained by NK Pro. Chinese participation grew by approximately 44 firms compared to last year’s fall fair. DPRK state media said the products ranged from “electrical and electronic goods, building materials, machines and light industrial products.” One Chinese firm offered custom order Korean language smartphones, according to an image obtained by NK News on September 24. If so, this would represent an interesting development in the DPRK telecoms sector, but likely also constitute a violation of UNSC sanctions.

Some notable data spikes, but mostly on currency and foodstuffs

DPRK imports of Chinese cereals increased from $3.4 million during the month of June to over $19 million in July, the highest single monthly shipment since September 2013, according to data gathered by the ITC Trade Map and published in September. On average, DPRK cereal imports range between $2 to $3 million monthly, making this rise a drastic spike. A large increase in rice imports was the primary reason for the change, the data indicated.

Meanwhile, Chinese oil exports to North Korea increased to an annual high during the month of July, according to Chinese customs data released in September. The increase from $3 million in June to $3.5 million in July followed an upward trend since February of this year. In contrast, Russia’s oil supplies to the North fell to the lowest level in 2019. Data from the first seven months of this year shows that North Korea’s oil imports have increased overall this year compared to 2018, yet thus far remain just below the 50 percent mark of the annual cap imposed by the UN Security Council.

Finally, NK Pro currency data – both official and unofficial rates – indicated that rates overall changed little in September. There was, however, a notable rise in the value of the North Korean Won against the Euro in early September, which has prevailed since the uptick was first noticed by NK Pro. Reasons for the decreasing value of the Euro are as of yet unclear.

Official and unofficial exchange rates

Values derived from NK Pro Pyongyang official and unofficial NK / Daily NK data

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<th>Official Euro (NK Pro)</th>
<th>Unofficial USD (NK Pro)</th>
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Data tracked by the *Daily NK* showed a major gap for late September, with their latest indicators of the month being dated September 11. But broadly speaking, the *Daily NK* indicators showed little sign of major movement.

**Daily NK Market price data in context**

Average values derived from *Daily NK* Pyongyang, Sinuiju and Hyesan data

![Graph showing market price data for different commodities from August 11, 2019, to September 8, 2019.](image)
Developments in September all point to a major warming of ties between Beijing and China which, if the trend continues, may have profound impacts on North Korea’s medium to long-term interest in serious dialogue with the U.S. and South Korea.

Activity to seemingly connect the new Yalu River Bridge to DPRK infrastructure adjacent to Sinuiju is a significant development. From almost the time Kim Jong Un inherited power to September this year, the bridge was a white elephant structure that represented the stagnant nature of relations between China and North Korea. That construction has therefore now begun suggests that Chinese President Xi Jinping’s visit to Pyongyang – his fifth meeting with Kim Jong Un – likely facilitated serious geopolitical breakthroughs between the two countries. Once the new bridge opens, the new multi-lane roadway will have the capacity to significantly increase trade and transportation between the two countries. Given the existing and narrow Sino-DPRK Friendship Bridge dates back to the 1940s, is in an extremely poor state of repair, and regularly creates a bottleneck between the countries, this could have a major impact on trade between the two countries.

The overall constellation of recent Chinese-DPRK border developments, a significant PRC presence in two September trade fairs in Pyongyang, and data of China’s massive export of cereals to the DPRK in July together show where North Korea business opportunities are currently to be found.

The flurry of border infrastructure developments suggests that the Chinese are currently preparing for a major increase in trade and movement of people between the two countries. When such increases will take place remains to be seen, but it is likely that growing sanctions implementation fatigue in the borderlands region will soon facilitate them – even if no official deal to reduce the scope of sanctions emerges any time soon. This logic is further expanded by the regular presence of a growing number of Chinese companies at North Korean trade fairs, which are often seen to be breaching aspects of the UN sanctions regime. Offering everything from high-end luxury products to dual-use materials such as graphite, it appears as though parts of the Chinese government are already overlooking at least lower-level economic exchanges between the two countries as relations with North Korea continue to warm. And data shows that PRC-based cereal vendors likely enjoyed a significant sales boon in July - though it’s as of yet unclear whether this was gifted from China as aid or represented a purchase using North Korean financial reserves.

But while Chinese companies accessing the DPRK market may have an early advantage for now, like those preparing to make use of improved access when new Chinese bridges and customs infrastructure comes online, it is important to keep in mind the ongoing impact of sanctions. Indeed, it is probable that Washington is still doing its best to keep close tabs on Chinese companies engaging in activities contravening either the global or U.S. unilateral sanctions regimes. Thus while Treasury designations may be few and far between at this time, sanctions-breaching Chinese companies and individuals may risk future naming-and-shaming as a result of current activities and engagements in North Korea.

In the context of at least six other active borderlands infrastructure developments tracked by NK Pro since the two leaders begun meeting in early 2018, the mutual DPRK-PRC interest in better connecting the two countries suggests confidence of either approved or unofficial sanctions relief being on the horizon soon.

Notably, the infrastructure developments come amid growing Chinese participation in September’s North Korea trade fairs, a huge spike in PRC cereal exports to the DPRK – visible in recently obtained July export data – and an ongoing surge in PRC tourism to the DPRK. As a result, the big picture suggests Beijing will continue growing its presence and influence in the DPRK in the months and years ahead. Absent a breakthrough between Trump and Kim Jong Un emerging in the short-term, it seems that 2020 could see Pyongyang move away from attempting to seek further American or South Korean accommodation. Instead, recent economic developments suggest Kim will focus on cultivating a more strategic and economically vibrant relationship with China, aware that as it grows any need for North Korea to denuclearize will diminish. In a nutshell, increasing dependence on China might be Pyongyang’s “Plan B” should U.S. talks fail in the year ahead.
On September 10, the DPRK launched at least two short-range projectiles from what appeared to be the “super-large” 600mm Multiple Launch Rocket System (MLRS) initially tested on August 24. The two projectiles flew at a maximum trajectory of 330km and apogee of 50 to 60km, according to the ROK Joint Chief of Staff (JSC). The data indicated a “depressed trajectory” with the benefit of shortening flight time. North Korean leader Kim Jong Un said the launch demonstrated that the system was “finally verified in terms of combat operations, trajectory, accuracy and guidance capabilities,” according to state media. However, images of the MLRS system on the morning of the launch suggest that three projectiles may have been launched, instead of two, with the third either failing or crashing during flight, according to NK Pro contributing analyst Ankit Panda and other experts.

Construction appears to be ongoing at a new ballistic missile submarine at Sinpo South Shipyard in North Korea, based on 38 North satellite imagery observed on August 26 and September 23. But while 38 North warned that a dummy round missile test may occur soon based on their interpretation of there being “a cylindrical canister and support vehicles” adjacent a submersible test barge, other open source analysts disagreed. Senior research associate from the James Martin Center for Nonproliferation studies Dave Schmerler suggested the “cylindrical canister” in 38 North’s analysis was actually a truck crane. Based on 38 North’s analysis, the presence of the “canister” would have suggested a number of submarine-launched missile test events could soon be on the horizon. However, Schmerler’s interpretation would suggest there being no visible sign of pending missile tests.
on the horizon. The two varying interpretations of the same satellite imagery are important to note, since they can provide policy-makers wildly differing assessments of likely North Korean actions in the weeks and months ahead.

**Underground facilities at Yongbyon identified for first time**

The existence of two underground complexes at the Yongbyon Nuclear Scientific Research Center was flagged by 38 North on September 19, based on analysis of satellite imagery gathered between April 2002 and August 2019. While underground facilities have long been rumored to exist at the facility, the 38 North analysis appears to be the first confirmation of its existence using evidence gained from satellite imagery. Analysts at the website were allegedly able to determine the existence of the underground complexes by identifying tunnel entrances and nearby spoil piles in the imagery, over an extended period of time. Their analysis said that while it was impossible to determine the purpose of the underground facilities, a close proximity to nuclear facilities and their underground nature should make them of interest to future inspectors visiting the area.
Events in September suggest that Pyongyang is seeking to continue developing weapons systems at levels it believes will not undermine a rekindling of DPRK-U.S. talks or Kim Jong Un’s personal relationship with Donald Trump.

Firstly, while the short-range launch event on September 10 occurred only one day after DPRK vice foreign minister Choe Son Hui expressed a willingness to return to talks with the U.S., it marked the sole test event of the month. This compares to the much higher frequency of eight test events between July and August. The sharply decreased frequency suggests that the DPRK munitions industry may therefore have been ordered to cease further test-firing in order to provide Pyongyang the latitude to begin exploring working-level talks with the Trump administration.

While it seems incongruous that the DPRK would have test-fired more projectiles just a day after Choe expressed interest in further talks, this may have been due to technical needs rather than for geopolitical reasons. With hindsight, it appears the DPRK’s missile scientists used a recent window of geopolitical justification to conduct various tests of emerging short-range systems during summer months. While that window may have now passed, it’s plausible that the MLRS system tested again in September still required further testing in order to guarantee confidence before deployment – rather than to simply remind third parties of consequences of not engaging in working-level talks.

Secondly, 38 North’s observation that the DPRK continues developing a new ballistic missile submarine (SSB) should come as no surprise given that Pyongyang revealed this in state media in July. But alternative evidence brought into question the website’s suggestion that North Korea may also be preparing for a dummy round test from a submersible test barge – an event 38 North described as being a leading indicator for actual missile tests relating to emerging SSB technologies. While the two interpretations will have wildly different short-term implications, together they serve as a reminder that the DPRK is continuing to invest in an area that could have consequences on future talks.

Not only have sustained missile/projectile tests through summer put a dampener on there being any prospect for business relating to the DPRK, but they also risked stimulating renewed ire from the U.S. – and a possible return to tensions – harmful to stability in South Korea and Japan, in particular. As a result, the sharp slowdown of missile/projectile testing in September is a positive sign for stakeholders awaiting business opportunities with or related to North Korea, or for those benefiting from geopolitical stability in NE Asia. Whether or not working-level DPRK-U.S. talks can now soon begin as a result of the apparent North Korean restraint, however, remains to be seen.
September 30 in fact marked the three-month point since President Trump said at the hastily organized Panmunjom summit that working-level talks could begin within "weeks". But despite North Korea's presentation of the U.S. improving in official state media during September, little of substance emerged between the two countries. However, consistent with recent months, North Korean exchanges with both Russia and China continued to play out.

A cautious optimism was infused in official U.S. and North Korean statements regarding the resumption of talks between the two countries during September.

U.S. Special Representative for North Korea Stephen Biegun delivered a speech on September 6 from the University of Michigan, reiterating Washington's recent offers for dialogue and clarifying the Trump administration's stance. Specifically, he said he is confident that once negotiations make progress there are "significant actions" the two sides could quickly agree upon to make clear that U.S.-North Korea relations have made an "irreversible turn away from conflict." Biegun also said the U.S. is "fully committed" to ending hostile relations on Peninsula, identifying security assurances for both Koreas and building trust - all of which should lead to the denuclearization of the Korean peninsula.

Then on the 9th of the month, North Korea's vice foreign minister Choe Son Hui appeared to respond, announcing that her country was willing to return to talks with the U.S., as it appeared Washington "has since had enough time to find the calculation method that it can share with us." But her statement also warned that talks could cease if the U.S. didn't bring a new "calculation."

U.S. President Trump also sent out several positive signals to Pyongyang throughout the month. After firing his National Security Advisor John Bolton on September 10, Trump listed Bolton's "Libyan model" comments as a
setback in U.S.-DPRK relations and one of the motivations behind the dismissal. Trump also said he hoped to 
meet DPRK leader Kim Jong Un again this year and would be open to exploring a "new method" in talks with 
Pyongyang in two separate statements on September 12 and 19, respectively.

North Korea’s "chief delegate" to DPRK-U.S. working-level negotiations responded the following day, saying he 
"welcome[d] President Trump’s wise political decision" to shift approach. But talks did not resume in September 
and a date for them to restart had not yet been set, U.S. Secretary of State Mike Pompeo announced on 
September 26. Pompeo only went as far as to say that talks may resume soon.

Despite the warming relations, DPRK state media did continue to release articles critical of the U.S. during the 
month of September. But most were published with low-level authority, noted NK Pro analyst Rachel Minyoung 
Lee on September 23.

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**Chinese foreign minister visits Pyongyang**

Chinese foreign minister Wang Yi visited Pyongyang from September 2-4, reportedly meeting with Workers’ 
Party of Korea (WPK) Politburo member and Central Committee vice-chairman Ri Su Yong. Wang on September 
2 said China commits to “closely cooperate” on international issues with North Korea, as well as to step up 
other forms of cooperation between the two countries. The Korean Central News Agency (KCNA) added that 
Wang “affirmed that China will always stand on the road as comrades and friends of the DPRK,” on the final day 
of his visit. The Chinese foreign minister added that exchanges and communication between the two nations 
should increase, according to an article on China's Ministry of Foreign Affairs website on September 4. In South 
Korea, media suggested the visit may have also served to prepare for the forthcoming 70th anniversary of 
DPRK-China relations, scheduled to take place on October 6. In particular, some ROK-based media reported 
that North Korean leader Kim Jong Un may visit China during the anniversary.

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**DPRK officials hold economic talks in Russia’s Far East**

In a series of Russia-DPRK high-level exchanges that began with April’s Kim- Putin summit, senior North Korean 
economic officials traveled to Vladivostok on September 2 to participate in an economic forum and continued 
talks to increase economic cooperation. The DPRK officials reportedly participated in the Eastern Economic 
Forum (EEF) and held side talks with the region’s governor, Oleg Kozhemyako and other officials. North Korea’s 
Vice Premier Ri Ryong Nam said its focus was on economic cooperation with the region, especially in the areas 
of “construction, agriculture, fisheries and tourism,” according to Arirang News on September 5.
Compared to the months of July and August – both dotted with numerous missile/projectile launches – DPRK-U.S. diplomatic relations appeared to improve on the surface during the month of September. However, the UN General Assembly took place without the participation of a senior DPRK delegation, meaning a widely expected vector for rekindling working-level talks between the two countries was missed.

As detailed in a comprehensive analysis on DPRK-U.S. relations at NK Pro in September, it is possible that North Korea may have less imperative than Washington would like to engage in working-level talks. Indeed, North Korea may have received sufficient levels of informal sanctions relief through its ongoing efforts to warm political and economic relations with both China and Russia. If this is the case, it is possible that working-level talks may eventually emerge, but with the DPRK less urgently requiring a deal than had been the case in Hanoi.

However, the impeachment crisis in Washington starting in late September could prove to become either a hurdle or opportunity in the event talks can kindle. Either it will be of such a level of distraction that Trump may feel he has insufficient latitude to engage in North Korea diplomacy with the personal touch Kim Jong Un is likely to require for substantive results. Or Trump may feel the North Korea issue offers a perfect distraction for growing political problems at home and engages in radical diplomacy with Kim Jong Un before the year’s end.

The extended delays surrounding a resumption of working-level DPRK-U.S. talks will unlikely be welcomed by businesses seeking opportunities in or surrounding the peninsula. While it seemed that circumstances could be shaping up to facilitate a resumption of talks at the end of September, that nothing emerged in the end will mean more delays on the prospects of DPRK-related business opportunities and sanctions relief.

Although a lot can happen before the end of the year – Kim Jong Un’s deadline for reaching a new agreement with the U.S. – due to the impeachment crisis Trump may find himself with less capacity or personal interest to pursue serious negotiations with North Korea in the weeks and months ahead. This could throw another curveball in the event working-level talks eventually begin in October.

And in a worst-case scenario – in the event that Trump eventually becomes unseated by the growing political crisis – the prospects for any short to medium-term deal between the DPRK and U.S. will likely be seriously damaged for a long time to come. Naturally, this has significant implications for the global sanctions regime, which would likely remain fully in place for the foreseeable future, much to the detriment of those interested in North Korea as a frontier market. Furthermore, it could justify Pyongyang engaging in risky long-range missile or nuclear testing next year, in order to remind American voters of the unresolved nature of peace on the peninsula. Such events, depending on how they play out, could see serious tensions re-emerge on the peninsula, to the detriment of stability in the region.
During the month of September, President Moon Jae-in announced that South Korea would guarantee North Korea’s security, though Pyongyang remained unresponsive. Meanwhile, the ROK’s Human Rights Commission said there was insufficient evidence to describe the April 2016 defection of restaurant workers from China as an abduction. And an inter-Korean football match scheduled for October 15 in Pyongyang is set to go ahead, despite logistics hurdles.

Moon says South will guarantee DPRK security, North remains critical

In his UN General Assembly (UNGA) speech on September 24, Moon praised progress secured towards peace with North Korea. Outlining a three-principle approach to denuclearizing the peninsula, he called for an end to the Korean War, a mutual security guarantee, and an effort to pursue co-prosperity. Further, Moon added that South Korea would take steps to guarantee the DPRK’s security and said he hoped the North would do the same regarding the ROK.

At the UNGA, Trump and Moon met for their ninth summit in an hour long meeting the day prior. The two leaders were said to have "had an in-depth discussion on ways to produce substantive results so that working-level negotiations can lead to the third North Korea-U.S. summit," a senior ROK presidential official who wished to remain anonymous later said.

Despite the warm words, North Korean state media remained unimpressed by Seoul’s overtures. On the day following Moon’s UNGA speech, Arirang Meari published a commentary saying that inter-Korean relations had not progressed because of “Seoul’s behavior of succumbing to foreign powers.” The commentary went on to claim that it is the ROK’s responsibility to take the first step to improve ties “by looking back, repenting, and rectifying their policy of depending on foreign powers.”
The ROK’s National Human Rights Commission on September 9 responded to a petition filed by a legal NGO about the nature of the relocation of 12 female restaurant workers from Ningbo, China to South Korea in April 2016. The Commission stated that there is "insufficient evidence" to prove that the South Korean government was "unlawfully and unfairly" involved in the defection of the workers. The response cited handwritten statements provided by the workers which indicated they were willing and prepared to move to the ROK. However, the report also criticized the Park Geun-hye administration’s decision to release news of the defection to the public, noting that evidence provided by the government was insufficient to back up its claim that it was completely uninvolved.

On September 18, nine days after the Human Rights Commission’s report was released, DPRK state media Arirang Meari released a letter reportedly written by the mother of one of the restaurant workers. The letter said the women "were taken to South Korea by threats and coercion" and demanded their immediate return.

Uriminzokkiri on September 20 went on to accuse Seoul of talking “about the ‘pain of separated families’ while they forcibly detain our women and do not return them.” But a Ministry of Unification (MOU) spokesperson the same day rejected Pyongyang’s attempt to connect the two issues, saying “North Korean defectors who have undergone the procedure of verifying their intent during their entry and separated families are a different pair of shoes.”

An inter-Korean FIFA World Cup qualifier match is scheduled to go ahead “as planned” in Pyongyang on October 15, an informed source confirmed to NK News on September 24. The match was confirmed during a meeting between South Korea’s Korea Football Association (KFA), its North Korean counterparts and the Asian Football Confederation the same day. It will be the first football match between the two Koreas held in the North since April 2017, though it remains to be seen as to how many South Korean fans will be able to attend or whether international media will be able to participate. Concerns had otherwise arisen about the feasibility of the match, as North Korea had been silent on the issue of logistics and media access.

Pyongyang did not give a green light, however, for Seoul to deliver a proposed humanitarian aid shipment of 50,000 tons of rice through the World Food Programme. The MOU on September 6 admitted that it would likely miss its end-of-September deadline to deliver the aid.
As has become the norm for inter-Korean relations in recent months, the stark contrast in tone between messages released by Seoul and Pyongyang during September was again clear. The Moon administration tried its best to remain upbeat and optimistic – and involved in diplomatic processes through another U.S.-ROK summit – yet North Korea responded with more hostile rhetoric, repeatedly reminding Seoul of a perceived absence of trust.

How South Korea may turn the inter-Korean situation around in the remaining months of the year – vital if Seoul wishes for an accommodating New Year’s speech by Kim Jong Un – remains to be seen. Wang Song-taek, a Seoul-based NK News columnist, suggested one option could be for the ROK to focus its energy on admitting the failures in its relationship with Pyongyang and rectifying them. Specifically, he recommended the Moon administration conduct a “broad policy review” to determine the causes behind the breakdown of Hanoi and construct a new North Korea policy that addresses Pyongyang’s concerns. If the administration continuously pushes forward by hoping for the best, he argued, inter-Korean relations will likely continue at current lows.

The scheduled inter-Korean FIFA World Cup qualifier on October 15 could prove one small opportunity for inter-Korean contact. However, it appears the North Korean side has proceeded in logistics arrangements for this outside of the MOU, directing preparation via the Seoul-based Korea Football Association instead. This suggests the DPRK side may wish to keep the fixture as non-political as possible, reducing the prospects that the match could help turn around the stalemate in any way.

South Korean media outlets reported on September 20 that President Moon planned to re-propose his “interim deal” to President Trump at their summit held at the UNGA on September 23. The deal, initially presented in April of this year, would involve a step-by-step approach of easing sanctions alongside North Korea’s denuclearization. While the specific details of summit discussions on this matter were not released and the meeting only lasted one hour, Trump did reference the value of a “new method” with North Korea on September 20 – which coincided with other signals that the U.S. administration may be softening its approach. If this estimate is accurate and U.S.-DPRK working-level negotiations are able to resume soon, South Korean businesses could – on the surface – have some reason to be hopeful that inter-Korean economic opportunities may finally emerge in 2020.

But there are two key reasons for pessimism. Firstly, it appears North Korea’s negative perception of the South could be damaged at least until the end of the current Moon administration, meaning that even if U.S.-DPRK talks resume Seoul could be excluded from the discussion and any subsequent deal. Secondly, a review of the “Why it matters” section in the above “Foreign Relations” section will give remaining optimists pause for thought: the months-long delays surrounding U.S.-DPRK talks and emerging domestic political crisis surrounding Trump do not bode well.
LEADERSHIP: KIM JONG UN KEEPS LOW PROFILE, KIM YO JONG MAY HAVE BEEN PROMOTED

Section by Rachel Minyoung Lee

Kim Jong Un made only four public appearances between August 27 and September 30, remaining out of the public eye since September 11, when state media reported on his guidance of the North’s test of a “super-large multiple rocket launcher.” This is less than his six appearances in the previous month, up through August 26, and marked a significant drop from his 23 public activities during the same period in 2018.

North Korea for the first time since the party personnel shuffles in April listed Kim Yo Jong, first vice director of the party’s Propaganda and Agitation Department (PAD), before Jo Yong Won, first vice director of the party’s Organization and Guidance Department (OGD). This seems to suggest that Kim Yo Jong may have been promoted.

**Kim Jong Un makes an economic visit**

North Korean state media on August 31 reported that Kim gave “on-the-spot guidance” at the Yangdok County Hot Spring Tourist Zone under construction. It was his second visit there since April 6. It also marked Kim Jong Un’s first economic visit since June 1, when he guided “master plans” of Manpho and Kanggye cities. The hot spring tourist zone is one of North Korea’s key economic projects.

**The leader convenes an unusual military meeting**

Kim on September 6 convened an “emergency expanded meeting” of the Party Central Military Commission (CMC) to prepare against an upcoming typhoon, emphasizing the Korean People’s Army’s (KPA) role in preventing damage from the typhoon. The CMC also appointed “Army General Pak Jong Chon,” commander of the KPA Artillery Bureau, as chief of the KPA General Staff and “dismissed and transferred” unidentified commanding officers of the KPA General Staff’s General Operation Bureau. The eighth CMC meeting convened under Kim Jong Un, this event was unusual in that the main agenda item was preventing damage from a natural disaster. Past CMC meetings generally focused on strengthening the KPA’s defense capabilities or reinforcing ideological education vis-à-vis the KPA, in addition to conducting personnel shuffles. At a CMC
Leadership: Kim Jong Un keeps low profile, Kim Yo Jong may have been promoted

On August 31, North Korean media listed Kim Yo Jong first and Jo Yong Won second among the “party Central Committee [CC] and State Affairs Commission cadres” who accompanied Kim Jong Un to the Yangdok County Hot Springs Tourist Zone. On September 11, state media again listed Kim first and Jo second on a list of “party CC cadres” who guided the test-fire of a “super-large multiple rocket launcher” with the leader. This suggests a change in Kim’s position in the party, possibly a promotion to a party department director or an OGD first vice department director who is higher ranking than Jo. These two instances marked the first time state media listed Kim Yo Jong before Jo Yong Won since Jo’s promotion to first vice director of the OGD at the party plenum on April 10. On July 27, when Kim Yo Jong and Jo Yong Won last appeared together in public prior to August 31, Jo was listed before Kim Yo Jong. This indicates that Kim Yo Jong’s party standing likely changed sometime between July 27 and August 31.

Kim Yo Jong appears to have been promoted

On August 31, North Korean media listed Kim Yo Jong first and Jo Yong Won second among the “party Central Committee [CC] and State Affairs Commission cadres” who accompanied Kim Jong Un to the Yangdok County Hot Springs Tourist Zone. On September 11, state media again listed Kim first and Jo second on a list of “party CC cadres” who guided the test-fire of a “super-large multiple rocket launcher” with the leader. This suggests a change in Kim’s position in the party, possibly a promotion to a party department director or an OGD first vice department director who is higher ranking than Jo. These two instances marked the first time state media listed Kim Yo Jong before Jo Yong Won since Jo’s promotion to first vice director of the OGD at the party plenum on April 10. On July 27, when Kim Yo Jong and Jo Yong Won last appeared together in public prior to August 31, Jo was listed before Kim Yo Jong. This indicates that Kim Yo Jong’s party standing likely changed sometime between July 27 and August 31.
After a 22-day hiatus, North Korea on October 2 carried out another weapon launch -- almost certainly under Kim’s guidance -- which the South Korean government believes may have been a Pukkuksong-type submarine-launched ballistic missile (SLBM). This launch was carried out despite the recent spate of North Korean foreign ministry pronouncements expressing a willingness to return to DPRK-U.S. talks, beginning with first vice foreign minister Choe Son Hui’s “press statement” on September 9 and most recently another Choe “press statement” on October 1 announcing the dates of the preliminary contact and working-level talks. The North’s latest move seems to track with a shift in state media rhetoric since September 26 emphasizing defense capabilities. This suggests that the North Korean top leadership a) remains undecided about its policy on the U.S. and the DPRK-U.S. nuclear talks; b) is still skeptical about the outcome of DPRK-U.S. nuclear negotiations; or c) both.

If Kim Yo Jong has been promoted, it likely points to her broadened, if not higher-profile, role in the party, going forward. One potential area for Kim to play a greater part in, besides her party department portfolio, is DPRK-China exchanges and cooperation. Kim’s role in DPRK-China ties extends beyond Chinese President Xi Jinping’s Pyongyang visit in June. She was sighted at major Chinese delegation visits to Pyongyang in 2018, for example welcoming a Chinese party and government delegation led by Xi’s special envoy Li Zhanshu, member of the Chinese party Politburo Standing Committee, in September.

Despite the DPRK-U.S. preliminary contact and working-level talks scheduled for October 4 and 5, respectively, the North Korea situation remains fluid, as evidenced by the North’s weapon launch on October 2, just one day after its first vice foreign minister announced the dates of the DPRK-U.S. talks. If North Korea in the course of these talks assesses the U.S. will not accede to the phase-by-phase approach, which Pyongyang has consistently called for over the past year, it could choose not to go ahead with further talks.

Although Kim Jong Un said he would give the U.S. until the end of this year to come up with a “new calculation,” the foreign ministry in recent weeks has implied that the country could further escalate military tensions, possibly to a new level, even before the year-end. The director general of the foreign ministry’s American Affairs Department on September 16, for example, said if DPRK-U.S. talks do not work out, it could “accelerate a crisis.”
During the month of September, North Korea stated that national defense capabilities are the country’s first priority, a departure from the economic focus associated with the post-April 2018-era. Meanwhile, the UN Panel of Experts’ (PoE) mid-term report highlighted key concerns about advancements in the country’s special weapons programs. Finally, Pyongyang once again slammed the South for developments within its own military.

**Is North Korea returning to the byungjin line?**

Within a one-month span, two “special articles” were released by Rodong Sinmun – the ruling political party’s daily newspaper – indicating that the leadership is now placing a higher priority on the military and defense industry. On August 31, for example, an article emphasized the need for a strong national defense and said the defense industry will “lead the national economy.” This statement more closely resembled the key pillars of the prior byungjin-line era than the present and exclusive pursuit of economic development, according to NK Pro analysis. A DPRK state media article on September 26 went further and declared the strengthening of defense capabilities the most important task facing the country. This was the DPRK government’s first claim since 2017 that national defense is the nation’s first priority, according to NK Pro analyst Rachel Minyoung Lee. The authority of these statements is represented through their presence in the party’s daily paper and “special article” status which is utilized to “indoctrinate the domestic populace on key ideological and political issues,” said Lee.

**UN report points to improving capabilities in North Korea’s weapons programs**

The UN PoE report released on September 5 listed three key findings on the progress of the DPRK’s ballistic missile programs.

Firstly, the report said that North Korea has “mastered” solid fuel production and that its present goal “appears to be to develop a solid-fueled first stage for its ICBM.” While its completion of a working solid-fueled engine is
Military: North Korea says national defense the first priority, UN indicates improving missile capabilities, ROK drills slammed

not imminent according to NK Pro analysis, the bigger picture indicates strident advancements in the nature of the country’s overall ballistic missile programs. Secondly, the report noted significant North Korean progress - particularly since early 2018 - to expand underground infrastructure to support its ballistic missile program. And while the report thirdly suggested that the DPRK is no longer exporting major missile components to overseas clients, evidence suggests it is exporting full “supply chains” for the production of missiles to countries such as Iran, Syria, and Egypt.

DPRK slams ROK drills and UNC remarks, ROK says North not militarizing nearby island

North Korea’s ruling party daily on September 30 condemned a recent independent military drill by South Korea. In an analysis featured on page six of the Rodong Sinmun, the Workers’ Party of Korea (WPK) organ condemned Seoul’s “2019 anti-infiltration general training,” saying the drill “runs counter” to the 2018 military agreement between the two. The editorial also criticized rumors of ROK plans to test its Hyunmoo-2 ballistic missile to full 800km range from a foreign country. More externally-focused media also weighed in, with the DPRK Today outlet blaming the ROK military’s drills and acquisition of advanced equipment — as well as an increase in defense budget — for the now months-long impasse in inter-Korean relations. Furthermore, a September 29 editorial in the Rodong critiqued the U.S. for its plans to “continue operational command through the ‘United Nations Command’ even after it returns wartime operational control are evoking criticism.”

Meanwhile, on September 24, a group of South Korean journalists were taken to near North Korea’s Hambak Island to observe the fact that there were no heavy weapons there, as per rumors in South Korea had recently suggested. “The tour was organized by the ministry to alleviate suspicions and security concerns surrounding the North Korean island following reports that the communist country may have shipped weapons like multiple rocket launchers there,” Yonhap reported.
North Korea’s increasing emphasis and stronger tone regarding national defense was notable in September. Since late-May, NK Pro analysis has documented the leadership’s hardening stance towards the U.S., a growing focus on the munitions industry, and the promotion of scientists in the field of national defense, among others. However, the September 26 Rodong Sinmun article took this a step further by explicitly stating that strengthening national defense now comes first, before any other priority. While many scenarios are still possible, it is most likely that Kim Jong Un either “remains undecided on his U.S. policy or has doubts about the negotiations’ prospects” and is therefore preparing the military and defense industry - possibly as well as the general public – for renewed investment in this area. This could explain why North Korea continues to delay returning to talks: in order to try and seek stronger reassurances or security offerings from the U.S. Likewise, this is also probably why North Korean state media continues to complain loudly about military-related developments in South Korea.

Opportunities could materialize from the increasingly military-first posture of North Korea for defense providers to the U.S. and the ROK. Not only has the UN recently indicated that the DPRK’s ballistic missile programs continue to advance, but North Korean state media is increasingly transparent about its priority in investing in military technology. While South Korea already increased its five-year defense budget by seven percent last month, the type of equipment it purchases will be determined to a significant extent by the evolving nature of the threat it perceives from the DPRK. In addition, levels of future ROK investment in this area will also be impacted by evolution in this area. The U.S. response to a changing DPRK threat level will be more unpredictable, however. The U.S. and South Korea are entering yet another round of heated debates on defense cost-sharing on October 1 and 2. And President Trump has insisted that U.S. military presence in South Korea is done more as a favor and less to protect American interests. If the U.S. approach continues to view its military presence on the Korean Peninsula as irrelevant, defense spending on the region could increase. However, if U.S.-DPRK working-level negotiations do not make substantial progress in American favor, relations could next year return to “fire and fury” levels and U.S. defense spending in the region would increase as a result.
SANCTIONS: UN EXPERT PANEL SAYS SANCTIONS EVASION CONTINUES, U.S. DESIGNATES HACKING GROUPS

Section by Caroline Kearney and Chad O’Carroll

During the month of September, the UN Panel of Experts (PoE) released their mid-term report detailing North Korea’s ongoing sanctions evasion efforts, while the U.S. Department of Treasury issued new designations against three North Korean hacking groups. Meanwhile, activities at sea and at maritime-related facilities drew concerns.

North Korea continues to evade UNSC sanctions by conducting illegal trade and shipping practices, making illicit use of the global financial system and increasingly conducting hacking operations, according to a report released by the PoE on September 5. The report said data submitted by member-states indicated that within the first four months of 2019 the DPRK may have surpassed the annual quota of imported refined petroleum and illegally exported up to 930,000 metric tons of coal. The report stated that North Korea’s continued access to the financial system supported these efforts and has been made possible due to the failure by some member-states to fully implement financial sanctions. The DPRK’s increasingly complicated financial networks and progressively sophisticated cyberattacks also provide illicit funds for the country. Further, the PoE confirmed it is investigating at least 35 reported cases of cyber activities – allegedly conducted by North Korea – to steal up to $2 billion from financial entities around the world. On September 1, North Korea denied the allegations, initially reported on by AP and Reuters on August 6, and blamed the “U.S. and other hostile forces” for spreading lies to “tarnish” the country’s image.

The PoE report also alleged that a shipment of 90,000 bottles of vodka from a Russian company, seemingly bound for North Korea, violated UN Security Council sanctions. The Russian embassy in Pyongyang on September 10 rejected the allegations, stating that it was not clear that North Korea was the shipment destination and that the definition of alcohol in the luxury goods section of UNSC resolution 1718 was ambiguous.

UN Panel says DPRK sanctions evasion continues, Russia denies vodka violation
U.S. sanctions 3 DPRK hacking groups

The U.S. Treasury Department on September 13 issued new designations against three North Korea-linked hacking groups for their alleged involvement in illicit cyber activities and for their association with the previously sanctioned Reconnaissance General Bureau (RGB), a North Korean government intelligence agency. The Treasury Department stated that the Lazarus Group orchestrated the so-called WannaCry attack in 2017 and specializes in attacks on “government, military, financial, manufacturing, publishing, media” and other critical industries. Bluenoroff was named for its alleged involvement in the attack on the Central Bank of Bangladesh in February 2016 and for focusing malicious efforts on financial institutions and cryptocurrency exchanges. Andariel, meanwhile, was allegedly involved in an attack on the South Korean Defense Minister’s personal computer in September 2016 and concentrates on “cyber operations on foreign businesses, government agencies, financial services infrastructure” and the defense industry among others.

North Korean ship sails near Myanmar, trade recovers at Nampho container terminal

A U.S. and UN-sanctioned DPRK ship sailed near Myanmar’s coast on September 26 and appeared headed towards Yangon, NK Pro analysis indicated. The vessel’s destination could not be determined as berthing lists and port arrival schedules in the area did not list the vessel. Myanmar was a common destination for suspicious North Korean ships as recently as 2013, with numerous prior reports suspecting North Korea delivered missiles to the country.

Meanwhile, the North Korean-owned Kum Gang San 2 cargo ship was tracked sailing without country flag data on September 2, after an NK Pro report found it to be sailing under a Cambodian flag on August 15. Flying under another country’s flag would violate UNSC sanctions and inconsistent flagging activity is often done to cover up illicit activity.

Separately, following an apparent downward trend in the number of containers at Nampho port over the summer months, trade at Nampho’s primary container terminal seems to have fully recovered between August 28 and September 2, according to Planet Labs satellite imagery obtained by NK Pro. NK Pro ship tracker data also traced normal levels of vessel traffic between Nampho and Dalian, China, in support of the recovery.
The information in the UN PoE’s midterm report highlights two new and significant sanctions evasions tactics which may be partly funding development of North Korea’s nuclear and ballistic weapons programs. Thus, policy-makers eager to prevent DPRK weapons development may wish to scrutinize and determine the best methods to counteract them.

The first recently employed sanctions evasion technique includes the use of smaller vessels to facilitate illicit ship-to-ship (STS) transfers at sea. These vessels manipulate their Automatic Identification System (AIS) to appear as fishing vessels and conduct transfers at dawn or dusk to avoid detection. UN member-states interested in preventing such STS transfers – which enable the DPRK to buy and sell commodities prohibited under UNSC resolutions – may therefore need to enhance observation by scrutinizing hotspots to verify the identity of fishing vessels and improve their ability to detect the true activities of smaller vessels during dawn and dusk hours.

The second area of concern is that the “proportion of revenue received from attacks by [DPRK] cyber actors has grown in relation to income generated through other activities.” The scale of the revenues involved is sufficient to provide the DPRK with significant capital, despite the full-scale of the global sanctions regime theoretically remaining in place.

To mitigate against these threats, policy-makers will need to conduct “sustained, coordinated efforts that link the private and public sectors across global lines,” NK Pro contributing analyst Jonathan Corrado said in September. Specific examples include threat intelligence sharing and best practice discussions within and between governments. The PoE report also recommends that governments directly regulate “virtual currency and non-banking financial institutions and money services businesses, including cryptocurrency exchanges,” and ensure these businesses take on the same obligations as banks to fortify themselves against attacks. As an example, South Korea announced in August that it will begin to directly regulate cryptocurrency exchanges.

Government

Business

The UN PoE report findings and recent Treasury designations will likely be of significant concern for financial institutions for two key reasons.

Firstly, that a growing number of vessels are being implicated in North Korea’s STS acquisition/export efforts means that the number of vectors in which third parties can fall afoul of being implicated in DPRK sanctions breaches is expanding. As a result, businesses such as insurers, banks, and other financial institutions should enhance due diligence efforts to ensure they do not unwittingly facilitate exchanges and transactions with DPRK-linked vessels around the world. Use of NK Pro tools such as the Company Database and Ship Tracker can help in this regard.

Secondly, due to the assessment that cyber-attacks have become a major source of revenue to the DPRK, the risk that banks and crypto exchanges fall victim to such future attacks – especially in less developed financial jurisdictions – appears to be increasing. As a result, firms that judge they may be at risk of DPRK cyber-attacks – in particular, from the banking, finance and crypto sectors – should increase vigilance and investment in defensive mechanisms.
Two notable incidents took place during the month of September, relating to North Korean fishing activities. In the first incident, crew members of a DPRK vessel opened fire on Russian border guards, injuring four, according to Russia's Federal Security Service (FSB) on September 17. The attack occurred after two ships and 11 motorboats were spotted poaching near the Yamato Bank, in Russia's Exclusive Economic Zone (EEZ). As a result of the incident, Russian authorities detained 161 DPRK nationals and 13 boats. It was reported on September 20 that one of the North Koreans detained died while in custody, according to the Russia-24 news network. Diplomats of the two countries met on September 23 and “discussed a set of measures necessary to prevent similar incidents in the future.”

But again on September 27, Russia’s border security agency arrested another 262 North Korean fishermen and seized five vessels for poaching within its EEZ area. It remains to be seen how diplomats will now handle the second incident, though it is unlikely that either country will allow a criminal incident to negatively impact the warming geopolitical relationship between the two countries.

The board of Global Fund, an international aid financing organization, approved a new $41.7 million grant to treat tuberculosis and malaria in North Korea, a spokesperson told NK News on September 19. The fund is now awaiting approval from the DPRK government before moving forward. From 2010 to 2018, the fund treated 194,000 cases of tuberculosis, spending $103 million to tackle tuberculosis and malaria in the country. But the
organization sparked criticism in March 2018 when it announced it would end its in-country activities, some suggesting for political reasons.

Yet as one large donor announced plans to recommence DPRK activities, Pyongyang requested cuts to UN staff based in-country as the “scope and amount of U.N. intervention in the country run dramatically low due to politicization of aid by hostile forces,” according to a letter published by AP on September 5. A spokesperson for the UN Secretary General later the same day said they were in dialogue with North Korea over the request, noting the staff are critical to efforts to provide “over 2 million people with humanitarian aid in 2018, including food security, nutrition and health projects.”

Meanwhile, three nongovernmental organizations - Ignis, World Health Organization, and Médecins Sans Frontières - were granted temporary exemptions from UN Security Council sanctions on September 5, 20, and 23 respectively. The NGOs will be able to import medical equipment into North Korea for their separate projects over the next six months.

Typhoon damage leaves five dead, damage to homes and agriculture

Typhoon Lingling, which hit the Korean Peninsula on September 7, left five people dead in North Korea and caused damage to hundreds of homes, public buildings, and farmland. Neighboring South Korea reported three deaths from the storm, which didn’t end up being as bad as had otherwise been expected. The casualties in the North followed an emergency meeting the day prior which was personally guided by DPRK leader Kim Jong Un. A KCNA article reporting on the meeting said Kim Jong Un criticized some officials for “remain[ing] . . . helpless against the typhoon, unaware of its seriousness and seized with easygoing sentiment.”

In related news, DPRK state media reported that the completion of the 2019-2030 National Environment Protection Strategy and National Disaster Risk Reduction Strategy was announced at the UN Climate Action Summit 2019 on September 23. The preparation efforts and swift response to Typhoon Lingling hinted at improvements in the country’s disaster preparedness programs.
Developments in September are of particular note for two reasons, relating firstly to the DPRK fishing sector and Pyongyang’s request to downsize staff numbers in North Korea.

Russia’s arrest of literally hundreds of DPRK nationals at sea – some armed – and its seizure of almost 20 fishing vessels across two incidents in short succession suggests there could be growing pressures on North Korean mariners to increase catch volumes. While North Koreans fishing illegally in neighboring waters is nothing new, it is notable that this event took place amid an ongoing UN-mandated DPRK total seafood export ban. Furthermore, that some of the North Koreans involved in the incidents used weapons to fight back Russian border security suggests a level of desperation not heard of in recent years. Though the incident could just be indicative of a firmer Russian stance on illegal fishing activities, it could have been caused by either micro or macro-level efforts to plug food shortages presumed for 2019.

Meanwhile, North Korea’s request for the UN to reduce in-country staff suggests that Pyongyang is continuing a recent trend to politicize humanitarian aid. With evidence strongly suggesting that North Korea desperately needs the aid that the UN provides it, its call to expel staff from the country – predominantly from the United Nations Development Program (UNDP) – is notable for coming so soon after the DPRK rejected a major South Korean rice aid donation earlier this year. Both events are notably taking place in a year in which the UN warned that there could be a “hunger crisis,” suggesting the rejection of the assistance is being motivated for political reasons.

As the return of Global Fund to North Korea becomes imminent, opportunities could also arise for companies servicing the healthcare and development sector. With a grant worth $41.7 million on the cards, there is a possibility of several substantial opportunities for vendors providing work on Global Fund projects in the DPRK. Meanwhile, although the UN may soon have less staff on the ground in North Korea, there have been no indications surrounding any reductions in aid channeled through the UN system to North Korea. As a result, the limited number of aid-sector opportunities for businesses working with the UN in the DPRK do not appear likely to shrink as a direct result.
In this section, NK Pro highlights a number of noteworthy DPRK state media stories from the month of September:

- **North Korean touts “new” smartphone resembling Samsung Note 8** - The "Kiltongmu," (길동무) a “new” smartphone, was promoted in state media outlet Arirang Meari on September 9. High-tech features such as facial recognition, fingerprint unlocking technology, and high-resolution display were displayed. With the phone bearing a strong resemblance to the Samsung Note 8, some observers assume it to be an OEM clone from China.

- **DPRK state media touts new video and mobile game** - Arirang Meari also boasted of developing a movement detection video games console and football phone app in September. The Moranbong games console appears to be a North Korean version of the Nintendo Wii, as pointed to by the North Korea Tech website on September 10. The King of Scoring 2019 is a mobile soccer game that allows users to play as famous European football players, according to BBC News Monitoring on September 24.

- **Kim Jong Un says education system “lags far behind”** - North Korean leader Kim Jong Un admitted his country’s education system “lags far behind” global standards and the Workers Party’s expectations, according to a KCNA article on September 4, referencing an education-related publication. The North Korean leader asked attendees at the 14th National Conference of Teachers to “draw a serious lesson from these defects and rectify them as early as possible.”

- **37 North Korean universities open IT and engineering departments** - North Korean universities have since April opened 85 departments that specialize in information security, robotics, and engineering, among others, Rodong Sinmun said on September 3. The departments appear to be in line with DPRK leader Kim Jong Un’s New Year’s speech in January to increase the quality of training “by improving teaching contents and methods in conformity with the world trend of developing education and pedagogical requirements.”

- **Higher electricity output needed to meet high demand** - A Korean-language editorial in Rodong Sinmun on September 24 called for measures to increase electricity production in preparation for winter months. The party’s daily newspaper blamed lower precipitation levels and abnormally high temperatures for current lows in electricity supplies, according to a Yonhap News translation of the editorial. It asked power plants to increase output, people to save energy, and construction of new power plants to be sped up in response.
Looking ahead at the month of October, the following confirmed and speculative events may lead headlines and news on North Korea.

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<th>1. Kim Jong Un to visit China around October 6?</th>
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<td>Following the visit of Chinese Foreign Minister Wang Yi to Pyongyang on September 2-4, South Korean media reports suggested the two countries may have discussed a sixth summit to be held in October. If such rumors turn out to be accurate, a summit commemorating the high-profile anniversary of the 70th anniversary of DPRK-China diplomatic relations on October 6 might be a logical date.</td>
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<th>2. U.S.-DPRK working-level negotiations to restart?</th>
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<td>On September 9, DPRK vice foreign minister Choe Son Hui said the North was ready to resume talks with the Trump administration at the end of the month. However, as the month came to a close, the U.S. Secretary of State said that talks had not been scheduled and a date had not yet been set. But though there have been few leading indicators surrounding any rapid timeline to resume talks, there is always a chance the White House might pursue radical exchanges with the DPRK in October in order to divert attention from worsening domestic developments.</td>
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<th>3. North Korea to criticize South Korea for F-35A reveal</th>
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<td>October 1 is Armed Forces Day in South Korea and it is expected that Seoul will parade some of its freshly acquired F-35A stealth fighters, as well as Hyunmoo-2 ballistic missiles. It is likely that Pyongyang will criticize South Korea for doing so and will cite any such display as being contrary to the spirit of the 2018 military agreement.</td>
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<th>4. Party Foundation Day on October 10</th>
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<tr>
<td>North Korea celebrates the anniversary of October 10, 1945 to recognize the day that President Kim Il Sung created the Northern Section of the Communist Party of Korea. However, the actual date would be either October 13, 1945 or another year altogether. The country usually celebrates this day with parades and concerts and representatives of other communist nations will attend ceremonies in Pyongyang.</td>
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### 5. October 15
**inter-Korean soccer match to likely go ahead**

An *inter-Korean FIFA World Cup qualifier match* is scheduled to go ahead “as planned” in Pyongyang on October 15. After silence from the North, the match was confirmed during a meeting between South Korea's Korea Football Association (KFA), its North Korean counterparts, and the Asian Football Confederation on September 24.

### 6. DPRK parliament delegation to visit Russia

A senior Russian politician announced on September 25 that a *delegation from North Korea's Supreme People's Assembly (SPA)* would visit Russia in October. This would be a reciprocal visit from the *Russian Federation Council's* trip to Pyongyang in March of this year.
North Korea: A Month in Review

An analytic look at the main developments of the September 1 and September 30 period

By NK Pro Staff Analysts

Please send any feedback about this new feature to chad.ocarroll@nknews.org