North Korea’s ASEAN Experiment: The Prospects and Challenges of a New Economic Beginning

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The Democratic People’s Republic of Korea (DPRK) has undertaken a policy of Pyongjin (“parallel track”) in seeking to simultaneously develop its nuclear weapons capacity and its economy. However, due to deteriorating relations between Beijing and Pyongyang, North Korean leadership is reluctant to emulate the Chinese economic model and is averse to accepting aid under South Korea’s policy of Trustpolitik. Recent developments suggest that North Korea is looking for new economic models derived from the Association of Southeast Asian Nations (ASEAN) member countries, particularly Vietnam and Singapore. In so doing, it is apparent that North Korea is testing the waters for re-integration into the international community.

Under these circumstances, ASEAN may be North Korea’s best chance to bring itself out of isolation and reform its economy. Since 2010, North Korean foreign ministers have attended the ASEAN Regional Forum (ARF) summits, allowing the DPRK to engage in direct bilateral talks with both ASEAN member states and seventeen other ARF participating countries. With the Six Party Talks stalled since 2009, the ASEAN Regional Forum offers a more promising opportunity for North Korea to interact with the international community. Furthermore, in recent years, South Korean President Park Geun-hye has invited ASEAN to participate in the Northeast Asia Peace and Cooperation Initiative (NAPCI), which aims to reduce tensions in the Asia-Pacific. While ASEAN cannot directly influence North Korea or initiate unification, the ASEAN Way (stressing non-interference in the domestic affairs of its member states) reflects the neutrality of ASEAN as a facilitator between the Koreas. In this way, ASEAN’s active involvement in NAPCI is essential to the realization of peace on the Korean Peninsula.

For North Korea, however, the paramount issue is not unification but economic development—a goal that ASEAN is also poised to uniquely facilitate. One reason for this is that North Korean leadership now has less reason to fear ASEAN-led economic development as a Trojan horse. The “ASEAN Way,” which promotes neutrality and non-interference in its members’ domestic affairs, stands in contrast to China’s increasing encroachment into Pyongyang’s internal affairs. It is thus apparent that the North Korean leadership regards ASEAN as less intrusive. Moreover, strengthening relations between ASEAN member states and Pyongyang can help facilitate the transfer of knowledge and skills that may help enable the emergence of an export-oriented economy in North Korea, with a possible trickle-down effect that improves the country-wide standard of living. Since 2011, North Korean officials have increasingly visited ASEAN member countries, namely Vietnam and Singapore, for the purpose of learning from—and perhaps emulating—these countries’ experiences with economic development.

Pyongyang considers Vietnam an especially attractive development model, given their shared communist ideology and historically strong relations. The philosophy behind Vietnam’s Đổi Mới, a series of top-down economic reforms launched in 1986 that combined economic development and tight government control to create a socialist-oriented market economy, appeals especially to Pyongyang. The central role of the Communist Party of Vietnam was crucial in influencing the direction of economic modernization through state-owned enterprises (SOEs). This enabled Vietnam to address its citizens’ most pressing economic concerns—such as food shortages, standards of living, and availability of consumer goods—without risking political liberalization. Given Pyongyang’s obsession with the survival of the Kim regime, it is reasonable to think that it would be interested in adapting Vietnam’s Đổi Mới experiment, allowing for economic reform while retaining firm political control of the country.

Nevertheless, key socioeconomic differences between North Korea and Vietnam may complicate this mimesis. Politically, the decentralized nature of Vietnamese leadership stands in contrast to the autocracy of Kim Jong-un. Furthermore, while the policy of Đổi Mới took into account Vietnamese citizens’ standard of living, there is little
indication that Pyongyang will diverge from its historical track record of protecting the regime’s interests at the expense of its peoples’. Geopolitically, Vietnam’s lack of major national security concerns during the 1980s enabled the government to divert public expenditures towards economic development. Such a hospitable environment for economic development is not foreseeable for North Korea anytime soon, given that the other “track” of its Pyongjin policy involves continuing its nuclear program.

Singapore represents the other ASEAN member state whose economic development model could be attractive to North Korea. The close relations between the two countries were recently illuminated in Pyongyang’s tribute to the late Singaporean prime minister, Lee Kuan Yew, who was described as an “intimate friend” of the DPRK. The Singaporean model appeals to North Korean leadership for its specific methods of economic development during the 1970s, namely a labor-intensive economy that relied on import-substitution industry and a top-down, government-controlled approach to policymaking. In 2011, North Korea began infrastructure upgrades to the Rason Special Economic Zone (SEZ) specifically aimed at emulating Singaporean development to turn the country into a Northeast Asian regional transportation hub.

However, as in the case in Vietnam, the Singaporean model is not perfectly transferrable to North Korea. Firstly, Singapore was able to capitalize on its excellent port facilities and relationships with both the United States and the Commonwealth of Nations (formerly the British Commonwealth) to attract international trade and investment. Furthermore, given that Singapore and Vietnam do not have controversial weapons of mass destruction programs, it is easier for both the United States and the United Kingdom to do business with them. In contrast, North Korea’s dilapidated infrastructure, isolationism, and political unpredictability make it impossibly risky to the majority of potential foreign investors and trade partners. Moreover, North Korea’s apparent intentions to press ahead with its nuclear ambitions—and the extent of its human rights violations—make it the poster boy for rogue states. The peninsular country’s “siege mentality,” practically nonexistent commercial relations with the international community, and lack of business management skills pose further complications for such economic reforms.

Ultimately, ASEAN operates as a neutral institution facilitating the process of Korean unification. Its members, particularly Vietnam and Singapore, are key players in promoting and exemplifying alternate economic models that may inform Pyongyang’s push to develop. Notwithstanding the caveats posed by the different socioeconomic variables between these countries and North Korea, Vietnam and Singapore offer the most promising models for North Korea in its long road to economic development.

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