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국제학 석사학위논문

**Local Government's Role in
Inter-Korean Exchange Cooperation:
Case Study on Local Government of Gyeonggi-
Province**

남북교류협력에서 지방정부의 역할:
경기도청 사례를 중심으로

2016년 2월

서울대학교 국제대학원
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진명

Local Government's Role in Inter-Korean Exchange Cooperation: Case Study on Local Government of Gyeonggi- Province

Thesis by

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**A thesis submitted in conformity with the requirements for
the degree of Master of International Studies (M.I.S.)
Graduate School of International Studies
Seoul National University**

February 2016

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진명의 석사학위논문을 인준함

2016년 2월

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ABSTRACT

Inter-Korean exchange and cooperation projects led by local governments has started since 1999 by Jeju Island. After the inter-Korean summit held in 2000 the size of projects increased and so did the role of the local government. However, since ‘5.24 action’ was established in 2010, almost every projects had to be delayed or cancelled. This seems to back the general assumption that central government is the central player in shaping two Korea relations. However, there were a few exceptional performances shown by local governments in borderline areas. Particularly, the role of Gyeonggi local government took a leading role to continue or even initiate with new inter-Korean exchange projects even after the ‘5.24 action’ took place.

Although there have been many research conducted regarding the performance of local governments in inter-Korean exchange and cooperation; however, there is a lack of study on how some local governments have continued with their exchange with North Korea even under harsh political tension. The nature of inter-Korean exchange and cooperation has long been political or ideological. Accordingly, the paper aims to ‘diversify’ the nature of inter-Korean exchange and cooperation, showing its non-political aspects by examining local government’s role and analyze the factors that allowed the projects to be ‘sustainable’. Accordingly, the research question of the paper is ‘What are the elements that allowed Gyeonggi local government to carry on with the inter-Korean exchange projects even when the central government was taking an unfavorable North Korean policy?’

The paper contains a qualitative case study on Gyeonggi government’s performance after ‘5.24 action’. I have applied an analytical framework which consists of hierarchical

partnership and horizontal partnership to interpret four key features that explain Gyeonggi local government's outperformance. In the aspect of hierarchical partnership, the paper found that 1) there was a strong passion and political will for inter-Korean exchange and cooperation displayed by the political leader, in this case, Kim Moonsu, 2) there was a positive institutional influence set from the government. Whereas in terms of horizontal partnership, there were 3) mutual economic interest shared by the affected people and North Korea and last but not least 4) diverse partnership was another key element that Gyeonggi local government shared with IOs, NGOs and Incheon city. Regardless of these outstanding performance, however, there were critical setbacks that needs to be improved. There was a lack of mutual economic interest shared with companies which can play a significant role to make the project sustainable to work.

Keywords: North Korea, Local Government, Inter-Korean Exchange Cooperation, Sustainable, Diverse Partnership

Student Number: 2013-23731

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ABBREVIATIONS AND ACRONYMS

DPRK	Democratic People's Republic of Korea
ICOMOS	International Council on Monuments and Site
IO	International Organizations
NEAR	The Association of North East Asia Regional Governments
NGOs	Non-Governmental Organizations
OECD	Organization for Economic Cooperation and Development
ROK	Republic Of Korea
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHO	World Health Organization

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Chapter I . INTRODUCTION

When it comes to inter-state relations it is a general concept that central government takes the pivotal role. Actors other than the central government such as local government, NGOs, civil societies are often regarded as sub-actors of the central government. This assumption generally applies in case of the two Korea relationship as well. For the past 25 years since the collapse of the Soviet Union, North Korea policy of the Republic of Korea (ROK) has changed as the regime changed. Inter-Korean exchange projects started since 1999 started from Jeju Island. They sent the boxes of orange to the North. From 2000 to 2008, under president Kim Daejung and the following Noh Moo Hyun regime's sun shine policy, inter-Korean exchange projects have went through stages of development, from mere one-sided aid form into cooperative developmental form which improved the 'sustainability' of the inter-Korean exchange. However, after President Lee Myung Bak came into office in 2008, inter-Korean political relation worsen dramatically. Ever since 2010, when, by then, President Lee Myung-Bak carried out '5.14 action', as a response to Battle of YeonPyeong and Cheonan Ship incident, most of the ongoing inter-Korean exchange and cooperation were stalled. Political tension blocked further movement of local governments' performance in inter-Korean exchange and cooperation.

Political turbulence is not the first time seen in Korean peninsula, however. There have been various incidences raised by North Korea such as nuclear bomb experiments, missile fires, and those that rendered casualties including what happened in 2015 August when a South Korean soldier lost his leg due to the mine that is assumed to have been set by the North.

The problem that needs to be addressed is that these kinds of turbulence in political relationship between the two Koreas' central governments has directly influenced the performance of inter-Korean exchange projects. In other words, the nature of the inter-Korean relation has always been political or ideological. Although some people say this is natural and desirable phenomenon in terms of national security, however, as long as we want peaceful reunification, one cannot ignore the importance of providing an independent space for non-political inter-Korean exchange and cooperation. When we look at the case of Germany, for example, economic cooperation in non-central governmental level was carried out independently from political turbulence in the process of reunification. There have been an active participation from various non-central governmental agents including local governments, private NGOs and enterprises and many more which allowed a sustainable exchange and cooperation between the West and the East Germany by then. The role of local government is credential in the process of exchange in the divided region not only for its relative superior financial and informative capacity compared to NGOs or other private sectors but for its ability to draw local people's attention and participation.

Local governments' performance in inter-Korean exchange and cooperation has been developed. Especially since 2006, we have seen a transformation of the nature of inter-Korean exchange from short-term aid centered projects to long-term developmental projects that requires sustainable cooperation. However, after the '5.24 action' broke out in 2010 as a response to Yeonpyeong Island and Cheonan ship incident, almost all of the inter-Korean exchange and cooperation had to be delayed or cancelled. Nevertheless, there have been outliers. Despite harsh political tension, local governments in the border line areas including Gyeonggi local government continued its exchange with the North.

There have been many research regarding the performance of local governments in

inter-Korean exchange and cooperation before ‘5.24 action’. However, there has been a lack of study how to make the inter-Korean exchange and cooperation sustainable even under the unfavorable political condition. Accordingly, the research question is ‘What are the factors, independent variables, to explain Gyeonggi local government’s sustainable performance on inter-Korean exchange and cooperation projects. Analytical framework is consisted of two types of partnership that are hierarchical partnership and horizontal partnership. I have conducted a qualitative research methodology to carry out case study of Gyeonggi local government.

The paper concludes that there were four features that explain the outperformance of Gyeonggi local government that 1) there was a strong passion and political will for inter-Korean exchange and cooperation displayed by Kim Moonsu, 2) there was a positive institutional influence set from the government. Whereas in terms of horizontal partnership, there were 3) mutual economic interest shared by the affected people and North Korea. Last but not least 4) diverse partnership shared with IOs, NGOs and Incheon city

Chapter II . Review on Previous Studies

2.1 Review on Local Governments’ Role in Exchange Cooperation

Exchange cooperation between two or more different countries is definitely not an easy task to be carried out. This is probably because it is not simply an act of exchanging goods or services but it is a tacit acceptance and willingness to open up and share ideas and culture

with one another. Therefore it would not be difficult to imagine how hard it is to carry out ‘sustainable’ exchange cooperation projects in a divided region where the memory of war and confrontation remains.

One might not raise question the influential role of the central government. Some would say central government’s role is solely the most influential agent. Apparently, central government does possess the strongest financial capacity and political legitimacy that makes it as the strongest decision maker in the field of north-Korean policy. However, there are setbacks as well. Due to its enormous size of the institution, decision making process is generally complicated with a lot of conditions and the problem about this is that it may lack in reflecting the affected people’s interest. In other words, communication with the North may face a lot of barriers in a central level alone. This is because civil servants often does not have enough field experience of contacting with the North compared to specialists from NGOs¹ or other companies that already had a bargaining experience with the North like Hyundai Asan Co. Regarding this drawback, voices have been raised for the need to diversify participating agents in intra-Korean exchange cooperation projects and as a result of this the role of local government has gained attention.

Local governments’ role for exchange cooperation has been developed throughout the 20th century. One of the strength that local governments enjoy over central government is that it can perform more effectively due to its smaller size of institutional body which can better reflect local people’s interest. Meanwhile, local governments have better financial capacity compared to Non-Governmental Organizations (NGOs). Inter-local governmental exchange cooperation is related with citizens and companies therefore one can say it has the biggest

¹ Hong Sangyoung, National Sharing Movement, Interview

influence on the locals compared to other agents.² However, it is a dangerous speculation to say the role of the local government is always right and is the most helpful agent to tackle the local's problem. There are actually many case of failures. The point is local government has the capacity to supplement the downside of both the central government and NGOs' performance.

One typical case of a successful role of local government can be shown in the process of inter-German exchange cooperation before and after reunification. The partnership between two Germanys took place that is called 'Germeinde'. In mid 1980s, more than 300 primary local governments wished to have partnership with the East's 'Gemeinde'. 'Union of Cities in Germany' or 'Union of Germeinde in Germany' that are the West's union of local government's actively supported to establish sisterhood relationship. Consequently, locals were able to freely interact with each other in the local governmental level and this has set the base for reunification.³ Another advantage of the local governments' inter-Korean exchange cooperation is that it can help to reduce political and ideological gap since it is mostly focusing on non-political projects and this can make the project be more 'sustainable'.⁴

Local governments perform in various forms in exchange cooperation projects and there are three types which I will illustrate based on Moon JangSoon's book⁵. The first type is 'Sisterhood relationship' which is an institutionalized form of exchange that reflects mutual

² Moon Jangsoon, *Local government's Exchange cooperation with North Korea* (Kyungpook National University Press, 2003), pp. 5

³ Moon Jangsoon, *Local government's Exchange cooperation with North Korea* (Kyungpook National University Press, 2003), pp. 13

⁴ Shin Dongcheon, Choi Kichoong, et al. *Yonsei University Institute of Unification's Series of Research 8: Inter-Korean Economic Exchange Cooperation and Development Model* (Yonsei University Institute of Unification, 2004), pp. 35

⁵ Moon Jangsoon, *Seeking for the Direction of Central-Local Relation in Unified Korea*, (Korean Association for Local government Studies: series 1 no. 3, 1997), pp.70

similarity and benefits of the participating regions. The example of sisterhood relationship is well shown from the Germany's case. The 'sisterhood relation' established among local governments from West and East Germany is known to have contributed for not only the reunification of the Germany but for overcoming ethnic homogeneity after 1989.

Second type is the exchange of human resource. Local government can lead or support private sectors to exchange information through holding seminars. In case of the Malaria prevention project in Korea that will be thoroughly discussed in the later section, medical knowledge, information and skills are needed to be shared and exchanged to successful meet the target. The last type of inter-Local governmental exchange is achieved through joining international organizations (IO). There are IOs such as International Union of Local Authorities (IULA) or Eastern Regional Organization for Public Administration (EROPA) where local governments can share information and track the trend of local government's autonomy and regional development.⁶

2.2 Review on Local Governments' role in Inter-Korean Exchange

Cooperation Projects

Korea has went through a series of political turbulence for the past century. A century ago, in fact, we didn't even have sovereignty. After gaining independence in August 1945, soon later Korea had to go through a disastrous Korean War in 1950 and authoritarian governments had ruled over the country up until 1987. Thus the history of the local

⁶ Moon Jangsoon, *Seeking for the Direction of Central-Local Relation in Unified Korea*, (Korean Association for Local government Studies: series 1 no. 3, 1997), pp.70

government' role is very short for ROK and for the North as well.

However, local government's role has been improved and one of the signs can be shown from both Korean local government's participation in the international arena. NEAR (The Association of North East Asia Regional Governments) can be a good example. Six countries including China, Japan, South Korea, Mongolia, Russia and North Korea are part of the membership. For South Korea, all 16 local governments except Seoul are participating. From North Korea, Hamgyung Northern province and Nasun city are part of the membership. Local government's role from both the South and the North, although it is not highlighted well enough in the media, are taking active steps in the international arena. From this section I have reviewed South Korean local government's role in inter-Korean exchange and cooperation which will concisely cover 1) concept and type 2) history 3) institutional relation 4) limitation. Before I begin though, I here to clarify that these part of the content is largely based on *<The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011>*.

2.2.1 Concept and Type

In order to fully understand the role of the local government in inter-Korean cooperative exchange projects we need to first answer the question' what kind of exchange projects' are we dealing with? The answer to this question is that there is not a single accurate answer. Inter-Korean relation is ought to be set by the positive law. Inter-Korean Exchange and Cooperation Law Article 2 paragraph 4 illustrates 'cooperative project' simply as 'every sorts of activities including culture, tourism, medical, sports, academic and economics that

are conducted together by locals from both the south and the North'. The explanation shows that we may have to approach the term in a more social way not in a legal form.

When we look over the inter-Korean cooperative projects, we can categorize the projects into three parts: aid support, social and cultural exchange and economic cooperation projects. Aid support projects have started since 1995, the time when the North was going through extreme famine period. The economy of the North was devastated due to several key factors that includes starvation and natural disasters like flood. The nature of the aid support in this time of period was rather one-sided nature not in a mutually inter-cooperative fashion. The data below shows three different parts of the aid projects to North Korea.

<Figure 1: Types of Aid Project to North Korea>

	Emergency Relief	Restoration	Development support
Purpose	Humanitarian fulfill	Humanitarian fulfill	Humanitarian fulfill and promotion of welfare
Aim	Emergent rescue	Improvement of facility restoration and ability to react to disasters.	Improvement in Locals' quality of lives
Key problem	Shortage of service and goods	Regional Lethargy	Limitation of institution and policy
Direction	Fast and systematic Response	Strengthening local Society's self-capacity	Developing economic system for sustainable society
	Humanitarian principles	Humanitarian principles,	Support following the

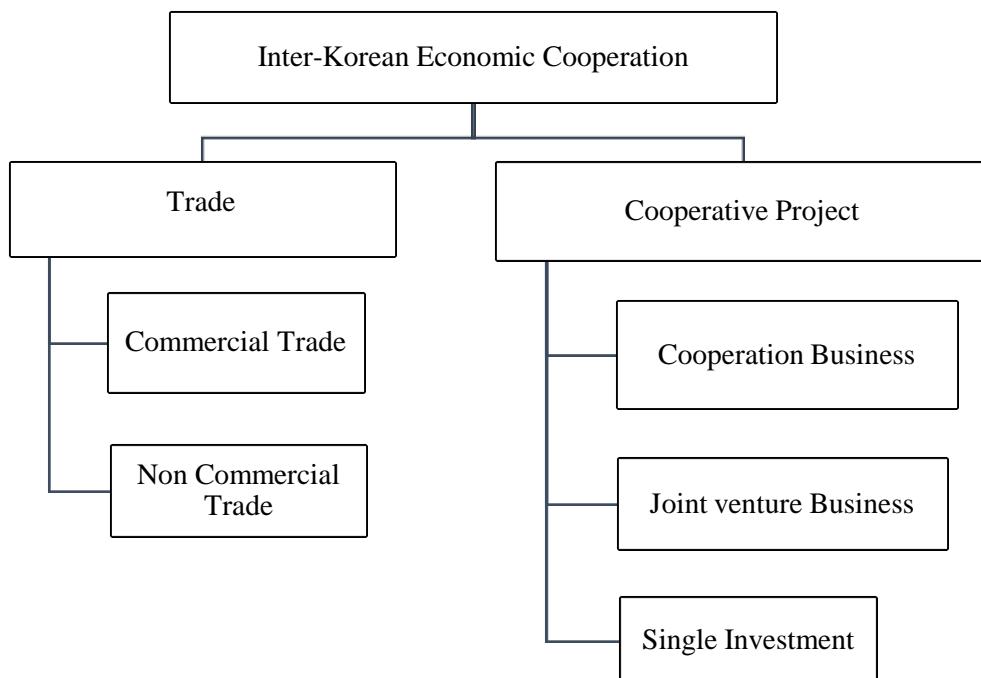
Principle	including persecution, fairness, neutrality	validity, feasibility, appropriacy, etc.	principle of raising aid effectiveness
Period	Short term (within 1 year)	Midterm (within 2 years)	Long term (More than 2 years)

Source: Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges &*

Cooperation 2001-2011 (Gyeonggi Province, 2012), pp. 25

These projects does not necessarily occur in the order. Inter-Korean social and cultural exchange involves projects from various field.

<Figure 2: Types of Inter-Korean Economic Cooperation>



Source: Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges &*
Cooperation 2001-2011 (Gyeonggi Province, 2012), pp. 27

Inter-Korean economic cooperation can be categorized into trade and cooperative

projects. Under the trade category there are two types of trade. One there is a non-commercial trade which foods are carried in an out in a fashion of one-sided support without payment or bartering requirement whereas trading trade requires those conditions. Commercial trade is then again divided into general trade and processing deal. Cooperative projects are conducted in the form of establishing on-side corporate investment under North Korean law. The following diagram raps up this categorization.

2.2.2 History

Before 1988, inter-Korean exchange was almost impossible to be accomplished. Externally speaking, cold war was ongoing thus international political condition surrounding the Korean peninsula was definitely not an amicable environment for sustainable inter-Korean exchange cooperation. Internally, Korean War was, and still is, not ended officially and this environment made both South and North Korean governments to maintain conservative stance toward each other.

However, this was not the single picture. Effort for dialogue between two governments has continued, despite under harsh external and internal condition. Meetings were held, for example, particularly in economic field. The first Inter-Korean economic talk was held in November 1984. In the same year eventually Inter-Korean exchange has begun.⁷ The government in July 7th 1988 declared what is called ‘7.7declaration’. According to this declaration it states that “South and North will break the wall of division and realize exchange in every field”. As a result of the declaration, in October the same year they set the

⁷ Moon Junjo, *Inter-Korean Economic cooperation as Inner Nation Trade and Its Treatment* (Korea Legislation Research Institute, 2002), pp. 7

‘Inter-Korean Economic Open Action’, acknowledging Inter-Korean trade. In 1989 ‘Guideline for Inter-Korean exchange cooperation’ was established. Consequently it became legally possible to trade and contact with the North.⁸

In 1991, Inter-Korean basic agreement was made which opened the floor for further exchange between two Koreas. In order to elaborate further on the historical path of local governments’ inter-Korean exchange cooperation, I have divided into three stages.

The first stage was seeking period between 1988 and 2000. The nature of the Inter-Korean exchange in the beginning period was form of ‘aid’ from the South to the North. Aid to North Korea has started since 1995 and it was mostly about emergency rescue.⁹ However, this did not carried out in a constant form since inter-Korean exchange was greatly influenced by political tension. In 1997, there was a talk held between representatives of Red Cross from both Koreas and an agreement was made on the delivery of emergency goods and as a result of this South Korean government directly supported the North with total 26.67 million dollars.¹⁰ Emergency rescue has shown in 2000s as well such as in 2004 when there was an explosion in Yongsan, however, this was the major form of aid performed during this time of the period with the North which was far from long-term based developmental projects. After the enactment of inter-Korean basic agreement in February 19th 1992, South Korean companies’ interest for market in North Korea has increased; nevertheless, direct investment in North Korea was not realized between until 1994 because South Korea didn’t have the legal foundation for direct investment in the North.¹¹

⁸ Ibid, pp.11

⁹ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 24

¹⁰ Ibid, pp.100

¹¹ Shin Dongcheon, Choi Kichoon, et al., *Yonsei University Institute of Unification's Series of Research 8: Inter-Korean*

<Figure 3: Size of Inter-Korean Economic Exchange Cooperation between 1989 - 2001>

Year	In			Out			Total		
	Num -ber of case	Num -ber of Produc ts	Sum	Numb -er of case	Num -ber of Prod ucts	Sum	Numb -er of case	Num -ber of Produ cts	Sum
1989	66	25	18,655	1	1	69	67	26	18,724
1990	79	23	12,278	4	3	1,188	83	26	13,466
1991	300	44	105,719	23	17	5,547	323	61	111,266
1992	510	76	162,863	62	24	10,563	572	100	173,426
1993	601	67	178,167	97	38	8,425	698	101	186,592
1994	827	73	176,298	495	92	18,249	1,322	159	194,547
1995	1,124	105	222,855	2,720	174	64,436	3,844	265	287,291
1996	1,648	122	182,400	2,980	171	69,639	4,628	280	252,039
1997	1,806	140	193,069	2,185	274	115,270	3,991	385	308,339
1998	1,963	136	92,264	2,847	380	129,697	4,810	486	221,943
1999	3,089	172	121,604	3,421	398	211,832	6,510	525	333,437
2000	3,982	203	152,373	3,442	505	272,775	7,394	646	425,148
2001	4,720	200	176,170	3,034	490	226,787	7,754	603	402,957

Source: Ministry of Unification

Also, this was the time when South Korean local governments tried to draw participation from the North with indirect method. For example, multilateral organization was a good medium to draw the North's interest. Especially when we think of the fact that North Korea's economy by then was hit severely after the collapse of the Soviet Union in 1991, its

major trade partner then, it is easy to understand why the North had to diversify its trade partnership with different regional neighboring countries like China and Mongol and even with South Korea as we can sense from statement below.

North Korea started to feel the need for inter-Korean economic exchange. As the aftermath of the past socialist region's collapse became real North Korea's trade size has plunged more than 50 percent to the level of 2-3 billion dollar per year and the North felt the need to expand and diversified its trade partners to the west. This is the reason why North Korea announced the Naja-Sunbong area as the Free Economic Zone and attract foreign capital.

(Shin Dongcheon, Choi Kichoon, et al. 2004, pp. 14)

With this being regarded, South Korean local governments have made multilateral effort to bring North Korean local governments' participation through holding international meetings. For example, there were 'Conference on Rim of East Sea Local Governmental District Development Conference', held in 1994, and 'Conference on Northeast Asian Local Governmental Conference' led by Gyeongsang northern province in 1998 where participants worked multilaterally to draw the North's participation.¹²

The second stage is expansion period from 2000 to 2006. In 1998, there was a regime change in the South and the new regime also called as 'People's Government' pushed for the 'Sunshine Policy' which stressed on taking more cooperative stance toward the North. Inter-Korean summit held in 2000 was a turning point for local governments' inter -Korean

¹² Moon Jangsoon, *Local government's Exchange cooperation with North Korea* (Kyungpook National University Press, 2003), pp. 18-19

exchange projects and the guideline for Inter-Korean local governmental exchange cooperation was made.¹³ Projects held by local governments for Inter-Korean exchange during this time has been expanded and diversified. Jeju Island started off by sending boxes of oranges to the North. More local governments of the South have further pushed for their projects with the North. However, despite the expansion of the participants and the size of the projects, the nature of these projects stayed in a one-sided short term form concentrating on beneficiary aids.

In the third stage there was a transfer to development between 2006 and 2010. In order for the project to last long, existence of strong mutual interest from both Koreas. Both actors seemed to realize that mutual interest ensures the ‘sustainability’ of the project, working more independently from the political turbulence. 2006 was an important turning point. We’ve seen a transformation of inter-Korean exchange cooperation from temporary one to a more long-term based development projects. In fact, North Korea requested IOs in 2006 to transfer the original humanitarian aid projects into more developmental projects. North Korea further requested IOs and NGOs that were settling in Pyeongyang to reduce the number of fulltime employers or even shut down some of their offices by late 2005 and this indeed became realized in 2006.¹⁴ Change has been shown in rural developmental projects. For example, North Korea agreed on farm modernization project in Gangnam Gun Danggokli and Jangyoli, rural areas within Pyeongyang city. Both two Koreas have shown their willingness to move further from simply supplying emergency aid products like food or medicine. 2006 was the turning point to move on with long-term based projects that entails

¹³ Moon Jangsoon, *Local government’s Exchange cooperation with North Korea* (Kyungpook National University Press, 2003), pp.20

¹⁴ Gyeonggi Province, *The White Paper on Gyeonggi Province’s Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 75

sharing skills and information. This was a meaningful step forward for inter-Korean exchange cooperation projects to proceed with more ‘sustainable’ manner.

Third stage can be classified as recession period. In 2008, political party of the regime has changed in a decade. Lee Myung Bak, elected as the president in 2008, carried out more conservative and strict policy regarding North Korea. Under increased political tension in the peninsula, critical incidences broke out in 2010 including the Cheonan ship incident and YeonPyeong Island incident that have rendered casualties in South Korea. Consequently, political relation got drastically frozen in the peninsula and local government’s inter-Korean exchange projects couldn’t avoid the aftermath. In 2010 May, President Lee responded with carrying out the ‘5.24 action’ which as a consequent almost all of the inter-Korean exchange projects had to be delayed or cancelled

<Figure 4: Status Quo of Local Governments’ Inter-Korean Exchange>

Year	Local Government	Project Expense (/thousand dollar)
2001	Gangwon Province	205
	Jeju Special Self Governing Province	2668
2002	Gyeonggi Province	864
	Gangwon Province	1103
	Jeju Special Self Governing Province	413
2003	Gangwon Province	1020
	Jeolla Southern Province	406
	Jeju Special Self Governing Province	662
	Ulsan Metropolitan City	172
	Gyeonggi Province	1158
	Gangwon Province	1792

2004	Jeolla Southern Province	406
	Jeju Special Self Governing Province	1945
2005	Seoul capital city	890
	Ulsan Metropolitan City	296
	Gyeonggi Province	1673
	Gangwon Province	723
	Gyeongsang Southern Province	90
	Jeolla Southern Province	71
	Jeolla Northern Province	1543
	Jeju Special Self Governing Province	2655
2006	Seoul capital city	475
	Pusan Metropolitan City	86
	Ulsan Metropolitan City	25.9
	Gyeonggi Province	3717
	Ganwon Province	1182
	Jeolla Southern Province	86
	Jeolla Northern Province	369
	Gyeongsang Southern Province	809
	Jeju Special Self Governing Province	2971
2007	Seoul Capital City	691
	Pusan Metropolitan City	752
	Ulsan Metropolitan City	1200
	Gawangju Metropolitan City	146
	Gyeonggi Province	2005
	Gangwon Province	2450
	Jeolla Southern Province	760
	Jeolla Northern Province	962
	Gyeongsang Southern Province	2155
	Jeju Special Self Governing Province	1270
2008	Seoul Capital City	691
	Incheon Metropolitan City	1222
	Ulsan Metropolitan City	195
	Gyeonggi Province	1540
	Gangwon Province	612
	Chungcheong Northern Province	164
	Jeolla Southern Province	743

	Gyeongsang Southern Province	864
	Gyeongsang Northern Province	86
	Jeju Special Self Governing Province	4190
2009	Seoul Capital City	890
	Incheon Metropolitan City	544
	Gawangju Metropolitan City	542
	Daegu Metropolitan City	6.9
	Gyeonggi Province	3566
	Gangwon Province	734
	Gyeongsang Southern Province	367
	Gyeongsang Northern Province	259
	Jeju Special Self Governing Province	5262
2010	Incheon Metropolitan City	35
	Gyeonggi Province	958
	Jeju Special Self Governing Province	224

Source: Ministry of Unification (2010)

The data above clearly shows that the number of the Inter Korea-exchange projects carried out by local governments has decreased in 2010. This once again supports the assumption that inter-Korean exchange is ought to be greatly swayed from the decision made by the central government. Since then, most of the projects with the North have been delayed or even cancelled. However, this was not the full picture since there were local governments who played as an outlier which will be deliberately elaborated in the case study.

2.2.3 Institutional Relations

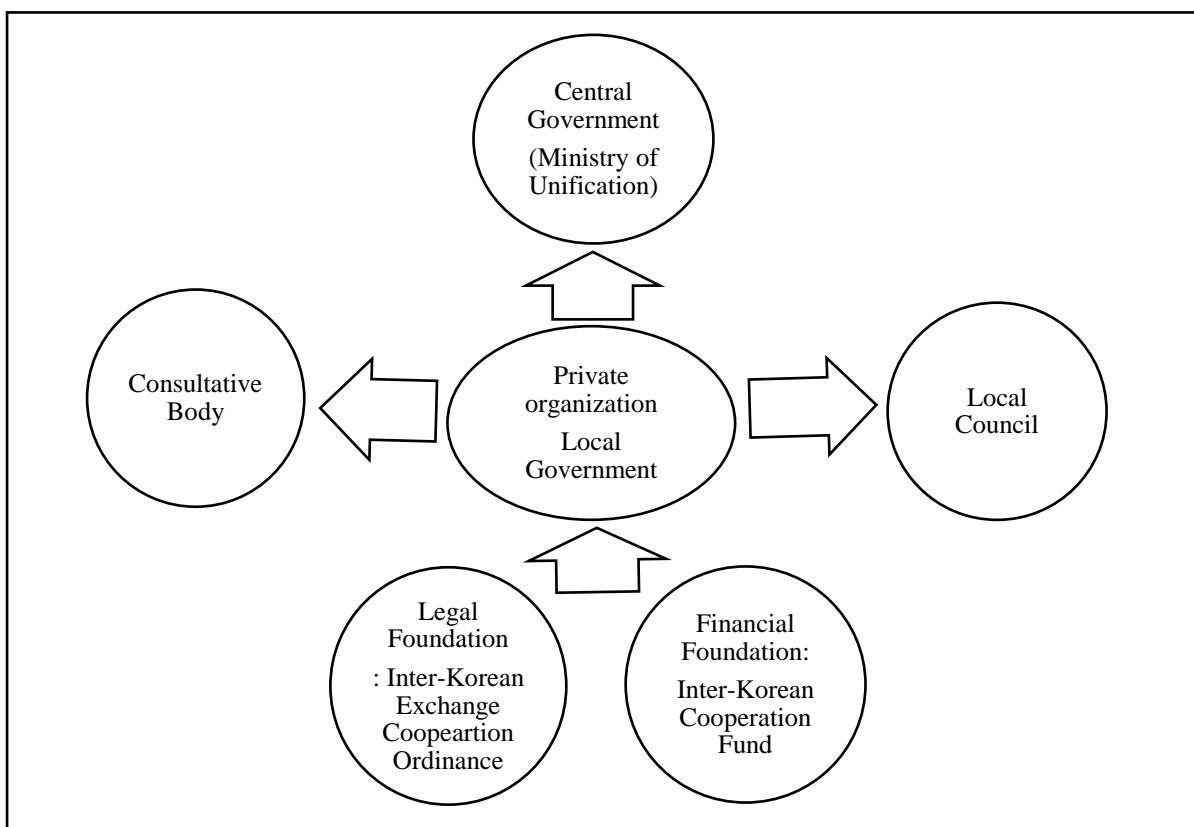
There are three main agents that run inter-Korean exchange and cooperation projects which are central government, local government and NGOs. Each of the actors has strong and weak points. For example, the central government enjoys the biggest financial capacity to carry out the projects while often lacks in drawing local's attention and deliver their voices, whereas, NGOs can effectively reflect the locals' interest while struggling with shortage of budget. In this sense, local governments' role is meaningful in that it can supplement the shortcomings of these two actors. Accordingly, in this section the paper will examine the cooperative system that local governments share with central government, NGO and other local governments. This part of the section is largely based from Gyeonggi local government's <*The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011*>.

First type is local government – central government relations. Most of South Korean civilians would agree that North Korean issues that public is used to have been mostly about military news. Indeed, Korean War has not ended officially and thus it is not a surprise that national policy on North Korea has been taken largely strictly by the South Korean central government. Central government may acknowledge the importance of the projects inter-Korean exchange and cooperation yet often times takes a conservative stance in the actual process of the projects. Harsh competition among local governments to achieve admission from the central government for inter-Korean exchange projects has not been welcomed by the central government. This is because central government may lose its control over the project which would render more unexpected outcomes that will set a backfire for the central

government's strategic North Korean policy.¹⁵

Yet there is a positive sign too. We are seeing a more horizontal cooperative partnership between the central and local government than the past. In the past, local governments had to get permission from the central governments. Now, it is not run in this simple way.

<Figure 5: Mutual System of Local Government's Inter-Korean Exchange Cooperation Project>



Source: Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 43

As you can find from the picture, now there are various actors including NGOs, media

¹⁵ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 42

institutions and many more who are participating and sharing mutual relations with one another. Which will be further discussed in local government and NGOs relations.

Second type of relations is shown between local government and NGOs. Partnership with NGOs has become pivotal for local government's performance for inter-Korean exchange cooperation. NGOs play as the dialogue channel with the central government. According to the law for inter-Korean exchange cooperation it clarifies that local governments cannot perform alone with the north regarding the exchange cooperation but have to work with NGOs. To be more specific, local governments must discuss the project with the NGO that has gained permission for cooperative business partner and it is this NGO that submits the application for the project admission to the Ministry of Unification which will eventually decide to permit or not.¹⁶ This is probably because the central government does not want local governments to independently carry out the projects.

Like this NGOs not only play as the dialogue window with the central government but with North Korea. One of the advantages of working with the NGOs and private sectors is that there are specialists who have abundant work experience, more than those from civil servants from the governmental department, with the North who can provide effective and practical information.¹⁷ Finding with which North Korean organization they should contact and communicate with is not an easy task. You have to possess information about the target region and other cultural factors so as to proceed the project with effective manner. This is the key reason why NGOs are important for local government's performance since there are experts with experience with North Koreans in NGOs. Hyundai-Asan Corporation for

¹⁶ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 46

¹⁷ Hong Sangyoung, Director of Korean Sharing Movement, Interview

example has a diverse exchange channels with the North Korean government through carrying out various projects including Geumgang mountain development projects.¹⁸ Scholars say NGOs can alleviate inter-Korean tension and bring peace and reconciliation to the peninsula. Particularly, private sectors can tackle emotional barriers that has been deeply rooted in Koreans from both sides.¹⁹

Partnership between Local Government and NGOs is shown in various forms that can be largely categorized into three parts that are semi-governmental, grass root type, and Seoul centered NGOs. The content is derived from Gyeonggi Research Institute.

<Figure 6: Local Government –NGO Cooperation System>

Type	Feature	Major Institution and Organization	
Semi-Governmental	Local government directly runs the NGO	Inter-Korean Gangwon Province Cooperation Association (<i>Nambuk Gangwondo Hyeobryeok Hyeobhwe</i>), Jeolla Southern Province Local's Inter-Korean Exchange Association (<i>Jeonnamdomin Nambuk Gyoryu Hyeobuihwe</i>)	
Grass Root NGO + Local Government	It bases on local society while maintaining cooperative relation with the	NGO	Local Government
		Gyeongsang Southern Province Unification Agricultural Cooperation Association (<i>Gyeongnam</i>	Gyeongsang Southern Province, Jeju Island

¹⁸ Ibid, pp. 47

¹⁹ Korea Institute for National Unification, *Inter-Korean Exchange (Reconciliation)/ Cooperation and NGO's role*, (Korea Institute for National Unification, 2004), pp.28

	local government	<i>Tongil Nongup Hyeobryeokhwe),</i> Inter- Korean Cooperative Jeju Island Local People Movement (<i>Nambuk Hyeobryeok Jejudomin Undong Bonbu</i>)	
Central NGO + Local Government	It has a national size NGO which centers in Seoul capital city	NGO	Local Government
		Korean Sharing Movement, Gruyaehana	Gyeonggi Province, Seoul City and etc.

Source: Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 51

Semi-governmental NGOs are established majorly by local governments. South and North Gangwon province cooperation association (*Nambuk Gangwondo Hyeobryeok Hyeobhwe*) and Jeolla southern province locals' inter-Korean exchange association (*Jeonnamdomin Nambuk Gyoryu Hyeobuihwe*) are the examples. For the South and North Gangwon province cooperation association, Gangwon province took the lead while Jeolla southern province locals' inter-Korean exchange association was led by 22 cities and counties' lower level local governments and council of cities and counties of Jeolla southern province.

Second type is the grass root NGOs. This is rooted in the local region while having a special cooperative relations with the local governments. For example, there are Gyeongsang Southern Province Unification Agricultural Cooperation Association (*Gyeongnam Tongil Nongup Hyeobryeokhwe*) which are cooperating with the Gyeongsang southern province and there is also inter-Korean cooperation Jeju island locals' campaign headquarter (*Nambuk*

Hyeobryeok Jejudomin Undong Bonbu) that are cooperating with the Jeju island. The last type of the NGOs are the ones that are centered in Seoul, the capital of the ROK. For example there are Korean Sharing Movement and Gyuraehana²⁰. Korean Sharing Movement's partnership with the Gyeonggi province will be elaborated further in the case study.

Third type of relations is between local government and local government. The biggest advantage for local governments being part of the inter-Korean exchange projects is that local governments can carry out projects that reflects respective regional characteristics. They can effectively target on issues that the affected region is in need. This is important since it makes the project really to tackle on issues that locals need in daily life. However, one of the downsides was that the projects, each carried out by different local governments, have often been overlapped. One of the reasons behind this is because local governments have been harshly rivaled with one another to carry out the inter-Korean exchange projects and thus there has not been an enough communication among each other. In order to overcome this there is an inter-local governmental cooperative organization called 'Governors Association of Korea'. 'Governors Association of Korea' was established in 1999 based on Article 165 of local government act. The purpose of the organization is to propose on legislation that is commonly applied in 16 cities and provinces and issues that require systematic improvement and policy decision in provincial governor level.²¹

Gyeonggi province and Jeju Island have been strongly pushing for the 'Workshop of Local Governments' Inter-Korean Exchange' which is the only domestic inter-local governmental channel dealing with the inter-Korean exchange projects. In this workshop

²⁰ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp.51 - 52

²¹ Ibid, pp. 306

Gyeonggi province requested participation from Gangwon province and Seoul City and have requested 4 local governments to participate in Malaria co-prevention project.²²

However there are also difficulties that blocks inter-local governmental partnership for inter-Korean exchange cooperation projects that will be listed in three factors derived from <*The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011*>. Firstly, the motivation is different from each local governments. Especially there is a significant difference of motivation between local governments form borderline and non-borderline regions. Secondly, there is a competitive relation among the local governments which makes them difficult to collaborate. For example, rivalry between Gyeonggi province and Gangwon province is well known over the peaceful usage of the Demilitarized Zone (DMZ) and this is because winning agent can be in a better position in the future national program for land and budget allocation. Thirdly, budget and organization is independently organized and operated by each local governments.²³

2.2.4 Limitation

Although there has been an improvement in inter-Korean exchange cooperation, still there remains some substantial limits that have blocked further performance of the local governments to carry out inter-Korean exchange cooperation. For further improvement acknowledging the limits is very important. Accordingly, in this section the paper will talk about two parts of the limits that have been shown to encourage local government's performance in inter-Korean exchange cooperation that are institutional problem and legal

²² Ibid, pp. 304

²³ Ibid, pp.304.

controversy.

Institutional problems have shown in the process of inter-Korean exchange cooperation projects held by local governments. To begin with, critics say almost nothing has been improved institutionally for local government's performance in inter-Korean exchange and cooperation. Inter-Korean exchange cooperation law, established in 1990, made it possible to contact with North Korean locals, visit North Korea, and carry out supplies to the North without conflicting with the National security law. However, things have changed since then there are more NGOs and local governments participating in to the field. In response to the change the central government responded to the requests from NGOs by such as providing 'Inter-Korean Cooperation Fund', allowing participation of member from private sector in the inter-Korean exchange cooperation push for meetings and so on.²⁴

Also there is a systematic inefficiency shown in the process of getting business permission from the Ministry of the Unification. As stated previously, the final decision maker to permit the project to move on or not is the Ministry of Unification. However critics say Ministry of Unification is reported with the outcome of the permission from the ministry of government and makes the final decision²⁵. Look at the quotation below.

Ministry of Unification delegated the work regarding permission on inter-Korean exchange cooperation projects to the Ministry of government which is in charge of this in reality. This is to allow Ministry of government which authorizes on local government's regulation work to

²⁴ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 285-286

²⁵ Shin Dongcheon, Choi Kichoon, et al. *Yonsei University Institute of Unification's Series of Research 8: Inter-Korean Economic Exchange Cooperation and Development Model* (Yonsei University Institute of Unification, 2004), pp. 116

more effectively and swiftly deal with the matter..... however two departments taking part in the same work for professionalism and efficiency..... there is a growing voice that the examination process can get more complicated and it wouldn't be clear who should be responsible and be authorized for the outcome of the examination because...

(Shin Dongcheon, Choi Kichoon, et al., 2004, pp. 112)

Before the establishment of the Inter-Korean exchange cooperation law it was impossible to carry on inter-Korean exchange activities under the National Security Law. However after the Inter-Korean exchange cooperation law was established we now have the legal field where Korean exchange cooperation law overrides the national security law. However it is questionable whether Inter-Korean exchange cooperation law is opened enough for sustainable inter-Korean exchange cooperation project. Some expert who work in the field say Inter-Korean exchange cooperation law fundamentally has a lot of restriction. Also interpretation on the National security law differs meaning that the application standard whether it to be more strict or loose is different depending on the regime change and this plays as a barrier for people working in the field to sustainably carry out the project.²⁶

There is also questions about clear definition on legal terms. Critics say that according to the Article 1 of Inter-Korean Exchange and Cooperation Act states that “This law aims to define necessary cases in order to expedite mutual exchange and cooperation between Southern part of Military Demarcation Line (from now on “South Korea) and Northern region (from now on “North Korea”). The problem is it does not directly define about south

²⁶ Hong Sangyoung, Director of Korean Sharing Movement, Interview

and North Korean local people.²⁷ Under the category of local people it may entail citizens, corporates or organizations which need clarifications.

Also regarding the Article 2 paragraph 4 of Inter-Korean exchange and cooperation law, it states that “Cooperation project means activities that includes culture, tourism, health and medical, sports, academia, economy etc. that are implemented together with two Korea’s local people (including corporate body and organization”). The problem is that it is not certain whether local government is a part of the category of local people (corporate body and organization) Critics say local government will be mostly accepted as being a part of the local people (corporate body and organization) however Ministry of unification interpreted this part differently that has caused confusion.²⁸

2.3. Research Question

2.3.1 Shortcomings of Previous Studies

From the review on previous studies and researches about the local governments in inter-Korean exchange and cooperation it shows that there has been a significant improvement. Since the 1999, with the start of the local government of the Jeju Island the scope of the inter-Korean exchange cooperation has been increase so did the role of the local government and the NGOs as well. Especially since the inter-Korean exchange and

²⁷ Korea Legislation Research Institute, *Domestic Business and Treatment Issue in Ethnic Inter-Korean Economic Exchange* (Korea Legislation Research Institute, 2002), pp. 23

²⁸ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp.286

cooperation law was established, it became a precondition for local governments to collaborate with NGOs in order to carry out the projects in North Korea.

However, there was a lack of study on dealing with ‘sustainability’ of the local government’s performance in inter-Korean exchange and cooperation. We’ve seen that inter-Korean exchange and cooperation has been majorly swayed by the decision made by the central government. Possibly due to the short history, most of the studies have been focusing on the time between 2000 and 2010 when the regime by that time was carrying out sun shine policy with the North. The question I would like to ask is how to make the inter-Korean exchange and cooperation run despite under the harsh political condition.

2.3.2 Research Question and Objective

Regarding the shortcoming of the previous studies, my paper is centrally focusing on the time after the 5.24 action was announced by the Lee regime in 2010. Past 15 years of history seems to support the assumption that local government’s development projects have been greatly affected by the change of the central government’s North Korean policy. However this was not the whole picture of the story. There were several projects that have been continued by the local government of Gyeonggi province including Malaria co prevention project, Multidrug resistant tuberculosis project and Preservation of Han-Ok in Gaesung project even under the condition when the administration carried out policies that have blocked the exchange of two Koreas. **This raises puzzles that challenge the general assumption. What made the local government of Gyeonggi province to successfully continue with the North Korean development projects despite under the unfavorable**

political condition? What was their unique delivery?

Inter-Korean exchange and cooperation has faced a challenging moment since 2010.

Case study on Gyeonggi local can help us set a blueprint to make inter-Korean exchange and cooperation run in a ‘sustainable’ manner, keeping its independent room from political turbulence. The nature of inter-Korean exchange and cooperation so far has long been mostly about military or political. The paper will show many more different aspects of inter-Korean cooperation that are being led by local governments such as in economical or cultural field which are indeed related to the local people’s interest. For example, co-prevention on malaria project in the borderline has shown that the shared interest to tackle the infectious disease provided a momentum to make the project last sustainably. So far inter-Korean exchange has been swayed heavily by the change of regime and for the most part positive social agreement has not been made yet. Case study of Gyeonggi province is expected to show the lessons that allowed them to continue despite under the recession period. Three factors found from the case study is expected to enrich a new blueprint for ‘sustainable’ inter-Korean exchange

Chapter III. ANALYTICAL FRAMEWORK

3.1 Hierarchical Partnership of Inter-Korean Exchange Cooperation

The paper has analyzed the case study with two types of partnership which are hierarchical partnership and horizontal partnership. The paper will first explore some of the key theories and features that explains hierarchical partnership of inter-Korean exchange

cooperation. Under this framework, we will see strong position of the central government and political elites. We will see one-sided way of the process of policy establishment or implementation. Meanwhile, other forms of partnership and communication with agents such as NGOs, IOs or even with local governments are hard to be noticed under this analytical framework. To fully elaborate on the hierarchical partnership of inter-Korean exchange, the paper will discuss on top-down approach, neo-functionalism and legal & institutional aspect of the inter-Korean exchange and cooperation.

3.1.1. Top-Down Approach

In order to understand state-oriented model of local government's role in inter-Korean exchange and cooperation, we need to look at top-down approach of policy making. Under top-down approach, political decision makers' perspective and policy-centered way of point of view are important in order to realize their intention and policies.²⁹ In other words, policy maker's role and status are pivotal under this approach which in turn make non-central governmental agents such as NGOs and IOs lose its ground. For example, according to the Paul Sabatier and Daniel Mazmanian who are well known for top-down approach, stress that public policy should be systematically carried out from the perspective of the policy maker.³⁰ Standard for examining the policy is delivered from the top and policy makers focus on

²⁹ Center for International Development Cooperation, *Ministry of Foreign Affairs and Trade's ODA policy and Improvement Plan for Implementation*, (Center for International Development Cooperation, 2014), pp.23

³⁰ Sabatier Paul and Daniel Mazmanian , *The Implementation of Public Policy: A Framework of Analysis*, (Policy Studies Journal, 1980), 8(4)

correlating policy with implementation. Van Meter and Van Horn argued that this allows relation between policy decision-making institution and policy implementation institution to be a democratic governance system and then again the role of the decision institution.³¹

3.1.2 Neo-Functionalism

Neo-Functionalists share a common ground with functionalism integration theorists since they argue exchange and cooperation in non-political fields will steadily lead to political integration. However, neo-functionalists stress the role of political parties, interest groups and political elites in the process of integration as the catalyst for the political integration.³²

Has, another neo-functionalism, stated that considering how European integration went through since 1957, economic relation that bases on cost and benefit condition would not last long. The rationale behind his argument is that there has not been a supplementation of ideologies and philosophies such as democracy or identities.³³ According to Gu, neo functionalists argues that political movement should be carried out with centering on political agents' role in the process of economic integration.³⁴ Also when we look at Nye's analytical framework that contains requirements for integration he also emphasizes the role of

³¹ Van Meter, Donald and Carl E. Van Horn, *The Policy Implementation Process: A Conceptual Framework*, (Administration and Society, 1975), 6(4)

³² Kim Guhwe, Critical analysis on government and private sectors' inter-Korean social cultural exchange (Jungbuwa Mingandanchaeui (*Nambukhan Sahwemunhwagyoryuedaehan Bipanjeok Bunseok*), (Gyeonggi University Political Professional Graduate School, 2013), pp. 23

³³ Dougherty & Pfaltzgraff, Jr.,op.cit.,(5thEd.), pp.514-515

³⁴ Gu Youngrok, *Korea and Sunshine Policy: Functionalism and Inter-Korean relation (Hangukgwa Haetbyut JeongChek: Gineung Jueuiwa Nambukhan Gwangae)* , (Bubmunsa, 2000), pp.139-140

the political elites and their political intentions.³⁵ All in all, neo-functionalism stresses on the role of political elite's role for policy making process and this goes against with the functionalist who takes communication and exchange among specialists in the implementation level crucial.

3.1.3 Legal and Institutional Aspect

Under the analytical framework of government-oriented model, legal and institutional systems are important. In this section, I have elaborated 4 aspects of laws and institutions regarding the Inter-Korean exchange and cooperation that are 1) Agreement and Ordinance 2) Inter-Korean Cooperation Fund 3) Department and last but not least, 4) the law.

First we have to look at ordinances and agreements. Institutionalization of inter-Korean cooperative exchange requires efforts from various fields including human resource, finance, information, and most support from central government and the locals. Therefore there has not been a substantial development for institutionalization between two Koreas, having gone through series of crisis.

Thus when we say institutional background, we need to first look at agreements, which are not legally binding yet are good signs for its start. There are two agreements to be noticed including inter-Korean basic agreement, Inter-Korean cooperative exchange ordinance.

³⁵ Joseph.S.Nye, *Peace in Parts: Integration and Conflict in Regional Organization* (Boston:LittleBrown,1971), pp.52

Inter-Korean basic agreement was established in 1991 during the 5th inter-Korean high level talks held in Seoul. This was the result from both previous president Roh Moohyun's 'Northern Diplomacy' and two Koreas' simultaneous entering to the United Nations. According to this agreement, both parties recognize the difference of the regimes and the consequent difficulty for immediate unification. The following key note is that both sides agreed on a mutual non-aggression. It further states on about Inter-Korean reconciliation, unification and expansion of exchange cooperation. Inter-Korean cooperative exchange ordinance is established in all 16 megacities and provinces in the south.

<Figure 7: Ordinance of Municipal Inter-Korean Exchange Cooperation>

Metropolitan Councils	Date of Establishment
Gangwon Province	1998-09-09
	1998-12-31
Gyeonggi Province	2001-11-09
Gwangju Metropolitan city	2003-01-01
Jeolla Southern Province	2003-06-05
Seoul capital city	2004-07-20
InCheon Metropolitan city	2004-11-08
GyeongSang Southern Province	2005-04-07
Daegu Metropolitan City	2005-08-10
Ulsan Metropolitan City	2006-04-06
Jeju Special Self Governing Province	2007-05-09
Pusan Metropolitan city	2007-07-11
Jeolla Northern Province	2007-12-28
Gyeongsang Northern Province	2008-01-10

ChungCheong Northern Province	2008-02-22
Daejeon Metropolitan City	2008-06-20
ChungCheong Southern Province	2011-10-19

Source: Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), p29.

Gangwon province took the first start in 1998 followed by Gyeonggi province while Southern ChungCheong province followed the latest in 2011 October. The data shows the leading role of local governments from borderline regions.

Second type of institution that needs to be noticed is Inter-Korean Cooperation fund raised by each of these local governments from mega-cities and provinces. The fund is raised and ran independently by each agents.

<Figure 8: Status Quo of Inter-Korean Exchange Cooperation Fund by Local Governments>

Municipal Governments	Fund Raised (/0.1 million dollar)	Balance (/0.1 million dollar)
Seoul capital city	173	157
Pusan Metropolitan city	47	46
Incheon Metropolitan city	109	34
Gwangju Metropolitan city	19	20
Gyeonggi Province	240	124
Gangwon Province	112	45.9
Chungcheong Northern Province	3	3
Jeolla Northern Province	30	30
Jeolla Southern Province	8.4	8.4
Gyeongsang Southern Province	54	16.9
Jeju Special Self Governing Province	6.9	7.6
Total	858	497

Source: Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), p30.

As the <Figure 8> shows 11 metropolitan local governments have raised total 858 hundred thousand dollars of inter-Korean exchange cooperation fund. One important point to be taken is that borderline region cities, particularly Gangwon and Gyeonggi Provinces, have taken the leading role in the process. In fact local governments from borderline regions have shown great performance compared with the amount of fund raised.³⁶ This result shows the importance of having a mutual interest with the north for more sustainable performance of the project.

Third, there are governmental department bodies. It is hard to see an independent department body dealing with inter-Korean cooperative exchange under local governments. In most cases, it is positioned under other departments such as division of local authority administration or division of foreign cooperation. Local governments in borderline areas including Incheon City, Gangwon and Gyeonggi province are a few exceptions that has single department. For example in the local government of Gyeonggi province, there is ‘Division of Unification Base Office Creation’ under the ‘Balanced Development Department’ where there are Action officers who are fully in charge of inter-Korean exchange cooperation. Whereas in Gangwon local government there is ‘Division of Balanced Development’ under ‘Inter-Korean Cooperation Department’ that also has two professional agents to cover inter-Korean exchange cooperation. Lastly Incheon city has what is called ‘Inter-Korean Exchange Team’,³⁷

Lastly we have laws. Although there have been a lot of crisis that have blocked the

³⁶ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 30

³⁷ Ibid, pp.31

legal development to support Inter-Korean exchange, there are still several laws that have been enacted so far which includes Inter-Korean Exchange and Cooperation Act and Inter-Korean Cooperation Fund Act

Inter-Korean Exchange and Cooperation Act was established in 1990 and up until 2009 it was revised 13 times.³⁸ As a consequence, ‘Inter-Korean Exchange and Cooperation Promotion Council’ was set under the Ministry of Unification in South Korea. ‘Inter-Korean Basic Agreement’, established in 1991, can be regarded as a fresh new start for peaceful unification by agreeing on non-aggression, acknowledging the other’s regime, whereas ‘Inter-Korean Exchange and Cooperation Act’ have stepped further than realized inter-Korean exchange.

‘Inter-Korean Cooperation Fund Act’ was established in 1990. It has been revised 10 times up until 2009. The purpose of the fund is to support locals to come and go over the borderline, support projects in the field of culture, academia and sports. ³⁹

³⁸ Doosan Encyclopedia, <http://terms.naver.com/entry.nhn?docId=1224253&cid=40942&categoryId=31718>

³⁹ Doosan Encyclopedia

<Figure 9: Inter-Korean Cooperation Fund - Fund Raising>

단위: 백만원					In million won
	정부출연금 Government contributions	정부외출연금 Contributions by non-governmental agencies	공자기금예수금 Deposits of public capital management fund	운용수익등 Operating revenue, etc.	총조성액 Total amount
1998	-	-	-	40 280	40 280
1999	-	3	149 831	23 013	172 847
2000	100 000	642	264 862	30 393	386 786
2001	600 000	1 079	310 000	29 406	840 486
2002	490 000	77	606 000	42 036	1 037 114
2003	300 000	1	823 000	46 616	1 169 616
2004	171 400	1	310 000	38 371	519 772
2005	600 000	33	460 000	31 178	991 211
2006	660 000	16	940 000	36 619	1 626 634
2007	600 000	76	684 691	38 869	1 123 626
2008	660 000	62	147 600	49 274	846 826
2009	-	66	81 000	74 364	166 410
2010	-	-	876 000	61 238	926 238
2011	-	2	104 400	38 276	142 678
2012	112 800	2	400 000	61 236	664 038
2013	106 600	3	630 000	162 300	797 803

Source: Ministry of Unification

<Figure 9> shows the process of the fund raising under ‘Inter-Korean Cooperation Fund Act’. Between 2000 and 2008, when the regime was pushing forward the sunshine policy and were enjoying political alleviation with the north, the total amount of inter-Korean cooperation fund raised shows a high result as opposed to the year between 2007 and 2009 when the fund dropped dramatically from 1123525 million won to 155410 million won. The lesson we can get from this result is that the performance of inter-Korean Cooperation Fund has been greatly affected by the regime change and the consequent external political relations with the north.

<Figure 10: Administration of Inter-Korean Exchange Fund >

단위: 억원	In 100 million won											
	경상사업 Routine projects					용자사업 Loan-based projects						
	남북교류협력지원 Support for exchange and cooperation		남북관동북회복지원 Support for the recovery of national community			합계 Total amount	인도적 사업(증가) Loan-based humanitarian projects	남북교류협력지원 Support for exchange and cooperation		인수보상사업 구역내재화 프로젝트 Loan-based regional redevelopment projects		
	인적교류 지원 Support for human exchange	사회문화 협력지원 Support for social and cultural cooperation	교역협력 보험 Trade economic cooperation insurance	교류증진 기금 Support for exchange of representative families	인도적 지원사업 Humanitarian aid projects			교역협력 자금대출 Loans for trade and economic cooperations	교역대출 Trade loans			
1998	-	0.3	-	0.1	199.9	-	199.9	-	-	675.2	-	675.2
1999	-	-	-	4.2	339.1	-	343.3	-	-	-	-	-
2000	2.6	20.6	-	28.3	977.4	145.8	1 174.7	987.4	5.0	5.0	-	3 259.4 4 131.8
2001	2.5	1.0	-	18.0	976.1	899.5	1 891.2	189.5	480.7	10.7	450.0	- 3 002.8 3 663.1
2002	236.9	-	-	20.3	1 225.6	367.9	1 650.9	987.4	381.8	3.9	357.7	3 008.8 4 643.7
2003	11.4	6.5	-	30.0	1 501.3	763.2	2 312.4	1 560.9	187.1	79.3	107.6	859.7 3 287.5 5 395.1
2004	10.6	31.0	-	31.6	1 225.6	761.0	2 069.6	1 019.8	373.8	136.8	237.0	439.7 869.8 2 703.2
2005	37.9	74.7	-	182.9	1 966.2	2 044.6	4 156.4	1 792.6	293.1	82.6	210.5	275.2 226.8 2 587.7
2006	52.9	73.8	-	99.1	2 125.4	1 620.9	3 672.0	89.4	479.1	73.3	406.6	230.7 88.6 838.0
2007	17.0	69.1	-	289.2	2 271.9	1 725.4	4 352.6	1 404.8	568.3	82.9	483.4	933.7 - 2 904.6
2008	27.2	89.5	-	182.4	596.6	1 100.7	1 945.7	0.0	108.1	78.3	28.7	269.2 - 366.4
2009	-	30.3	-	21.5	293.7	414.6	780.1	-	154.2	84.2	70.0	88.0 - 240.1
2010	-	21.2	-	19.9	192.0	176.8	409.8	-	415.7	812.4	103.3	87.0 - 452.7
2011	0.8	26.9	43.8	1.0	101.7	124.4	297.0	-	74.9	57.6	17.3	64.9 - 129.8
2012	-	28.4	-	4.4	23.9	421.1	472.7	-	182.8	148.9	84.0	88.2 - 221.0
2013	-	20.5	1 777.2	20.8	132.5	266.2	2 217.2	-	555.5	-	555.5	190.9 - 746.4

Source: Ministry of Unification

<Statistic 10> shows the areas that the fund has been used from 1998 to 2013. The portion of the Inter Korean Cooperation Fund used in the loan-based projects has outnumbered that of routine projects until 2004. However this order has switched the next year, after showing a decreasing gap. This result reflects an improved inter-Korean relations.

3.2 Horizontal Partnership of Inter-Korean Exchange Cooperation

Another type of analytical framework to address inter-Korean exchange cooperation, is horizontal partnership of inter-Korean exchange cooperation. According to this framework, it broadens the scope of participating agents in inter-Korean exchange and cooperation projects other than central government such as local governments, NGOs, IOs, civil society, private companies and etc. Under this model I expect to see diversified partnership with different participants. To fully elaborate, we need to look at bottom-up approach and functionalism that is one of the social integration theory.

3.2.1 Bottom-up Approach

Along with the top-down approach, bottom-up approach was one of the dominant theories in United States of America (USA) between late 1970s and 1980s. Bottom-up approach stresses the role of agents working in the field rather than who are in the central governmental body. According to Elmore, with the bottom-up approach, governmental

officials working in the field as a part of the enforcement institution should take the central role for the governance on public policy.⁴⁰ According to the Michael Libsky, he used the term ‘street-level bureaucrats’ who are working in the policy implementation body. Libsky argues that these street level bureaucrats should work in a different environment from that of policy making institutions such as the central government and that central government’s management over the goal is nothing but a simple control that would restrict the goal of the implementation body.⁴¹

When we apply this to the role of the local government’s role in inter-Korean exchange and cooperation one key implication is that the role of the local government becomes crucial in that it plays as the implementation body. It no longer merely waits for the decision made by the central government. The theory provides the room for the local government’s independent role in the process of carrying out the inter-Korean exchange and cooperation.

3.2.2 Social Integration Theory: Functionalism

Some might argue that it is too early to talk about ‘integration’ when mentioning inter-Korean exchange and cooperation. However as long as reunification of two Koreas is the common goal set by both ROK and DPRK, integration is a necessary element to be considered in the process of carrying out exchange and cooperation with North Korea. Local

⁴⁰ Elmore R, *Backward Mapping: Implementation Research and Policy Decisions*, (Political Science Quarterly ,1980), 94(4)

⁴¹ Michael Lipsky, *Street-level Bureaucracy: Dilemmas of the Individual in Public Services* (New York: Russell Sage Foundation, 1983)

government's role in inter-Korean exchange and cooperation is part of a process to bring integration in economic, cultural and ultimately political field.

Functionalist integration theory has its origin from liberalism in which Kant and Wilson have developed the ideology and the theory is specified by Mitrany.⁴² Mitrany stressed the role of the specialist not the politician to counter the technological problems that requires international cooperation. Also, according to Gu, Mitrany stated that if there is a successful cooperation in a certain field this will expedite another cooperation in other fields and through this 'web of cooperation' overall integration will be realized.⁴³

The implication of this aspect of the functionalism is that the role of the local government and other non-central government agents become crucial in that they relatively entail more specialists in specific fields. Mitrany argues that if there is an improvement and expansion in technical cooperation in non-political field this will increase the need for cooperation in the field of transportation and finance and this will induce cooperation in other field including politics.⁴⁴ According to Kim, functionalists argue that expansion of transnational technological innovation and economic activities decreases intuitive function to protect national land and exclusive sovereignty.⁴⁵ Functionalism basically stresses on the role of experts, not the governmental officials or the policy makers in the central government, in the process of exchange and cooperation for ultimately integration in the political level as

⁴² Cho Gunsik, Comparative Research on Resolution for Reunification in Korean peninsula (*Hanbando Tongil Bangan Bigyo Yeongu*, Gyeongnam University Graduate School of Politics and Diplomacy, 2011), pp. 26

⁴³ Kim Guhwe, Critical analysis on government and private sectors' inter-Korean social cultural exchange (*Jungbuwa Mingandanchaeui* (*Nambukhan Sahwemunhwagyoryuedaehan Bipanjeok Bunseok*), (Gyeonggi University Political Professional Graduate School, 2013), pp. 23

⁴⁴ The Institute for Far Eastern Studies, *Statue-quo of Inter-Korean Integration Research (1): Political Integration*, (*Nambukhan Tonghab Yeongu Hyunhwang Jalrojib (1) Jeongchi Tonghab*), (Seoul: Gyeongnam University Graduate School of North Korean studies, The Institute for Far Eastern Studies, 2000), pp.10

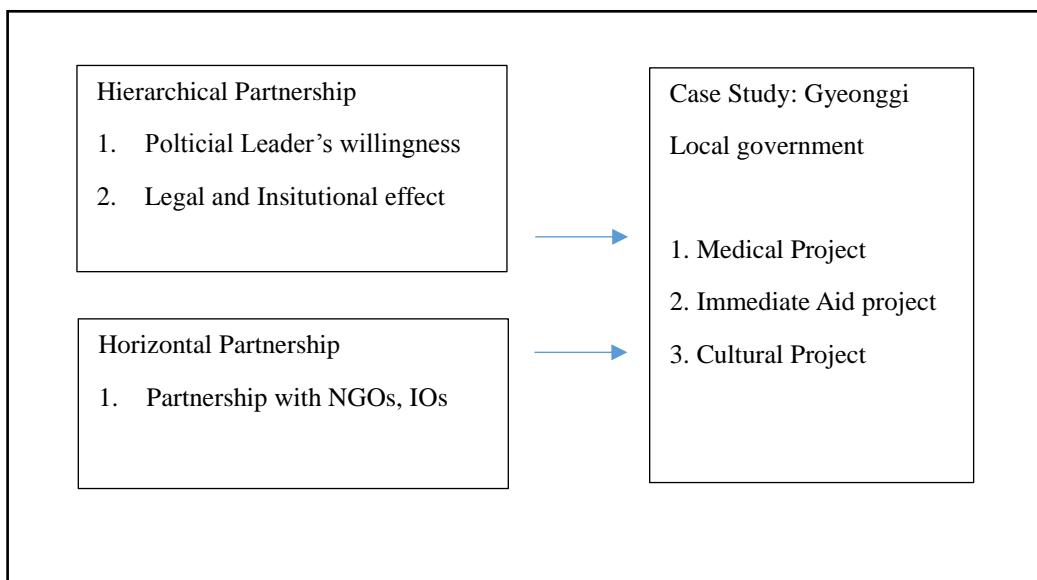
⁴⁵ Kim Gukshin, *Implication of Integration Theory and European Integration on Inter-Korean Integration (Tonghab Erongwa Europetonghab e Nambukhane Junun Sisajeom)*, (Institute for Ethnic Reunification, 1993), Series 2 (1), pp. 128

well. With this theory we are able to open more space for the participation of the non-central governmental actors such as NGOs, IOs, other agents from civil society and local government as well.

3.3 Research Methodology

So far I have elaborated on key features of each analytical framework. Horizontal and hierarchical partnership are important analytical tool to examine Gyeonggi local government's key three features that have allowed them to outperform in their inter-Korean exchange and cooperation even after 5.24 action broke out.

< Figure 11: Analytical Framework >



The <Figure 11> shows visualized form of analytical framework. More specifically in terms of hierarchical partnership, I will specifically examine two elements in the case study that are political elite's intention and legal and institutional influence. The paper will focus

whether there has been an influential role taken by political elite. For this case I will observe previous provincial governor's willingness for inter-Korean exchange and cooperation. Also, the paper will examine whether legal and governmental institutions had a positive influence on Gyeonggi local government's performance. However, I will also analyze elements of horizontal partnership in the case study. Particularly, I will examine the partnership Gyeonggi local government shared with experts and specialists from NGOs or IOs. I will see diverse forms of partnership with other local governments as well.

For the case study, the paper has taken a qualitative research methodology to examine the puzzle found from the case. The paper will first elaborate several key activities that Gyeonggi local government held after '5.24 action'. The activities have been categorized into three section that includes medical project, immediate aid and cultural exchange and development. More specifically, medical projects will include malaria co-prevention and multi-resistant tuberculosis projects. Immediate aid projects include aid for flood and infant nourishment and lastly for cultural project that I will look preservation for 'Han-Ok' complex zone in Gaesung city. With the application of analytical framework, the paper will analyze key factors that have played as independent factors for Gyeonggi local government's outperformance.

The paper's primary resource entails *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011*, written by Gyeonggi local government. entails general outline of the projects that Gyeonggi local government carried out before and after 5.24 action.. Other statistics and data have also been applied as a primary source as well as two interviews I have conducted with Hong Sangyoung, director of the 'Korean Sharing Movement' and Lee Wonjun staff of the Gyeonggi local government. Other books and news

articles have been applied as secondary resource for the research.

Chapter VI. CASE STUDY: Local Government of Gyeonggi-Province

From this part of the paper, the case study on the local government of the Gyeonggi-province's role in inter-Korean exchange cooperation will be covered. The study will specifically focus on their performance after the '5.24 action' set in 2010 which rendered almost most of the inter-Korean exchange cooperation stalled. The paper will first elaborate on the path that Gyeonggi province local government has stepped on so far which will be largely based on *<The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011>* and then will move on to elaborate on several projects that have proceeded after the 5.24 action. Finally, the section will end up with elaborating on 4 key features that explain the outlier.

4.1 History

Gyeonggi province, the biggest province in Korea, is especially an important zone in terms of inter-Korean relations. First, it is the biggest divided province in the world. Before the division of the country, Gaesung City, now part of North Korea where Gaesung Industrial Complex is situated, was under the Gyeonggi Province's authority. The province is one of three provinces that shares its borderline with North Korea. Due to this regional characteristic, local people in the region are directly affected by inter-Korean political relations. Where

missile attack struck YeonPyeong Island in 2010, local people in the region literally had to evacuate. Inter-Korean political, military turbulence has not been simply about ideological or political confrontation issue but daily problem that threatens basic security of locals in the borderline regions. However, this regional adjacency on the other way round induce people in the borderline to cooperate to tackle problems they share such as Malaria or insect pest in the mountain.

Local government of Gyeonggi-province has started inter-Korean exchange projects with humanitarian purpose since 2002. This was implemented not by the local government alone but working with NGOs. As I've stated previously the inter-Korean exchange and cooperation law made the role of NGOs essential to achieve permission from the ministry of the reunification. Institutional foundation was established in 2001 by erecting inter-Korean exchange cooperation ordinance in 2001. Humanitarian exchange projects took place in the beginning stage probably in order to build trust with North Korea. In 2002, two years after inter-Korean summit was held, Gyeonggi-province sent products such as agricultural machine, soccer balls to Yanggang which is one of the regions that is considered to be in a seriously poor condition. By that time provincial governor participated to visit the North⁴⁶.

In 2003 December, representative of Gyeonggi-province and North Korea held the working level talks at Gumgang Mountain and they agreed upon supporting agricultural machines and groceries plant equipment and more. The next year there was an explosion in YongCheon station and Gyeonggi-province sent medical products, livelihood, and ramen along with ‘Helping YongCheon compatriot Movement station’ (*Yongcheon Dongpo Dobgi Undongbonbu*) and Community Chest of Korea (*Sahwe Bogjigongdong Mogeumhwe*) which

⁴⁶ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 101

the value amounted around 8.68 million dollar. Gyeonggi province sent products that valued around 370 thousand dollars which departed from port of Incheon city.⁴⁷

North Korea has occasionally faced flood including in 2006. In 2006 September South Korean technicians visited the North and researched on the flood damage condition and growth of rice. The technicians sprayed agricultural pesticide to prevent occurrence of disease and inset pesticide and have fixed combined tractor cultivators to prepare for the harvest season. The next month, they revisited Dangokli and carried out rice harvesting event with the North and have implemented test operation of the rice polishing mill which was supported by the Gyeonggi province. ⁴⁸

Also it was this year that ‘Agricultural modernization project in Pyeongyang Danggokli’ was initiated which lasted for 3 years. 5.95 million dollar was spent for the project and this is the biggest budget that Gyeonggi province spent on a project since they initiated inter-Korean exchange project in 2002. The project included supporting agricultural machines, fertilizers and more meanwhile repairing buildings such as primary schools or childcare centers. ⁴⁹

4.2 Inter-Korean exchange Projects carried out after 5.24 action

What makes the role of the local government of Gyeonggi province special is that some of its inter-Korean exchange projects have lasted even after 2010 when inter-Korean political relation got drastically worsen after Cheonan ship incident broke out. This section will

⁴⁷ Ibid, pp. 101-102

⁴⁸ Ibid, pp. 103

⁴⁹ Kyeongin Ilbo, 2015.10.7, pp. 67, <http://www.kyeongin.com/main/view.php?key=20151001010000004>

discover projects that have lasted which will be categorized largely into medical projects, immediate aid, and cultural exchange and development.

4.2.1 Medical projects

There were two medical projects carried out by Gyeonggi local government. First, it is malaria co-prevention project. Some might be surprised to hear about Malaria in Korea. However there indeed exists Malaria in northern part of Gimpo, Paju, Yeoncheon in South Korea and Gaesung city and the surrounding region in the North. As you may know Malaria disease is infectious and due to this nature it became a crucial matter for both two Koreas. The problem becomes worse when the mosquito that sucked the blood out of the patient who has immune system to the malaria pill this is because the next person who is bitten by the mosquito will also be immune to the malaria pill.⁵⁰ The project's target was to reduce 10 percent of the number of malaria patients compared to the previous year.⁵¹

This was especially a crucial problem for Gyeonggi province when considering the fact that 40 percent of the number of Malaria patients in the region has increased in 2015 compared to the year before⁵². Meanwhile according to WTO's '2014 World Malaria Report', the number of Malaria patient in North Korea in 2013 was 14407.⁵³ The real problem is that this cannot be tackled alone, but should collaborate with the North. To be more specific refer to the interview I had below.

⁵⁰ Hong Sangyoung, Director of Korean Sharing Movement, Interview

⁵¹ Gyeonggi Province, <http://www.gg.go.kr/#Home>

⁵² Yonhapnews, 2015.3.25, <http://www.yonhapnews.co.kr/bulletin/2015/03/25/0200000000AKR20150325159400060.HTML?input=1195m>

⁵³ Kyeongin Ilbo, 2015.9.7, pp. 1, <http://www.kyeongin.com/main/view.php?key=998550>

There were products that needed to be supported to North Korea such as the specialized mosquito net which has the special scent that can prevent malaria mosquitos from approaching...not only products; however, medical skills and technologies had to be shared as well so that North Korean doctors can diagnose the disease. If we simply deliver the microscope equipment it wouldn't work well.

(Hong, Interview, 'National Sharing Movement' organization)

Like this tackling malaria requires inter-Korean collaboration. In March 2008 North Korea accepted Gyeonggi province's suggestion for malaria collaborative prevention project and an agreement was made between the local government and the North's Ethnic Reconciliation Council (*Minjok Hwahwe Hyeobeuihwe*). In May, the delegation which included head of the plan and administration department and civil servants from health care area visited North Korea and delivered supplies including fumigator trucks, 1500 liter of pesticide and so on. Later on the North further requested 20 thousand liter of preventive medicine. The population in Paju and Gaesung is 300 thousand and 280 thousand respectively and Gyeonggi province supported medicine to the North for prevention in Paju region. In 2009 March Gyeonggi province and the North held appraisal regarding the project that was carried out a year before in Pyongyang. (p170) The appraisal was held also in 2010 April in Gaesung,⁵⁴ right before the 5.24 action established. The number of patients reduced 50 percent in 2008 compared to the year earlier, after showing an increase between 2009 and 2010, in 2011 the number again

⁵⁴ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 167- 168

reduced more than 52 percent compared to 2010.⁵⁵

After Lee regime initiated ‘5.24 action’ political relation between two Koreas has frozen and most of the projects had to be delayed or cancelled. Getting approval for the project became much more difficult by the Ministry of Unification. However the project survived to be continued for another year. The next year in 2011 the project was not carried out by Gyeonggi province alone. Gyeonggi province suggested Incheon city to participate to the project and eventually in 2011 May joint transportation ceremony was held. Although the project actually lasted for one year since the 5.14 action, this is a meaningful improvement in the inter-Korean exchange since this was the first time that the project, especially development project has been continued despite the negative central government’s political stance. In 2015 there was an effort from all three borderline provinces including Gangwon province, Gyeonggi province and Incheon to push for the project. ⁵⁶

Secondly there was multidrug-resistant tuberculosis project. The rate of Tuberculosis patients in South Korea is high among the OECD member states. The issue of tuberculosis is particularly serious in the Gyeonggi province. The number of the tuberculosis patient in the Gyeonggi province has been in highest class, 7523 people in 2013 and 7177 people in 2014. ⁵⁷ Although there are not only a single factor to tackle the disease, however, situation in the North regarding the disease is not optimistic. Since the Gyeonggi province shares its borderline with the north, and the disease is infectious the status of the tuberculosis in North Korea is a crucial problem for the province. According to the World Health Organization (WHO) 15000 tuberculosis patients in North Korea are estimated not getting

⁵⁵ Gyeonggi Province, <http://www.gg.go.kr/#Home>

⁵⁶ Lee Wonjun, Action Officer of Unification Base Construction organization in Gyeonggi Local Government, Phone Interview

⁵⁷ The Korea Economic Daily, 2015.10.7, <http://www.hankyung.com/news/app/newsview.php?aid=201510079878h>

treatment which a considerable number of them are going through Multidrug-resistant.⁵⁸

Multidrug-resistant tuberculosis occurs when the tuberculosis patient has become immune to the pill due to the fact that he or she didn't get enough care and treatment. It is difficult to be cured with general tuberculosis pill and the treatment period takes 2-3 years which is 4 times longer than the original tuberculosis.⁵⁹

Also, according to the presentation made by the Stephen Linton who is the CEO of the Eugenebell foundation on the pro-north medical support project in 2013, there are approximately 5000 new Multidrug-resistant tuberculosis patients in North Korea. He also added that when we think of the treating Multidrug-resistant tuberculosis after unification, tackling the disease in the local region is necessary.⁶⁰ Considering the infectious nature of the disease it is not a surprise that this issue is a crucial matter to be dealt in a continuous format as can be shown from the telephone interview from the staff in local government of Gyeonggi province saying that "the danger for the infection of tuberculosis exists in the borderline region through contact"⁶¹

We can now understand how the matter can affect the province overall and due to this mutual feature of the problem Gyeonggi province supported the north to fight the disease from 2013 to 2015. In 2014 September Eugenebell foundation sent medicines to the North.⁶² Another interesting aspect about the project is that it is once again not simply about sending

⁵⁸ Newsis, 2014.10.14

http://www.newsis.com/ar_detail/view.html?ar_id=NISX20141014_0013229415&cID=10817&pID=10800

⁵⁹ IGoodNews, 2013.5.8, <http://www.igoodnews.net/news/articleView.html?idxno=38444>

⁶⁰ IGoodNews, 2013.5.8, <http://www.igoodnews.net/news/articleView.html?idxno=38444>

⁶¹ Lee Wonjun, Action Officer of Unification Base Construction organization in Gyeonggi Local Government, Phone Interview

⁶² Kyeongin Ilbo, 2015.9.7, pp. 1, <http://www.kyeongin.com/main/view.php?key=998550>

products but also skills.⁶³ The implication of this aspect is that one of the positive role of the local governments can bring is that with its human resource with experience and professional skills it allows to increase the institutional development of the target region.

4.2.2 Humanitarian Aid

In 2006 the paradigm of the inter-Korean exchange cooperation has changed from original humanitarian nature to the development projects. However this doesn't mean that humanitarian aid was disregarded. Indeed humanitarian aid and cultural exchange are primary factors to build trust between two Koreas.

After '5.24 action' broke out in 2010, North Korea went through another disastrous flood that year. Despite harsh political tension prevailed in the peninsula South Korean government supported aid to the North through Red Cross. After South Korean government stated its will to support aid to the North, in September 16th Gyeonggi province local government carried out ceremony for sending the flood damage supplies to Imjingak in Paju. The local government of Gyeonggi province sent 300 ton of wheat and the flood damage supplies to Gaesung through Inter-Korean transit office in Dora Mountain. With 300 ton of wheat, it can feed roughly 30 thousand people which is ten percent of the population in Gaesung city.⁶⁴

In the same year Gyeonggi local government also supported nourishment of the infants

⁶³ Lee Wonjun, Action Officer of Unification Base Construction organization in Gyeonggi Local Government, Phone Interview

⁶⁴ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 106

in North Korea. The local government cooperated with NGOs including the ‘World Vision’ and ‘Inter-Korean Sharing’ (*Nambook Nanum*).

4.2.3 Cultural Exchange and Development

In terms of the mutual interest, cultural exchange may not be considered as urgent as the projects such as fighting against the malaria. However it would be too narrow sighted to regard the cultural exchange as a temporary emotional event. It should be regarded as a long-term effort to tear down the animosity and hatred that is deeply rooted in people’s heart.

Since 2010 there were cultural projects and even long term developmental project carried out by Gyeonggi local government. For instance there was ‘The Second International youth (U-15) Soccer Competition’ held in 2015 from January 27 to February in Chengdu city in China. Gyeonggi province and Yeonshungun supported the event and was led by Gyeonggi local government in order to make the event as a regular competition held in Gyeonggi province and Pyeongyang city. The event was jointly held by China Sungdo Soccer Association and Korean Council for Reconciliation and Cooperation. Both South and North Korean soccer teams have participated together with other 6 teams from China, Uzbekistan and more⁶⁵. Additionally there was ‘2015 International Girls’ Soccer Competition’ held as well.

Aside from the cultural exchange activities, Gyoenggi local government has stepped into the cultural development project with North Korea. This is to preserve ‘Han-Ok’ complex, which refers to Korean Traditional house, in Gaesung city. Han-Ok is Korean

⁶⁵ Kyonggi Maeil, 2015. 2. 3, <http://kgmaeil.net/detail.php?number=61097&thread=22r12>

traditional houses that are seen in South Korea as well. However, in the process of economic industrialization most of the Han-Oks were substituted with modern apartments. We do see some Han-Ok complex in BookCheon Village however it is not big enough to appreciate the traditional beauty. The size of the Han-Ok complex is huge. There is expected to be around 300 Han-Oks left in Gaesung city that are known to have been established since the early Chosun Dynasty. Its cultural value is expected to be priceless due to the fact that the houses are gathered in various blocks. Even though South Korea has 10 cases of Han-Oks that are listed as the world cultural heritage, there is none for the collective Han-Ok site.⁶⁶ The target of the project is to rebuild and repair the Han-Ok in the region and ultimately to list the Gaesung Han-Ok zone as the United Nations Educational, Scientific and Cultural Organization (UNESCO)'s world heritage and it actually became realized in 2015.

4.3 Key features : Continuation of Projects after ‘5.24 Action’

So far the paper has elaborated on Inter-Korean exchange cooperation projects that have been carried by Gyeonggi local government after 2010. Despite the harsh political relation that have apparently made all inter-Korean exchange in local governmental level almost impossible, Gyeonggi local government played as an outlier.

Of course critics would say the duration is too short or the size was too small to be counted as a meaningful achievement. However, that is another issue. This is a major step that shows we have reached an era where political condition cannot control every section of the inter-Korean exchange. We have to remember the history of Inter-Korean exchange

⁶⁶ Chosundotcom, 2012 1.11, http://news.chosun.com/site/data/html_dir/2012/01/10/2012011003002.html

cooperation is not that long. Before 1991 it was both externally and domestically impossible to carry out any sort of sustainable inter exchange with North Korea. The question I would like to answer is ‘What are the key factors that made Gyeonggi local government to push for further projects with North Korea despite under the harsh political condition. What was the driving source that made the projects be more ‘sustainable’?’

I have analyzed whether there has been a hierarchical partnership and horizontal partnership in the case study and based on this analytical framework I have driven out three main factors. In terms of the hierarchical partnership analytical framework, within the scope of local government alone I have found that the political leader, Kim Moonsu, who is the previous provincial governor, had a strong passion and will for inter-Korean exchange and cooperation. Secondly there was an institutional influence, particularly by the fact that the inter-Korean exchange and cooperation law made Gyeonggi local government to collaborate with NGOs. With the horizontal partnership analytical framework there was the element of mutual economic interest and lastly, the fourth feature, I’ve found a diverse partnership the local government had with NGOS, IOs and other local government, the Incheon City.

4.3.1 Political Leader's Will

According to the hierarchical partnership analytical framework, one of the key features is that the role of the political leader is crucial within the institution. Neo-factionalists stressed on the ideas of the political elites for establishment and implementation of the public policy. Indeed, a political leader's vision and personal interest plays as an important factor for deciding and carrying out a policy. In this sense, one of the key features we can take into account is the political will of previous governor of Gyeonggi province, MoonSu Kim. Kim was in the office between July 2010 and June 2014 that is after 5.24 action. Kim has long been a politician who has shown a strong passion to support inter-Korean exchange cooperation projects.

In 2012 December he was awarded with “The 10th National Reconciliation” by Korean Council for Reconciliation and Cooperation and during the acceptance speech Kim said “I have fought against the autocratic regime for freedom, human right and democracy during my youth and my last mission is democratization of the North and Reunification... with reunification I hope to contribute to mankind peace and co-prosperity”⁶⁷ Same day he also added that he would like to achieve Korea with hope and the gospels to universal mankind while he is in the office.⁶⁸ Kim also took the leading role as the provincial governor to carry on with the Malaria co-prevention project in 2011 in collaboration with the Incheon City. Malaria co-prevention project started since 2008 and he stressed the importance of continuing with the project as he said if we do not take action in the region including Gaesung City and

⁶⁷ Edaily, 2015.10.8, <http://www.edaily.co.kr/news/NewsRead.edy?SCD=JF21&newsid=02617446609530952&DCD=A00602&OutLnkChk=Y>

⁶⁸ The 300, 2015.10.8, <http://the300.mt.co.kr/newsView.html?no=2015100817177664102>

Southern HwangHae province and etc that are adjacent to North Korea, locals in the northern part of the Gyeonggi province are not safe. He added that the province is sending the Malaria diagnostic kits to North Korea is about saving us⁶⁹. Like this Kim, the political leader has shown his strong interest and willingness for the inter-Korean exchange project.

Recently in 2015 October he visited Germany and while he was standing in front of the past Berlin Wall he stated that “Dozens of Germans from East Germany were killed when crossing the wall before the reunification.. unfortunately many more north Koreans are losing their lives while crossing the Amnok river.... I feel the necessity of reunification again being here”⁷⁰ Also when he visited Panmunjeom in 2008 he said “I feel refreshed to visit the place again under the untrusting situation between two Koreas ... even though we are armed and hostile with each other we will become one for certain”⁷¹ From these statements we can easily imagine that he would have wanted to continue with inter-Korean exchange projects even under the harsh political condition. Projects for nourishing infants in 2010 was also led by Kim.

The statements show the strong will of the political leader, by then the provincial governor, and we can see that a political leader’s strong stance played a crucial role to push for the inter-Korean exchange and cooperation projects even after the 5.24 action.

4.3.2 Institutional Influence

One of the key elements driven from the hierarchical partnership was the influence of

⁶⁹ Dailyan, 2012.12.11, <http://www.dailian.co.kr/news/view/318236>

⁷⁰ Yeongnam Ilbo,2015.10.24,
<http://www.yeongnam.com/mnews/newsview.do?mode=newsView&newskey=20151024.010040728490001>

⁷¹ Nocutnews, 2008.12.27, <http://www.nocutnews.co.kr/news/4128820>

legal and institutional framework. In 2006 the establishment of inter-Korean exchange and cooperation law made it mandatory for local governments to submit their application for the inter-Korean exchange and cooperation projects through NGOs recognized by the Ministry of Unification. In other words, local governments became not able to directly submit the application of the projects. As a result of this law, Gyeonggi local government was forced to collaborate with NGOs in order to carry out inter-Korean exchange and cooperation projects. There was a strong institutional influence set by the establishment of the inter-Korean exchange and cooperation law that stimulated Gyeonggi local government to collaborate with NGOs including Korean Sharing Movement, Eugenebell.

4.3.3 Mutual Economic Benefit

Local government of the Gyeonggi province not only displayed aspect of hierarchical but horizontal aspect of partnership as well. When I broaden the scope of local government's relation with North Korea, I've found that there was a mutual economic interest shared from two Koreas that allowed them to enjoy horizontal partnership. Gyeonggi province is one of three regions that shares its borderline with North Korea and this regional characteristic allowed both Gyeonggi local government and the North to share more mutual interest compared to other regions such as tackling Malaria or Multidrug-resistant tuberculosis. There are mutual economic incentives that make two Koreas to continue with the project, in other words make the project more sustainable.

In terms of the medical fields, both projects for the Malaria co-prevention and Multidrug resistant tuberculosis are contagious diseases that can directly threaten the local people's health in the Gyeonggi province. It can not only pose a danger to the locals' health

but it would mean a huge financial burden for the local government to deal with it in a long term perspective. If there is not an appropriate treatment there can be immune malaria patients or multidrug-resistant tuberculosis who also have basically immune to the pill. This suggests that without a proper action at a proper time we are likely to face with greater cost to deal with those situations. In this sense we can consider it as a process for reducing the overall reunification expense.

There are four stages to effectively tackle Malaria. First is to prevent Malaria Mosquito to hatch its eggs so we kill those eggs. Secondly we prevent the mosquitos from contacting humans through using specialized mosquito nets that has scents mosquitos don't like Thirdly we need to have equipment and medical skills to accurately diagnose the disease The last stage is to treat the patient.

(Hong, National sharing movement)

As you can see from the interview, there are equipment and skills required from each respective stages which apparently requires money. Lee Wonjun, the staff from the Gyeonggi local government also stated in the interview that “Mutual interest is important for sustainable inter-Korea exchange project and Malaria project can minimize the reunification expense in a long term perspective.”⁷² Therefore it must have been a tough choice for the central government and the local government to delay or cancel the project when we think of the greater financial cost that it will bring.

Han-Ok preservation in Gaesung also entails mutual financial incentives as well.

⁷² Lee Wonjun, Action Officer of Unification Base Construction organization in Gyeonggi Local Government, phone interview

Gyeonggi province has been working to preserve the Han-Ok complex before and after the complex has been selected as the UNESCO world cultural heritage in 2013 July. In a long term perspective, this is an important economic investment. This is because it has a great potential to be a famous historical city that will bring a lot of tourists. In a long term perspective, after the reunification, Gaesung city would be a great cultural asset for Gyeonggi province. Famous historical cities such as Gyeongju in South Korea and Kyoto city in Japan are good models. The local government stated that historical heritage site that involves Han-Ok in Gaesung city was a part of the Gyeonggi province before the division of the country and the site has a huge symbolic meaning as a cultural heritage and cultural and economic value⁷³. When we consider the size and importance of the tourism industry it is definitely a great opportunity for North Korea as well.

So far I've elaborated on mutual aspect of economic interest that both the local government share with North Korea and important implication is that this 'mutuality' of the interest they share put two participants in a more equal position rather than a hierarchical position. In other words it is not simply a beneficial or one-sided form of aid from gyeonggi local government to North Korea but it is more close to development projects that both participants must bare benefits and costs that constitute their relationship as a horizontal one. This is a crucial factor in that mutual interest and incentive are the fundamental driving force to make Inter-Korean exchange cooperation sustainable and let it work independently from central political condition. The more there is mutual financial interest shared by two Koreas the bigger the cost both sides must take to cancel and delay it.

⁷³ Korean National Commission for UNESCO, http://www.unesco.or.kr/news_center/sub_01_view.asp?articleid=2954

4.3.4 Diverse Partnership

There was another aspect of horizontal partnership conducted by Gyeonggi local government by the fact that it actively made diverse partnership made with NGOs and even other local government, Incheon City.

NGOs' role became pivotal after the establishment of inter-Korean exchange and cooperation law. Local governments became not able to directly submit the application for the inter-Korean exchange and cooperation project to the ministry of Unification but are ought to cooperate with the NGOs. Gyeonggi local government has shown a close partnership with NGOs in particularly medical projects. For example, in case of the malaria co-prevention project Gyeonggi local government collaborate with 'Korean Sharing Movement', one of the major NGOs in South Korea that work for inter-Korean exchange. Experts and specialist from 'Korean Sharing Movement' played a big role to increase the feasibility of the project.⁷⁴ We've also seen that Gyeonggi local government's cooperation with the 'Eugenebell Foundation' in tackling multi-resistant tuberculosis.

Also, in term of the immediate aid, Gyeonggi local government cooperated with NGOs including 'The World Vision' and 'Inter Korean Sharing' (*Nambook Nanum*) when carrying out infant nourishment aid in 2010. Gyeonggi local government made work agreement with those NGOs which specified the plan.⁷⁵ Also the province is supporting 'Inter-Korean Cooperation Fund' to NGOs including 'Eugenebell Foundation' and 'Green One Korea' in order to tackle the Multidrug-resistant tuberculosis in Gaesung and forest disease and pest

⁷⁴ Hong Sangyoung, Director of Korean Sharing Movement, Interview

⁷⁵ Gyeonggi Province, *The White Paper on Gyeonggi Province's Inter-Korean Exchanges & Cooperation 2001-2011* (Gyeonggi Province, 2012), pp. 211

respectively.⁷⁶

The Gyeonggi local government also has shown its effort to establish partnership with the IOs. In 2014 October the Gyeonggi local government invited staffs from International Council on Monuments and Site (ICOMOS) and specialists from in and out of Korea to hold the international academic conference.⁷⁷ The local government in 2013 also held international conference in China with IOs and domestic and foreign NGOs⁷⁸ Regarding the Han-Ok preservation project, Gyeonggi local government visited UNESCO Bangkok Office and explained about the project and held advisory conference requesting attention and cooperation to list the Gaesung historical heritage site as the UNESCO world heritage.⁷⁹

Most interestingly however there has also shown a cooperation with other local government, Incheon city. This is quite exceptional case considering the heated competition among the local government to get the permission from the Ministry of Unification. As I've previously stated, inter-local governmental partnership for inter-Korean exchange cooperation project is not a simple thing. There is economic issues involved that renders rivalry for the project. However Gyeonggi local government actively draw participation and collaboration from Incheon City for Malaria co-prevention project and in 2011 Gyeonggi local government and Incheon city sent necessary products for the project.

4.3.5 Shortcoming

The case study has shown 4 main features that explained Gyeonggi local

⁷⁶ Kyeongin Ilbo, 2015.9.7, <http://www.kyeongin.com/main/view.php?key=998550>

⁷⁷ Korean National Commission for UNESCO, http://www.unesco.or.kr/news_center/sub_01_view.asp?articleid=2954

⁷⁸ Suwon Ilbo, 2013.12.3, <http://www.suwon.com/news/articleView.html?idxno=88403>

⁷⁹ Korean National Commission for UNESCO, http://www.unesco.or.kr/news_center/sub_01_view.asp?articleid=2954

government's out performance in inter-Korean exchange and cooperation after '5.14 action' was established in 2010. Then what dragged back other local governments? In terms of the political leader's vision and willingness for the project, not all provincial governors or mayors came out with strong vision on inter-Korean exchange as did Kim Moonsu Gyeonggi province governor. Especially in the Gyeongsang region, place it is known to be relatively a conservative place regarding inter-Korean relations, Mayor of Daegu city at that time has not shown a direct strong passion for the project. Of course, it is dangerous to generalize a person's political vision and I may not be right on this matter. However, based on the research I've conducted on public statements through news articles such as new year's speech it seems certain that Kim Moonsu has shown an outstanding passion and vision for the continuation of the inter-Korean exchange and cooperation. Another factor that other regions may have failed continuing with their projects with North Korea after 2010 is that many of them were event performances which did not fully reflect the regional feature that may lead to give a synergy on both region's development.

However, the paper is not to tell that Gyeonggi local government was perfect. Indeed, there was a serious setback by the fact that it lacked in collaborating with business partners. In order to make a project to run sustainably there needs to be more effort for the Gyeonggi local government to work with business companies. When we look at relatively successful case of Gaesung industrial complex, for example, major company is taking a leading role, in this case Hyundai Asan Co. Of course, not one single agent is perfect however one cannot ignore mutual economic interest that business partners share in boosting the inter-Korean exchange project to keep it sustainably continue.

Chapter V. CONCLUSION

2015 is the year that accounts 70th anniversary since the division of Korea. Two Koreas have went through several historical turning points and so did the history of inter-Korean exchange cooperation. One important key feature was the power of the central government has been too strong for other non-political exchange between two Koreas to be realized in a sustainable manner. Of course, I can't disagree with the importance of national security, especially regarding the fact that we are officially in the middle of war, however, we need to be prepared and take action to make non-political field of inter-Korean exchange to last independently from political fluctuation and one of the key answers to that is from the role of local governments.

The paper's key assumption was that local government's role in inter-Korean exchange cooperation is totally subordinated by central government's North Korea policy. 2010 was a harsh year for inter-Korean exchange. Several critical incidences happened such as the Cheonan ship and YeonPyeong island incident that has rendered casualties. '5.24 action' which blocked every inter-Korean exchange followed as a response. However, amid the situation when almost every original inter-Korean exchange cooperation projects became cancelled and delayed, Gyeonggi local government has shown an impressive performance to continue with sustainable inter-Korean exchange cooperation which was an outlier phenomenon. The research question was therefore to answer 'What major factors that have contributed for Gyeonggi local government to perform a sustainable inter-Korean exchange cooperation project?' The case study on Gyeonggi local government has shown there were largely three main fields of projects that have continued or started since 2010 which were in

medical fields that included malaria and multi drug resistant tuberculosis co-prevention, immediate aid which entails infant nourishment project and lastly cultural exchange and development projects that included preservation of Han-Ok complex in Gaesung City.

I have come up with an analytical framework that are consisted of two perspectives that are first hierarchical partnership and secondly horizontal partnership. From the case study, I've found four key factors to explain the outperformance of Gyeonggi local government which are 1) the political leader's will 2) institutional influence 3) mutual economic interest 4) diverse partnership with other agents. Particularly, in terms of the hierarchical partnership, I've focused on political leader's role and legal, institutional aspect. For the first key factor I've found was Kim Moonsu, previous provincial governor of the province has shown a strong willingness to carry on with inter-Korean exchange cooperation. I have cited various statement made from Kim to support this. I was able to explain this factor with the application of hierarchical analytical framework. The case shows that the role of the political elite's thought does make an influential impact on inter-Korean exchange and cooperation policies.

Meanwhile, when looking at the legal and institutional framework, the paper secondly found that Inter-Korean exchange and cooperation law set in 2006 made it mandatory for NGOs to submit the application for the inter-Korean exchange project to the Ministry of the Unification. This part of the legal aspect shows that it did make a strong influence for the local government to cooperate with NGOs and experts that was a crucial driving source for inter-Korean exchange and cooperation projects such as in malaria-prevention project.

I have also taken horizontal partnership analytical framework. I have searched whether there has been a horizontal aspect of partnership with North Korea or with other domestic

agents such as NGOs, IOs or with other local governments. Consequently as a third key feature, there was a mutual economic interest shared from with North Korea which allowed them to enjoy relatively horizontal nature of partnership which overall played as a driving source for the continuation of the projects even after the 5.24 action. To further illustrate, the projects were not merely beneficial, one-sided form of aid instead it was more about developmental project that both the South and the North share the cost and benefit together. For example, the purpose of medical projects including malaria co-prevention and multi-resistant tuberculosis prevention project was not only to help North Koreans who are suffering from the disease but to protect the locals of Gyeonggi province from contagious disease as well as to reduce reunification cost in a long term perspective. Important point is that this ‘mutual’ nature of economic interest put both the South and the North in an equal position for horizontal partnership.

For the fourth feature, I’ve found that Gyeonggi local government carried out a diverse form of partnership with NGOs and even with another local government as well. Medical projects, for example, the local government closely cooperated with ‘Korean Sharing Movement’ whereas for the multi-resistant tuberculosis resistant project ‘Eugenebell Foundation’ was the copartner. Exchange of technologies and information by experts not civil servants played a crucial role with the participation from NGOs such as ‘Korean Sharing Movement’. The local government also actively participated to cooperate with IOs such as with International Council on Monuments and Site (ICOMOS) and UNESCO Bangkok office. Interestingly although there is a strong competition among the local government especially in the borderline region, Gyeonggi local government even cooperated with the Incheon city. They sent the material to tackle malaria in 2011. These facts has shown a horizontal aspect of

partnership. Despite these positive elements, there was a shortcoming. I've pointed out the need for Gyeonggi local government to collaborate with business partners in order to bring a momentum for the project to last more 'sustainably'. Mutual economic interest should be shared among the business agents in the process of carrying out inter-Korean exchange and cooperation projects as shown in Gaesung industrial complex case.

As Choi Moosoon, the current provincial governor said "President Park Gunhae said unification is '*Daebak*' (great thing) but *Daebak* is not a political term but economic term... '*SunKyungHooJung*' which means economic exchange comes first and political problem later, the principle of '*SunEeHooNan*' doing easier things and difficult thing later should be applied to inter-Korean relations"⁸⁰ it is important to improve sustainable inter -Korean exchange cooperation in non-political area. The case study of Gyeonggi local government's performance tells us a lot about the capacity of local governments for sustainable inter-Korean exchange cooperation. One big lesson is the importance of finding a common area where both two Koreas can share the benefits and costs. The more there is interdependence the bigger cost two Koreas must face in case of the project go wrong. As functionalists say local government's performance can broaden these mutual non-political zone which will induce other sector of the cooperation that will eventually contribute to peaceful reunification.

⁸⁰ Newstomato, 2015. 10. 4, <http://www.newstomato.com/ReadNews.aspx?no=589125>

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Interview

Hong Sangyoung, Director of Korean Sharing Movement

Lee Wonjun, Action Officer of Unification Base Construction organization
in Gyeonggi Local Government

국문 초록

남북교류협력에서 지방정부의 역할: 경기도청사례를 중심으로

지방 자치단체의 남북교류협력은 1999년 제주도의 감귤 사업이 효시이다. 독일 통일에서도 지자체의 교류 협력에 대한 성과는 높이 평가 받고 있다. 정치적이고 이데올로기적인 주제를 벗어나서 문화, 경제를 포함한 다양한 비정치적인 분야에서 지자체들은 북한과 다양한 사업을 넓혀왔다. 특히 2000년 남북 정상회담 이후 사업의 성격 수혜적이며 일회적인 사업이 아니라 지속 가능한 교류를 요구하는 개발사업들로 발전해왔다. 그러나 중앙정부의 대북관계 및 대북정책에 따라서 지자체의 남북교류협력사업은 크게 좌우 될 수밖에 없었다. 특히 2010년 천안함 및 연평도 사건에 대한 대응으로 내려진 ‘5.24 조치’ 이후에는 대부분의 지자체의 대북교류사업은 중단되어야 했다.

본 연구가 기여하고자 하는 것은 그 동안 정치적이고 이데올로기적으로 단편화 되어온 남북관계의 성격을 지자체의 역할을 통해서 보다 경제, 문화 분야로 다각화 될 수 있는 요인들을 밝혀 내는 것이다. 궁극적으로는 평화통일을 위해 중앙정부 차원의 정치적 변동에 구애 받지 않고 지속 가능한 남북 교류협력이 이뤄 질 수 있는 요인들을 분석하는 것이다.

하지만 경기도청을 포함한 접경지역 지방정부들은 남북경색 속에서도 대북

교류사업을 계속 진행해 왔다. 현재까지 남북교류협력의 발전에 대한 여러 연구는 많지만 어떻게 하면 ‘지속 가능 한’ 교류협력이 될 수 있는지 지자체의 관점에서 다뤄진 연구는 드물다. 본 논문은 예외적으로 경기도청이 중앙정부의 대북정책과는 별도로 지속 가능하게 대북교류사업을 해올 수 있었던 요인에 대해서 분석해보고자 한다. 제시된 분석틀 안에서 수직적 파트너십 그리고 수평적 파트너십을 기초로 하여 연구를 진행하였다. 본 연구에서 경기도청은 의료, 긴급구호, 문화교류 및 발전 이 세 분야에서 남북교류협력의 성과를 나타내었고 이러한 결과를 가능하게 했던 네 가지 요인은 다음과 같다.

먼저 수직적 파트너십의 측면에서 당시 도지사였던 김문수의 남북교류협력에 대한 강한 정치적 의지와 제도적 영향력을 찾을 수 있었고 수평적 파트너십의 측면에서는 상호적인 경제적 이익과 다원화된 파트너십을 살펴 볼 수 있었다. 개선 사항으로 개성공단 사례를 참고하여 회사들과의 협력을 보다 적극적으로 추진하여 남북교류 사업의 지속성을 끌어 올려야 함을 찾아볼 수 있었다.

주제어 : 남북교류협력, 지방 정부, 지속 가능, 다원화, 파트너십

학번 : 2013-23731