The Potential Role of South-East Asia in North Korea’s Economic Reforms: The Cases of ASEAN, Vietnam and Singapore

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Abstract
The process of engaging the Democratic People's Republic of Korea stands at a crossroads that presents challenges as well as opportunities. We believe that the Association of Southeast Asian Nations (ASEAN) can indirectly help to facilitate North Korean reforms in three ways: (i) Political: via ASEAN’s ability to function as a neutral facilitator of dialogue; (ii) Economic: as models of economic reform for North Korea (particularly based on the experiences of Singapore and Vietnam); (iii) Social: the Choson Exchange based in Singapore is an ideal location for enabling North Koreans to study abroad and thus gain a greater understanding of other countries.

Keywords
North Korea, Kim Jong Un, ASEAN, Vietnam, Singapore

Introduction
The period since the death of Kim Jong Il in December 2011, and the succession of his son, Kim Jong Un, as Supreme Leader of the Democratic People’s Republic of Korea (DPRK), has been followed by a period of growing uncertainty over the prospects for peace and security in north-east Asia. Set against the 2013 Korean peninsula crisis, the media spotlight has been focused on the responses of the US-Republic of Korea (ROK) alliance relationship. In so doing, however, the
mainstream media’s focus on the dominant role of the United States and ROK has overshadowed two important variables that may affect the future policy directions of North Korea. The first of these relates to Pyongyang’s attempts at economic reform. While the media has been fixated with DPRK’s missile and nuclear programmes, there has been comparatively little media attention on North Korea’s current attempts to revitalise its economy. The second overlooked variable concerns North Korea’s increasing relations with south-east Asia. Although ASEAN has thus far shown limited influence and involvement on Korean peninsula affairs, there is evidence to indicate that Pyongyang is seeking to enhance its bilateral relations with ASEAN members in order to overcome its international isolation. ASEAN member countries also provide possible economic models for the revitalisation of North Korea’s economy. Such an oversight is, to some extent, understandable. While the strong commercial relations between ASEAN member countries and ROK underscore regional hopes for stability on the Korean peninsula, there is little direct interest among most south-east Asian governments in the political developments stemming from North Korea.

Closer scrutiny of developments in Pyongyang suggest that the North Korean leadership is attempting to pursue two concurrent policies, namely the pursuit of nuclear weapons and the modernisation of the economy. Set against this context, while the authors acknowledge the limited extent of ASEAN’s influence on the Korean peninsula, there are grounds to argue that ASEAN can help facilitate a ‘soft landing’ for North Korea. The notion of a soft landing has been used to refer to a gradual approach to the opening up of the North Korean economy. In an interview with the New York Times as early as 1996 (Lewis, 1996), the US Ambassador to Seoul, James Laney, had envisaged a soft landing as an orderly and planned process to help North Korea’s engagement with the outside world without arousing fears of regime collapse.

In this regard, the North Korean government itself has shown an increasing interest in adapting to ASEAN members’ experiences with economic reform and development. Although most commentators have focused on North Korea’s trade with China and Russia, recent years have seen increasing commercial and diplomatic contact between south-east Asia as a region and North Korea. North Korean foreign ministers have attended the ASEAN Regional Forum (ARF) Summits on a consistent basis since 2010, and have used this opportunity to visit south-east Asian member countries. Particularly notable was the ARF Summit in Cambodia in July 2012, when North Korean Foreign Minister, Pak Ui-chun, held direct bilateral talks with several ASEAN member countries. During the previous ARF Summit in 2011, North Korea limited its contact with China and Russia. Furthermore, ROK officials themselves affirmed that North Korea appeared to be making overtures to ASEAN countries as a means of breaking out of its diplomatic isolation (The Hankyoreh, 12 July 2012). As noted by DPRK’s Ambassador to London, Hyon Hak Bong, most other industrialised countries have chosen to keep their doors economically closed to North Korea, thus forcing Pyongyang to look towards ASEAN member countries (Financial Times, 23 July 2014). This was underscored by DPRK Foreign Minister, Ri Su Yong, undertaking a series of high-profile visits to ASEAN members in August 2014 (Choson Exchange, 14 August 2014). Two south-east Asian countries – Thailand and Singapore – are among North Korea’s largest trading partners, and this trend appears likely to continue. Between 2012 and 2013, Thai exports to North Korea increased by US$85 million – an increase of 112%. The same period saw an increase of US$1.5 million (a 112% increase) in North Korea’s exports to Singapore, and an increase of US$59.3 million (an increase of 23.6%) in imports from Singapore (KOTRA, 2014).

Given the increasing contact between North Korean officials and their south-east Asian counterparts, it is reasonable to argue that DPRK is looking towards ASEAN member countries as avenues for economic cooperation and restructuring. ASEAN’s role with regard to North Korea should not be seen as irrelevant or dominant. Rather, the authors contend that there is significant potential for expanding the role of ASEAN and its members in contributing towards peace and
stability on the Korean peninsula in a number of indirect ways. In light of the ASEAN Way,1 it is evident that the North Korean leadership has less reason to fear ASEAN-styled economic development as a ‘Trojan Horse’.2 Rather, the good bilateral relations between ASEAN members and Pyongyang can help facilitate the transfer of knowledge and skills that would enable the emergence of an export-orientated economy in DPRK, with a possible ‘trickle-down’ effect that improves living standards in North Korea.

In turn, the recent nature of these developments means that there is a dearth of academic literature on North Korean contact with ASEAN and its members. This paper will therefore focus on the role of ASEAN as an inter-governmental organisation, two member states of ASEAN that North Korea has shown a high level of interest in (Vietnam and Singapore), and a non-governmental organisation (NGO) based in Singapore (the Choson Exchange). Hence, we propose to outline our argument in four sections. In the first section, we will analyse the North Korean leadership’s Pyongjin, or ‘Parallel Track’, strategy in simultaneously seeking economic development as well as a nuclear weapons programme. Secondly, we will provide a brief, but necessary, description of the founding philosophy of ASEAN, thereby enabling us to outline the ways in which the organisation can contribute to a soft landing for North Korea. Thirdly, this article will focus on two countries – Vietnam and Singapore – whose patterns of economic development North Korea appears to have the most interest in emulating. In other words, rather than adopt a macro-level analysis of North Korea’s relations with ASEAN, we instead focus on the micro-level analysis of Pyongyang’s relations with these two countries to reflect ASEAN’s potential role in facilitating North Korean economic reform. Moreover, reflecting the potential role of NGOs in facilitating the building of North Korea’s capacity for economic reform, we have included discussion of the activities of the Choson Exchange, based in Singapore. Finally, in conclusion, this article will underline that ASEAN, although a useful and indirect contributor to peace and security on the Korean peninsula, should not be seen as a panacea in addressing the challenges posed by North Korea.

The isolation of North Korea

Pyongjin strategy

Thus far, the lack of success in North Korea’s economic reforms has led to Pyongyang looking for new methods to revive its economy without undermining regime survival. The period since the succession of Kim Jong Un as leader of North Korea has seen the implementation of a policy referred to by the younger Kim as Pyongjin, or ‘Parallel Track’. Even while undertaking economic modernisation, DPRK continues to view its nuclear weapons programme as the ‘jewel in the crown’ of its military. As Victor Cha (2012) noted: ‘economic reform does not necessarily mean they are equally interested in trading away their nuclear weapons … Pyongyang could, in fact, want to have its cake and eat it too’ (Cha, 2012: 147).

DPRK’s nuclear weapons programme has brought it international ostracism, and thus significantly reduced channels for receiving foreign investment. Pyongyang thus seeks a programme of economic modernisation that can feasibly be undertaken from scratch with few available resources and amid diplomatic isolation. It is apparent that Pyongjin is North Korea’s attempt to have the best of both worlds – economic reform and a nuclear missile programme – that arguably reflects its moving away from Chinese-styled economic reforms. There is a cold, hard logic that has driven Pyongyang’s conceptualisation of two distinct aspects of its interests, namely DPRK’s faltering economy and its desire for regime survival. The North Korean leadership’s paranoia means that any programme of economic reform does not have the concurrent effect of undermining the regime’s grip on power (Haggard and Noland, 2011: 66–67).
Such concerns have been underscored by the outbreak of the Arab Spring in early 2011. Given the near destitute state of the North Korean economy, and the 2013 closure of the Kaesong Industrial Complex, the North Korean leadership has been keen to modernise its economy through the revitalisation of its light industry, attracting foreign investment and expanding foreign trade. At the same time, however, Pyongyang appears to be moving away from its past pattern of relying on Chinese economic reforms in favour of adapting to the experiences of south-east Asian countries – in particular, Vietnam and Singapore – in attracting investment and capital.

It is important to emphasise that North Korea’s missile and nuclear tests present only one side of North Korean government policy since the succession of Kim Jong Un. It is notable that the same period has seen the North Korean leadership calling for economic modernisation with a view to improving living standards in the country. As early as 2009, North Korea had begun attempts to revitalise light industry, attract foreign investment and expand foreign trade. In this regard, North Korea has shown increasing interest in south-east Asia as a potential source of investment and capital (Herald Sun, 13 May 2002). In addition, Kim Jong Un proclaimed the ‘June 28 Policy’, under which the DPRK leader announced a new development plan that oversaw increased autonomy to enterprises and factories, while permitting North Korean farmers to keep a larger share of their crop. Most significant of all, however, was the new policy of transferring economic projects away from the North Korean military to the cabinet, thereby marking a distinct shift away from the military’s control of economic projects under Kim Jong Un’s Songun or ‘Military First’ politics. Even amid the escalating tensions during the first half of 2013, Kim Jong Un called for: ‘efforts [to] be focused in the drive for building an economic power and improving the people’s living standard’ (People’s Daily, 20 March 2013).

On the economic dimension, the Arab Spring of 2011, and the subsequent uprisings in the Middle East and North Africa, have highlighted the urgency of economic reform to Pyongyang on the grounds that repression alone may be insufficient to ensure regime survival. DPRK’s deteriorating food situation may be impacting the military, traditionally one of the best fed sections of North Korean society. In December 2011 six North Korean soldiers posted on the border with China to prevent defections, themselves fled across the border (China Digital Times, 15 December 2011). Kim Jong Un is doubtless aware of the importance of DPRK’s military as his primary power base in consolidating his regime’s authority. The prospect of a politically unreliable army of starving soldiers doubtless underlines the precariousness of his grip on power.

At the same time, however, attempting to undertake economic reform brings the prospect of yet another policy challenge for the North Korean leadership. Gorbachev’s implementation of Perestroika during the 1980s brought about the collapse of the Soviet Union. In the aftermath of the Cold War, and with the benefit of hindsight, other leaders may be less willing to risk regime survival through economic liberalisation. This would particularly be the case for Pyongyang, given the derelict state of DPRK’s economy. In 2011 John Everard, a former British ambassador to Pyongyang, noted that, on several occasions, senior North Korean officials were shown videos of former East German communist party members surviving by selling pencils on the streets (McDonald, 2011). The implication was clear – any attempt at economic reform had to be undertaken in a manner that did not undermine the regime’s control of power.

**Pyongyang’s current challenges**

In line with Stalinist economic orthodoxy, Pyongyang has a centrally planned economy dominated by an ideologically rigid political–military establishment, resulting in a skewed allocation of scarce national resources to weapons production. North Korea’s Juche philosophy has led to a political structure aimed at seeking economic self-reliance through which the ‘undesirable’ and ‘corrupting’
influences of capitalism can be kept at bay. Combined with the inefficiency of a state-controlled economy, the result is that North Korea has, for many decades, faced severe food shortages. Moreover, like 1980s Vietnam, North Korea faces a high level of political isolation. Given their antagonistic relations, the United States and ROK are unlikely to extend diplomatic recognition of the Pyongyang regime in the foreseeable future. The track record of Pyongyang’s poor relations with Seoul, Tokyo and Washington is likely to continue as long as DPRK continues to seek a nuclear weapons programme and, therefore, it is unlikely that Pyongyang can expect an infusion of ROK, Japanese or US capital investment (Limketkai, 2007: 136).

Moreover, the nature of North Korea’s isolation is highlighted by the increased alignment of Pyongyang’s erstwhile patron states – China and Russia – in favour of ROK. With the end of the Cold War, both Beijing and Moscow established relations with Seoul between 1990 and 1992. This is evident in the extent to which DPRK’s diplomatic isolation has caused North Korea to emerge as the pariah state of the 21st century. Although North Korea had previously sought to adapt to China’s model of economic reform, Pyongyang has become increasingly wary of the adaptability of the Chinese economic development model to DPRK’s circumstances. The sheer size of China’s economy and population in turn meant a large critical mass of social and economic variables that fuelled China’s integration into the world economy. Given the extent of China’s economic transformation since Deng Xiaoping’s early reforms, it is likely that the North Korean leadership views the Chinese model of economic development as a process of economic reform over which Pyongyang will have little control. The DPRK leadership fears that undertaking too rapid a pace of economic reform runs the risk of undermining the regime’s control over North Korean society. Moreover, much of the reason for the success of the Chinese economic model was Beijing’s normalisation of relations with the largest two economies in the world at the time, namely the United States and Japan, neither of whom have any interest in investing in North Korea.

The political and security dimensions of North Korea’s relationship with China reflect even more reason for Pyongyang to distance itself from Beijing and look for alternative partners. Beijing has become increasingly weary of defending North Korea. Beijing’s support for UN sanctions following the 2006 and 2009 nuclear tests highlighted to Pyongyang the growing strains in their relations. Moreover, one of the released Wikileaks diplomatic cables indicated that by 2010, Beijing was prepared to abandon North Korea in order to stabilise China’s strategic relationship with the United States (Tisdall, 2010). Rather than rely on its increasingly frayed relationship with Beijing, and thus face a loss of political leverage vis-à-vis the United States, it is apparent that the North Korean leadership is seeking alternate avenues to resume talks with Washington (Miller, 2013).

The North Korean leadership’s fear of regime survival has been evident for some time, since the death of founding father Kim Il Sung in 1994. Given the extent of the personality cult that surrounded Kim Il Sung, it is apparent that his successor, the late Kim Jong Il, faced challenges to his claim to leadership of North Korea. Such factionalism arguably explains the late Kim Jong Il’s implementation of Songun in 1997, wherein the granting of increased privileges and luxury goods to senior North Korean military officers was clearly aimed at securing the loyalty of DPRK’s armed forces. In so doing, however, it is probable that the increased influence of the North Korean military has turned the status of the country’s nuclear and missile programmes into a bargaining chip amid internal politicking and leadership transitions in Pyongyang. Under such circumstances, it is likely that the more recent missile and nuclear tests by Kim Jong Un, along with the aggressive rhetoric and the closure of the Kaesong Industrial Complex in early 2013, were aimed at demonstrating his credentials to hardliners in the North Korean military. Moreover, in light of the hierarchical nature of the North Korean regime – in which seniority equates to power – it is likely that the 2013 nuclear test was Kim Jong Un’s way of domestically affirming his consolidation of power (Joo, 2013). Under these internal and external constraints, the Pyongyang leadership has come to
view ASEAN and its members as comparatively benign entities that it can work with in attempting to revive its economy.

**ASEAN as neutral ground**

The extent to which ASEAN can influence developments on the Korean peninsula has to be qualified. This is reflected in ASEAN’s ‘ASEAN Way’. The emergence of the latter as ASEAN’s founding philosophy reflected south-east Asian diplomatic and security concerns during the 1960s following the communist insurgency in Malaysia, the Indonesian Confrontation and the ongoing conflict in Vietnam. The ASEAN Way is premised on an approach to diplomacy based on personal ties, trust, consultation and consensus without media scrutiny. In other words, ASEAN’s diplomatic non-alignment and its Westphalian interpretation of state sovereignty reflect their potential influence as a neutral mediator between North Korea on the one hand, and the United States and its allies, ROK and Japan, on the other. Conversely, potentially controversial issues, such as human rights and governance, are addressed behind closed doors to avoid publicly embarrassing ASEAN members. Given the symbolic importance of the late Kim Il Sung and his successors within the political psyche of DPRK, having face-saving measures that avoid the public humiliation of the North Korean leadership is conducive to diplomacy.

As mentioned above, the North Korean leadership is moving away from Chinese-styled economic reforms. In many ways ASEAN and its members offer North Korea attractive alternative models on how to restructure its economy, without losing political control. The preponderant size of China’s economy – in particular its attractiveness as an export market to the industrialised world – means that China has been able to ignore foreign criticism of its human rights record. Furthermore, China is perceived to be able to dominate North Korea’s economic reforms. In contrast, the nations of ASEAN are comparatively small in demographic size (apart from Indonesia), and are thus less able to absorb foreign criticism of their domestic governance. Yet, in spite of their having less commercial leverage in their relations with the industrialised world, ASEAN member states have been able to achieve impressive levels of economic development. Moreover, with little intrinsic interest in north-east Asia apart from regional stability, ASEAN members will not interfere in North Korea’s internal reforms. Furthermore, the ASEAN Way provides North Korea with a range of options through which Pyongyang can make contact with ASEAN as a multilateral entity, as well as providing an avenue for direct bilateral dealings with its member countries. Seen in this light, the experience of ASEAN as comparatively small economies with less capacity to insulate themselves from foreign criticism over domestic human rights, doubtless appeals to the North Korean leadership. Impoverished, tiny North Korea is less able to resist the unleashing of such economic forces while ensuring the Kim regime’s continued dominance of the country.

Given that ASEAN itself remains a work in progress, there are grounds for ASEAN taking an increased security and political role in promoting security in the Asia Pacific region. ASEAN has the capacity to act as a neutral facilitator of diplomatic contact between North Korea and the outside world. Moreover, the basic infrastructure to facilitate an increased role for ASEAN is already in place. In 1994 ASEAN declared that political and security matters in the Asia Pacific region would be discussed and addressed through ARF. ARF, which has 27 members (including all the members of the Six Party Talks who participate in ARF summits on a regular basis), envisaged itself as a neutral institution through which preventative diplomacy and confidence building measures could function to enhance political and security dialogue, and thereby strengthen regional peace and security. ARF has provided diplomatic space for North Korea since 2010, in order that regional security dialogue can take place involving not only ASEAN members but the wider Asia Pacific region as a whole. In contrast to the ‘on-off-on-off’ pattern of the Six Party Talks, ARF has
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maintained continuous dialogue with Pyongyang. In other words, ASEAN is the link between DPRK and members of the Six Party Talks. Away from the media spotlight dominated by Washington, ARF has the potential to function as the unsung hero that helps facilitate international efforts to promote regional peace, not through threats of sanctions and high-profile military exercises (which have, for the most past, resulted in increased DPRK defiance), but through neutrality, diplomatic sensitivity and face-saving measures that can pave the way for rapprochement between regional rivals. As such, ASEAN can be seen as an under-utilised ‘honest broker’, capable of bringing all members of the Six Party Talks together.

Herein, one notes the track record of the members of the Six Party Talks establishing contact or floating diplomatic proposals with one another on the sidelines of ARF. During the ARF Summit in July 2000 US Secretary of State, Madeleine Albright, was able to hold an impromptu press conference with her DPRK counterpart, Paek Nam-Sun, in affirming Washington’s hope to pursue a: ‘promising approach to resolving differences and establishing common ground’ (US State Department, 2000). Albright’s attempt at outreach was in turn followed up by the exchange of high-level envoys between Washington and Pyongyang in October 2000 that culminated in the signing of the US-DPRK Joint Communiqué. Although tensions re-emerged in subsequent US-North Korean relations over DPRK’s Highly Enriched Uranium programme, it appears that this had more to do with a lack of diplomatic finesse on the part of the Bush Administration.

Set against this backdrop, an increased ASEAN role via ARF in the implementation of confidence and security building measures between North Korea and the international community can help to sustain the process of diplomatic engagement with DPRK, while strengthening the nuclear non-proliferation regime. Given that a key component of ASEAN’s identity is the promotion of a nuclear weapons free zone in the Asia Pacific region, ARF serves as an excellent setting for the organisation to take a larger role in addressing North Korea’s nuclear ambitions. The international membership of ARF enables the ‘forum’ to convene meetings and negotiations at every ARF meeting not only with North Korea but also with members of the Six Party Talks. ARF also provides North Korea with the opportunity to negotiate economic and diplomatic issues with 27 countries simultaneously, a feat that isolated Pyongyang cannot achieve on its own. More importantly, ASEAN’s aspiration to develop the regional security architecture through ARF would also enable it to counterbalance the preponderant influences of China and the United States in inter-Korean issues.

Although it would be preferable to avoid unnecessary extrapolation between south-east Asia and north-east Asia, there are grounds to argue that certain political, social and economic characteristics of ASEAN and its members’ bilateral relations with Pyongyang are particularly appealing to the North Korean leadership. North Korea enjoys good diplomatic relations with ASEAN member countries; most notably, DPRK citizens do not require a visa to enter Malaysia and Singapore. Moreover, with direct air links between Kuala Lumpur International Airport and Pyongyang, the Malaysian government has been a regular contributor to humanitarian aid to North Korea (Zhang, 2007). Even though Thailand and the Philippines contributed troops to the UN coalition during the Korean War, this has not stopped Pyongyang from establishing diplomatic relations with Bangkok and Manila. Rather, given the ASEAN Way of non-interference in one another’s internal affairs, DPRK does not fear ASEAN as a challenger to its human rights record. Further underlining Pyongyang’s perception of ASEAN member countries as friendly states that are not conducive to political defections by its citizens, is the existence of several North Korean communities in various parts of south-east Asia. Several branches of the government-owned ‘Pyongyang Café’ restaurant chain are located in Cambodia, Indonesia, Laos, Thailand and Vietnam, and have facilitated many reunions between families separated by the Korean War.
There is evidence to suggest that there is growing North Korean interest from learning about the economic modernisation strategies of ASEAN. Moreover, the amicable diplomatic relations between Pyongyang and ASEAN members underlines the potential for an increased diplomatic role for ASEAN as a neutral third party in facilitating contact with the other members of the Six Party Talks. Interviewed by this article’s authors via email, Geoffrey See, the founder of the Singapore-based non-profit organisation, the Choson Exchange, highlighted:

the positive impression North Koreans have of ASEAN both as a developed region, the degree of government intervention in markets (e.g. public housing, healthcare and education), as well as [ASEAN’s] perceived neutrality. ASEAN appeals to North Koreans because of the activist role the government plays in regulating the market and tackling market failures. We often hear North Koreans praising ASEAN’s economic achievements in a short span of history … North Koreans who take part in our programs in ASEAN are often awed by the developed cityscape, which makes them wonder what they can achieve if they take the right policies today. ASEAN is an appealing destination for North Koreans to study economic issues because there is significant government intervention in markets where there is a perceived market failure. (See, 2013)

Equally important is ASEAN’s reputation for impartiality, in comparison with other institutions such as the UN (which had previously imposed sanctions on Pyongyang, and is currently headed by a ROK citizen) and the Six Party Talks (which have been dominated by the United States, Japan and ROK). In contrast, ASEAN, having started out as a by-product of the Non-Aligned Movement, has a reputation for neutrality. This is further reflected in ASEAN’s inclusion of members coming from a range of political backgrounds and ideologies, yet bound together by mutual respect. See noted this, while observing that:

Claiming to borrow policy ideas from ASEAN does not come with the same political baggage, even if these are the same policies that China or South Korea has. The positive impression of ASEAN’s neutrality is reinforced by the visa-free entry North Koreans enjoy when visiting ASEAN. (See, 2013)

Due to the constraints of space, it will not be practical to undertake a detailed analysis of every ASEAN members’ bilateral relations with Pyongyang, hence this article’s remaining focus on DPRK’s relations with Vietnam and Singapore as the two countries in which North Korea has shown the most interest.

The economic development experiences of Vietnam and Singapore

Vietnam

Given their shared communist ideology, North Korea and Vietnam historically enjoyed strong bilateral ties. Moreover, the attractiveness of the Đổi Mới or ‘Renovation’ approach to Pyongyang is apparent when we consider the background of Vietnam’s experiment with economic development under authoritarian government control. In the immediate aftermath of the Vietnam War, Hanoi was unable to attract foreign investment as a result of US sanctions.

Under such circumstances, at the VI Party Congress in 1986, Hanoi unveiled the Đổi Mới programme, which focused on agricultural reform to alleviate food shortages, alongside government support for small-scale production of free consumer goods. Further measures during the 1990s included the utilisation of free market measures and the encouragement of foreign direct investments in the country. The results were startling. Interviewed by one of this
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article’s authors in November 2013, Ambassador of the Socialist Republic of Vietnam to Malaysia noted that:

before 1986, we were an impoverished country that had to import rice to feed our own people, but after the Đổi Mới, we have become the second largest exporter of rice after India … We hope to achieve the status of developed nation by 2050. (Interview with Ambassador Professor Nguyen Hong Thao, 18 November 2013)

In 1993 58.1% of Vietnam’s population was in poverty; this figure was cut to 15.9% by 2006 (Cervantes-Godoy and Dewbre, 2010). Such startling figures have thus led to The Economist speculating that Vietnam will emerge as one of the ‘CIVETS’ economies, set to join the industrialised world by the middle of the 21st century (The Economist, 26 November 2009).

One key characteristic of Vietnam’s implementation of Đổi Mới was Hanoi’s ability to maintain firm political control of the country, while coordinating the direction and pace of economic modernisation of the country. This stands in contrast to the rapid adoption of political as well as economic liberalisation in Eastern Europe from 1985 through to the 1990s. Even with high levels of industrial development in the communist states of Eastern Europe, the effects of sudden integration of the latter into a globalised world economy led to widespread chaos, rampant inflation and structural unemployment, in turn leading to social ills such as organised crime gangs, prostitution, drug trafficking and the emergence of far-right political parties. Given the comparatively low level of secondary and tertiary level industries in Vietnam, Hanoi evidently feared that such rapid integration into the globalised world economy would have left its local industries unable to compete. Ambassador Nguyen thus noted that:

during the implementation of Đổi Mới, we saw two possible patterns of economic development. The first of these was the rapid shift to a free market economy, the kind of Perestroika approach adopted by Gorbachev. But look at what happened, with the chaos of Eastern Europe. We wanted to avoid that kind of chaos, we didn’t want our country to collapse, so we decided on a step by step, gradual approach that prioritized raising the peoples’ standards of living first. (Interview with Ambassador Nguyễn, 18 November 2013)

In this regard, the central role of the Communist Party of Vietnam in the administration of the country was crucial in enabling Hanoi to influence the direction of economic modernisation in the country through state-owned enterprises. This in turn enabled the Vietnamese government to address the more pressing concerns of the people such as food shortages, living standards and consumer goods ahead of political liberalisation. Ambassador Nguyen thus noted that this was:

an advantage, in that we could regulate which sector of the economy we could focus on, one stage at a time … we operated on the basis of annual plans, which was agreed to by our National Assembly for implementation … Particularly encouraging in this sense is our increasing shift from the big companies to encouraging small and medium enterprises (SMEs). (Interview with Ambassador Nguyen, 18 November 2013)

This backdrop suggests that Pyongyang has reason to view Vietnam’s experience as encompassing elements that can be adapted to suit DPRK. This is illustrated by the increasingly frequent research visits to Vietnam by North Korean groups such as the Rodong Sinmun and the DPRK Agriculture Union, apparently in a bid to learn from Vietnam’s economic modernisation model (Choson Exchange, 2014). Bearing in mind the North Korean leadership’s obsession with regime survival, DPRK is doubtless attracted to the idea of adapting Vietnam’s Đổi Mới experiment, given that
Hanoi has been able to undertake economic reform while retaining firm control of the country (Noland, 2013). Although China was able to undertake a very effective programme of economic reform, the sheer size and complexity of China’s economy would risk regime collapse for North Korea if emulated wholly by Pyongyang. By contrast, the smaller size of Vietnam’s economy and its successful reforms, are perceived to be less threatening to regime survival than the prospect of Chinese-style economic reform (Noland, 2013). It is notable that, in spite of the success of China’s economic transition, the North Korean Central Party had instructed provincial officials in 2011 to study Vietnam’s Đổi Mới programme (Choi, 2012). Particularly notable was Pyongyang’s perception that, while China’s reforms had delegated authority to economic officials, the North Korean leadership appears to have the impression that Vietnam’s Đổi Mới programme placed control of reform firmly in the hands of the Party’s leadership (Choi, 2012).

It is apparent that reformers in Pyongyang view Đổi Mới as a model for reform for gradual revitalisation of the North Korean economy that can be feasibly undertaken while avoiding a conservative backlash (Berning, 2013; Noland, 2013). Moreover, given that both Pyongyang and Hanoi had fought against a common enemy, namely the United States, it is apparent that Pyongyang has drawn inspiration from the fact that the Vietnamese triumphed over the US military and achieved Vietnamese sovereignty on Hanoi’s terms. Given DPRK’s frequent diatribes against the ‘imperialist’ US military presence in north-east Asia, the symbolic importance of an Asian nation that was able to oust the United States from its territory is presumably of great significance to Pyongyang.

Taken together, it is probable that DPRK views the Vietnamese Đổi Mới approach as one that would enable Pyongyang to achieve economic development without risking regime collapse. It is thus notable that the period since 2007 has seen increasing numbers of North Korean trade delegations visiting Hanoi. Such developments were particularly interesting given that, from 1996 until 2007, there had been virtually no trade between North Korea and Vietnam (Reuters, 16 October 2007). Particularly interesting was the August 2012 visit by North Korean Prime Minister, Kim Yong Nam, to Hanoi during which he affirmed how: ‘the achievements [Vietnam] had made in socioeconomic development and national construction were an encouragement to [North Korea] in its national construction and development process’ (Chosun Ilbo, 10 August 2012). This is further evident in North Korea’s interest in sending students from the prestigious Kim Il Sung University to Vietnam in August 2012, presumably to learn more from Hanoi’s efforts at modernisation.

At the same time, significant differences in their socio-economic variables urge caution against unnecessary extrapolation. The decentralised nature of the Vietnamese leadership stands in contrast to the single leader dominated policies of the Kim dynasty. Furthermore, the implementation of Đổi Mới took into account the necessity of addressing the people’s interests. By contrast, the high centralisation of power in Pyongyang underscores the prioritisation of the leadership’s policies at the expense of the people. Moreover, Vietnam’s comparatively benign security environment enabled Hanoi to divert government expenditure from its military towards economic development. Such an environment is not foreseeable from the perspective of the North Korean leadership, as a result of which DPRK’s ‘Military First’ policy will very likely continue to remain a policy priority in Pyongyang (Szalontai, 2008).

Singapore

Alongside North Korea’s apparent interest in learning from Vietnam’s Đổi Mới is Pyongyang’s concurrent interest in Singapore. Such a comparison may seem surprising at first glance, given the extent of the latter’s capitalist economic model and globalised economy, and the fact that Singapore is an ally of the United States. Yet closer scrutiny points to certain characteristics of the ‘Singapore
Model’ that apparently appeal to the North Korean leadership. A review of the literature points to certain characteristics that mark the uniqueness of Singapore’s pattern of economic development namely: (1) an economy that began as labour-intensive and capital-scarce; (2) restructuring of trade flows from a heavily entrepôt trade system, towards an economy reliant on import substitution industry based on promoting domestic industry to avoid over-reliance on foreign imports, eventually enabling the development of an export-orientated economy; (3) a ‘top-down’ approach to policy setting that placed power firmly in the hands of the government (Chia, 2005; Huff, 1999; Siddiqui, 2010). In spite of the close relationship between Singapore and the United States, the late Kim Il Sung himself had apparently called for his subordinates to: ‘work with and learn from Singapore. It is a good country, even though it is an ally of the USA’ (Abrahamian, 2013: 92).

This is further underscored by a number of interesting socio-economic parallels between 1980s Vietnam and 1960s Singapore. While post-1975 Vietnam had to contend with the devastation of war and political antagonism with both China and the United States, tiny, resource-poor Singapore overcame 1960s diplomatic isolation and built a formidable export-orientated economy from scratch. Herein, the authoritarian nature of Lee Kuan Yew’s People’s Action Party paralleled the control enjoyed by the Vietnamese Communist Party in ensuring the political continuity of the ruling party in both countries, thereby leading to a politically stable environment conducive to foreign investment amid the uncertainty of a decolonizing world. Moreover, having become a ‘First World’ economy by the 1990s, Singapore began offering its own experience to Beijing, as reflected in the numerous meetings between Lee Kuan Yew and Deng Xiaoping, along with China’s establishment of the Shenzhen Special Economic Zone (SEZ) with capital from Singapore.

These parallels suggest that North Korea may be attempting to borrow ideas from Deng Xiaoping’s economic mentor. The basic foundation for North Korea to learn from Singapore is already in place, given that DPRK citizens can enter Singapore visa-free, and that North Korea has an embassy in Singapore. Within North Korea itself, China’s Shenzhen SEZ has inspired similar North Korean endeavours, such as the Rason SEZ on DPRK’s borders with China and Russia. It is particularly notable that, in 2011, North Korea began infrastructure upgrades in the Rason SEZ in the name of turning the region into the ‘next Singapore’ – in other words, a north-east Asian regional transportation hub (Choson Exchange, 2013).

Given increasing Chinese investment in Jilin Province across the border, as well as concurrent Russian interest in the economic revitalisation of its own far east region, successful development of the Rason SEZ, as based on China’s adaptation of the Singaporean model of economic modernisation, would enable Pyongyang to attempt a manufacturing and export sector that would sustain regime survival (Whitehead, 2013). Furthermore, given Singapore’s ambition to promote itself as the ‘Switzerland of Asia’ in combining diplomatic neutrality alongside a booming banking sector, there is increasing North Korean interest in Singapore as a safe haven for the DPRK leadership’s financial assets (Singapore Government Customs Office, 2010).

In 2006 the US Treasury Department had applied sanctions against North Korea’s assets with the Banco Delta Asia in Macau. Given that the North Korean leadership sees its scarce holdings of foreign exchange as crucial for the purposes of buying luxury goods in its implementation of Songun (and hence secure the DPRK military’s loyalty), DPRK concluded that it needed a politically stable safe haven for its financial assets. China had already closed its doors to the North Korean Foreign Trade Bank. Thus, as early as 2006, Pyongyang had begun attempts to transfer its offshore financial assets to Singapore (Donga Ilbo, 5 August 2006).

Of equal interest to North Korea was the symbolic importance of successful rapid modernisation by a government which had simultaneously rejected western-style liberal democracy. Singapore joining the ranks of the newly-industrialised world during the 1990s placed it under the international spotlight over the country’s continuing high levels of censorship – a contrast further
accentuated by the democratic transition of ROK and Taiwan during the same period. Yet, in spite of international criticism of its high levels of censorship, Lee Kuan Yew (who, after retiring in 1990, continued to serve as ‘Senior Minister’) and his successor, Goh Chok Tong, successfully advocated the place of ‘Asian values’ in the Singaporean context.

Although the precise tenets of Asian values remain heavily debated, most studies indicate that the Singapore government operates on principles derived in part from the Confucian precepts embraced by the majority ethnic Chinese population in Singapore. Singapore’s concept of Asian values calls for the willingness of the people to make sacrifices for their nation and accept a strong, centralised government that will not bow down to other countries on domestic issues, even in the face of contrary public opinion from western-dominated human rights circles. This was demonstrated by Singapore’s caning of American teenager Michael Fay for vandalism in 1994. Washington’s outcry was rebuffed by Singapore’s Prime Minister, Goh Chok Tong, on the grounds that Singapore, as a sovereign state, did not intend to kowtow to US public opinion. As with Vietnam’s successful defiance of US power, Singapore’s rebuff against US interference in its internal affairs is doubtless reassuring to the North Korean leadership, in light of Washington’s continuing criticisms of DPRK’s human rights record (Abrahamian, 2013: 97).

As with the prospects of North Korea adopting Vietnam’s experience, it will also be necessary to qualify the prospects of Pyongyang adopting a Singapore model for economic reform. Singapore was able to capitalise on its geostrategic location alongside key maritime lines of communication that linked Europe to Asia and its excellent port facilities, factors which attracted foreign investors to the city-state. In contrast, the dilapidated state of North Korea’s infrastructure is likely to pose significant difficulty in establishing Pyongyang as a regional hub for foreign investors. Furthermore, Singapore’s excellent foreign relations and superpower patronage from the United States and the British Commonwealth offered the city-state a benign security environment that was conducive to foreign investors’ confidence. In contrast, North Korea’s track record for unpredictable and provocative behaviour is not likely to endear it to the majority of multinational corporations.

The experiences of an NGO: the Choson Exchange

Further underlining the potential role for Singapore as neutral ground is reflected in the activities of the Singapore-based Choson Exchange, established in early 2012 by Singaporean Geoffrey See, who voiced his hope that his organisation would help ‘North Korea integrate with the rest of the world’ (Benner, 2013). Although not linked to the Singapore government, it reflects the city-state’s potential role in enabling NGOs to encourage grassroots level economic capacity building for North Korea. Decades of Cold War mentality have caused the people of North Korea to develop a deeply internalised ‘siege mentality’, with defunct infrastructure, minimal commercial relations with the international community, and an inability to understand the need for personal initiative and business management skills – all key elements in running an effective export-orientated economy. Under such circumstances, the programmes hosted by the Choson Exchange offer the potential to increase interaction between DPRK citizens and the international community. This, in turn, may give the next generation of North Korean technocrats and officials the prospect of achieving a better understanding of the rest of the world and the best ways to integrate their country into the world economy (See, 2013).

Given the sanctions faced by North Korea, and the low levels of purchasing power of the average DPRK citizen, Pyongyang is of little interest to large multinational corporations as a destination for investment. Rather, there are grounds to argue that encouraging the emergence of SMEs is the key to improving living standards in the country. Geoffrey See noted that his organisation addresses the issue of capital shortage for would-be entrepreneurs, including a programme to
provide seed capital to start-ups for small, growing businesses, thus promoting market capitalism and improving people’s living standards. The Choson Exchange’s emphasis on facilitating SMEs as the driving force for North Korea’s planned SEZs underscores the need to increase North Korea’s capacity building. In this regard, certain sectors of the North Korean economy bear some resemblance to the Vietnamese government’s ability to coordinate the direction of economic modernisation through its implementation of Đổi Mới. See noted that:

There exist [sic.] a segment of North Korean companies that are essentially private businesses. These companies are nominally state-owned: their owners pay a fee or a share of profit to their parent government agency. In all other aspects, the company manager decides how to run the company and keeps a significant share of the profits … Some of these companies have revenues of over $1M per annum, and are able to invest in growing their businesses. This sector will provide the basis for North Korea’s transition into a mixed economy, and will help absorb the labor that will come from layoffs at inefficient state enterprises. (See, 2013)

In light of the extent of North Korea’s state-controlled industries, the potential extent of economic dislocation that would result from a DPRK economic transition is doubtless of great concern to Pyongyang. As with the contribution of Vietnam’s SMEs to Đổi Mới, such SMEs can function as ‘halfway houses’ for the purposes of retraining North Korean workers to adapt to a changing economic landscape. The emerging North Korean interest in adapting from the experiences of Singapore and Vietnam thus reflects the under-utilised potential of ASEAN members as a diplomatically neutral, yet increasingly prosperous, institution that has the potential to take an increased role in influencing events on the Korean peninsula.

Given that the small scale of the Choson Exchange’s efforts has already been tentatively successful in persuading North Korea to develop its human resources, its good relations with Pyongyang offer a wide range of channels through which ASEAN institutions, as well as members, can adopt an increased role in assisting in North Korean capacity building to initiate and sustain internal reform. The presence of several hundred North Korean students and entrepreneurs in Bangkok, (The Nation, 6 November 2006) and the recent conclusion of agreements between North Korea and Laos in the areas of information technology and education, suggest a North Korean strategy aimed at strengthening cooperation with ASEAN countries (Laos News Agency, 8 August 2012).

One other possibility is to follow the lead taken by the Choson Exchange in undertaking social enterprise and education projects that provide business skills and experience to DPRK citizens. By facilitating human development in business management skills, such an endeavour may lead to a new generation of North Korean technocrats able to promote the emergence of an export-driven industry that raises living standards. Furthermore, in light of North Korea’s underdeveloped infrastructure and recurrent food shortages, ASEAN can join other international organisations, such as the United Nations Development Program, the Food and Agricultural Organisation, the United Nations Children’s Fund, the World Health Organisation and World Food Program in offering food, financial and developmental aid. Given that the latter is humanitarian in nature, such efforts can have the effect of saving lives. As the European Union (EU) already has consultancy offices in Pyongyang involved in the distribution of humanitarian aid, ASEAN doing likewise can enhance the role of international institutions in North Korea.

**Conclusion**

Even while highlighting ASEAN’s potential role in North Korean capacity building, it is, however, necessary to qualify the extent to which ASEAN can influence Korean peninsula affairs, both as an
institution and in the bilateral relations between ASEAN members and Pyongyang. It should be remembered that ASEAN, as a regional grouping, does not have the type of centralised diplomatic policymaking mechanism that has characterised other groupings such as the EU. Given that the tenets of the ASEAN Way are likely to remain strong for the foreseeable future, the absence of a centralised policymaking mechanism in the organisation may complicate attempts at reaching a regional consensus on increasing ASEAN’s role on the Korean peninsula. Such circumstances suggest that, for the foreseeable future, there is little likelihood of ASEAN as an institution becoming directly involved in North Korean economic reforms. However, the tentative interest shown by North Korea in increasing its contacts with Vietnam and Singapore suggests that Pyongyang values its bilateral relations over ASEAN as a multilateral institution.

However, the extent to which Vietnam and Singapore can influence North Korean economic reform has to be qualified. Ambassador Nguyen noted that, even with DPRK’s efforts to establish more SEZs, the end result of Pyongyang’s attempts at economic modernisation will depend on the willingness of the North Korean leadership. Vietnam’s support for the Non-Proliferation Treaty has enabled it to participate in the globalised world economy. By contrast, given that North Korea’s Pyongjin strategy envisages continued work on developing its nuclear and missile programmes, the available avenues through which foreign investment can enter North Korea will remain limited for the foreseeable future.

The extent to which North Korea can borrow ideas for economic modernisation from Singapore also has to be qualified, given their starkly different levels of economic development and transparency. At the time of its independence in 1965, Singapore had a number of advantages, including the superpower patronage of both the United Kingdom and the United States, its location on the vital maritime shipping lanes between Europe and Asia, and a skilled, literate working population. Isolated diplomatically as well as geographically, North Korea has few of these variables in its favour. Rather, a North Korean attempt to reform itself along the lines of 1960s Singapore is very likely to lead to the regime’s vulnerability questioning the legitimacy of the Kim Jong Un regime.

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**Notes**

1. The ASEAN Way is based on a strict interpretation of the Westphalian norm of state sovereignty. The ASEAN Way thus calls for its members not to interfere in the internal affairs of its members.
2. The North Korean government has repeatedly accused US and ROK offers of economic and humanitarian aid as a ‘Trojan Horse’, within which Washington and Seoul are really attempting to undertake regime change against Pyongyang.

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