

## Koreas in talks on coal project

**July 04, 2005** — Seoul and Pyongyang have had working-level talks about jointly mining North Korea's coal reserves, and will discuss the possibility further in two days of talks that will begin in Kaesong tomorrow, Seoul officials have told the JoongAng Ilbo.

Kim Ji-yeop, president of South Korea's state-run Korean Coal Corporation, will lead a five-member team in the discussions, officials said yesterday. Pyongyang's Ministry of Power and Coal Industries will represent North Korea.

The North's coal reserves are estimated at 14.7 billion tons; coal accounts for 70 percent of its energy consumption, according to the South's Unification Ministry. Its coal production peaked at 37 million tons in 1985; by 2002, it had dropped by 42 percent because of equipment problems, according to the ministry.

"North Korea suffered enormous flood damage in 1995, and many mines have not been restored since then," a Unification Ministry official said. "Jointly developing coal mines in the North will not only ease its energy crisis, but allow South Korea to save on coal imports."

The South once mined 25 million tons of coal annually, but has since reduced production to 3.2 million tons. In 1989, Seoul decided it was cheaper to import coal than to mine it. South Korea annually imports about 80 million tons of coal.

Unification Ministry officials say working-level talks on the project took place in China in May.

There is general agreement that the South would provide technology and equipment in return for as-yet-undetermined mineral rights. The bulk of the mined coal would go to the North.

In Kaesong, officials are to negotiate the scope of the project and a possible timeline.

Reportedly, the North wants to fix the time period and the South's financial investment beforehand, while the South wants to conduct a small pilot program before making such decisions.

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