

RECONSTRUCTING NORTH KOREA: CHALLENGES AND OPPORTUNITIES

EDITED BY MR CRAIG TIEDMAN



DEMOCRACY | FREEDOM | HUMAN RIGHTS



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About the Editor

Mr Craig Tiedman is the Director of Policy & Research at the Henry Jackson Society, and manages the research team. Mr Tiedman served at the US Department of Defense as a policy advisor to the Government of the Islamic Republic of Afghanistan, as NASA's lead to India, France, the United Kingdom and Australia, and as a Fellow in Crisis Management for the US Department of State. He has managed high-impact teams and advised the United States Navy in the delivery of multi-million dollar research programmes.

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About Us



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About The Henry Jackson Society

The Henry Jackson Society is a think-tank and policy-shaping force that fights for the principles and alliances which keep societies free, working across borders and party lines to combat extremism, advance democracy and real human rights, and make a stand in an increasingly uncertain world.



About The Asia Studies Centre

The Asia Studies Centre is a research centre within the Henry Jackson Society that aims to educate the public about the structural shifts, regional complexities and historic tensions that exist alongside the economic and social growth that constitutes the “rise of Asia”. It also advocates a British role in the broader Indo-Pacific region, commensurate with Britain’s role as a custodian of the rules-based international system.

Executive Summary

NORTH KOREAN ECONOMY SINCE THE 1990s

- Before the 1990s, the DPRK maintained the Soviet-style centrally planned economy (CPE), which served as a template for all communist regimes to varying degrees. The ruling Kim family siphoned resources to consolidate their rule while also moving the economic model into excessive militarisation thereby downgrading the CPE model.
- The cessation of external aid in 1991 and adverse weather conditions triggered an economic collapse that descended into famine. The economic failure prompted spontaneous marketisation ('involuntary transition') out of the CPE in the 1990s. To cope with the emergency, the DPRK leadership at the time permitted branches of the party-state to establish trading companies.
- 'Voluntary transition' (reform from above) has been slow and protracted and despite the people's heavy dependence on the market by the end of the 1990s, the regime only experimented briefly with market reforms (2002-2005) and then went into reverse gear (2005-2009).
- In 2012, Kim Jong-un announced the most far-reaching economic reforms in North Korea since 2002 followed by the launch of a National Economic Development Strategy (2016-2020) with significant reforms in agriculture, proto capitalism, property rights and stabilisation of the currency. However, North Korea remains a low-income economy due to foreign sanctions and a normalisation of relations with the US, in particular, may be essential to develop the North Korean economy with foreign direct investment.
- The DPRK leadership looks to China's economic advancements as a model for it to follow, albeit without developing too much of a dependency on China. The party will likely reaffirm rather than abandon the post-March 2018 "economic first" emphasis at its Eighth Congress in January 2021.

NORTH KOREA DEVELOPMENT ALONG BORDER WITH CHINA

- Although it has been a traditionally secretive and closed state, North Korea cannot function without a certain amount of market activity, yet the regime is cautious of what it perceives as risks of economic activity that reaches outside the country's borders.
- The DPRK regime has prioritised the China border as a key area for economic development and North Korean border cities have been able to benefit from their proximity to China. Under Kim Jong-un, the DPRK continues to promote this model through plans and schemes, such as Special Economic Zones (SEZs).
- While sanctions from the West have had a debilitating impact on North Korean economic activity so too has the DPRK regime that despite economic reforms continues to prioritise its military and security systems.
- As the COVID-19 pandemic continues, North Korea's shutdown of the border with China remains a massive structural change for the Kim Jong-un regime, and the DPRK will have to reopen its borders to support its SEZ economic development strategy.

NORTH KOREAN TOURISM

- Kim Jong-un has made tourism a key growth sector since he came to power in 2011. In 2013, Pyongyang's opening of its embassy in Madrid – home of the UN World Tourism

Organisation (UNWTO) – demonstrated the regime’s commitment to boosting their tourism sector, a sector that remains relatively free from restrictions. The Kim regime has been building programmes for training North Korean tourism professionals and seeks to learn sector expertise from the outside world.

- The tourism and hospitality sector in North Korea can generate cash without destabilising the regime as has been done in Myanmar, China and Vietnam. Experiments of inter-Korean tourism have shown considerable promise and there is largely untapped demand from South Korean tourists on which the DPRK can focus.
- The DPRK has made significant advances in economic development schemes to support a tourism sector such as hotels, entertainment amenities, sports complexes and medical facilities (supporting ‘medical tourism’). The DPRK has recently launched several resorts.
- North Korea will continue to prioritise tourism as a growth engine once the COVID-19 pandemic is over, however, it will have to transition from a closed nation-state to one that is more open.

NORTH KOREAN HEALTH SYSTEM

- North Korea has had a history of free universal healthcare to its citizens, yet access and quality of care are somewhat dependent on a patient’s wealth. North Korea has been dependent on outside NGOs to assist with healthcare and the case of how tuberculosis is treated is a case in point.
- The healthcare system has been impacted by the sanctions and only aid, which prevents immediate loss of life, is exempt from restrictions, yet it is becoming a key element of the internal economy and reinforces existing hierarchies.
- Kim Jong-un has identified the healthcare sector one of the government’s top priorities with a commitment to modernise pharmaceutical and medical device factories and refurbish hospitals and clinics.
- Rebuilding the economy will require having a functioning health system as this is crucial to having a healthy labour force of the manual and heavy labour on which the economy currently depends. The effects of the famines in North Korea during the 1990s, which invoked lingering effects such as stunted growth, show the importance that healthcare has in the future North Korean economy.

Contributors

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Dr Catherine Jones (PhD) is a Lecturer at the School of International Relations at the University of St Andrews. Previously she was the East Asia Research Fellow at the University of Warwick from 2012-2018. Her research explores the nexus between security and development in East Asia. Her publications include *China's Challenge to Liberal Norms* (Palgrave, 2019) and *China and North Korea: between Development and Security* edited with Sarah Teitt (Edward Elgar, 2020), 'Defining Taiwan Out' (*Contemporary Politics*, 2019), 'Contesting within Order? China, socialisation and practice' (*Cambridge Review of International Affairs*). She is currently working on a new project on Wargaming.

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1. Introduction – Reconstructing North Korea

by Craig Tiedman

Director of Policy & Research, Henry Jackson Society

In 2018, the Henry Jackson Society began a four-phase research project to examine opportunities and challenges for reconstructing North Korea within a scenario characterised by normalised political and diplomatic relations with liberal democracies and the liberal opening of the North Korean economy. The scenario seemed possible to many Korea analysts at the time given the renewed ‘Sunshine Policy’ of the South Korean leadership in 2017, and the 2018 and 2019 Trump-Kim summits reflecting an optimistically positive direction in North-South relations.

Background

In the aftermath of World War II and competition between liberal democratic powers and communist powers, Korea was divided into two zones with North Korea occupied by the Soviet Union, and South Korea occupied by the United States. Efforts to unify the two sides failed and in 1948 two separate governments formed: a socialist Democratic People’s Republic of Korea (DPRK) in the north and the capitalist Republic of Korea (ROK) in the south. Shortly after the division, North Korea invaded South Korea resulting in the Korean War from 1950 to 1953 during which China became engaged militarily in the conflict on behalf of the DPRK. In 1953, a truce interrupted the war, but no peace agreement was ever signed and technically the Korean War still exists today.

The national trajectories of the two countries divided by the 38th parallel could not be more different. The Kim family had effectively taken control of the leadership rights in the DPRK establishing the government as a hereditary dictatorship with the backing of China, whilst South Korea has taken the path of a democratic republic with a presidential system of government with the backing of the United States. The economies reflect the system of government with North Korea continuing to survive as a closed planned economy and South Korea thriving as an open market economy. By 2019, the ROK’s nominal GDP was 54 times greater than that of DPRK.¹ The DPRK, however, has continued to build its military since its founding and has the 4th largest army in the world today. In 2005, the DPRK claimed to have developed nuclear weapons and through a series of tests since has confirmed its claim. The United States and its allies have applied diplomatic pressure and economic sanctions to convince the DPRK to stop building nuclear capabilities and weapons and delivery systems, while the DPRK continues to build its capabilities in missile technology.

Recent Events

In early 2017 North Korea conducted a series of missile tests, including firing missiles that landed close to the coast of Japan, leading to arguably the highest level of tensions among its neighbours and the United States since the Korean War fighting in the 1950s. Newly elected US President Trump and North Korean leader Kim Jong-un exchanged heated words and threats through the media leading to a crisis of escalating threats through the first half of the year.

South Koreans elected Moon Jae-in as president in May 2017, who had campaigned under the promise of a return to the ‘Sunshine Policy’ – a throwback to the late 1990s when the South Korean President Kim Dae-jung (who was awarded the Nobel Peace Prize for his efforts of

¹ Yoon, J.S. (2020). ‘GDP comparison between South Korea and North Korea 2010-2019’, in *Statistica*, September 1, 2020. Available at: <https://www.statista.com/statistics/1035390/south-korea-gdp-comparison-with-north-korea/#:-:text=In%202019%2C%20South%20Korea's%20nominal,than%20that%20of%20North%20Korea.>

conciliation with the DPRK) promoted a policy of taking a softer approach to North Korea and helping its northern neighbour rebuild its economy. President Moon's version – now referred to as the 'Moonshine Policy' – continues to promote establishing positive relations with North Korea. The Moon government reached out to the DPRK and in an unexpected diplomatic turn of events, the DPRK sent a delegation to South Korea for the Winter Olympic Games in February 2018. A historic meeting followed two months later between President Moon Jae-in and Chairman Kim Jong-un at the DMZ in April of 2018.

As a result of the momentum of President Moon Jae-in's initiatives with the DPRK leadership, the President of the United States Donald Trump met directly with the DPRK's Chairman Kim Jong-un in June 2018 for a historic summit in Singapore. The two countries signed an agreement endorsing the *2017 Panmunjom Declaration* between North and South Korea pledging to work towards denuclearising the Korean Peninsula. At a joint press conference in September 2018, President Moon and Chairman Kim further endorsed the idea of a denuclearised Korean Peninsula.

Progress between the United States and North Korea has become largely symbolic and despite a February 2019 meeting in Hanoi between President Trump and Chairman Kim, no further agreements were reached. In June 2019, the two leaders met for a final time, joined by President Moon Jae-in at the DMZ.

Reconstructing North Korea – The Research Project

In 2019, the Korea Foundation sponsored the next phase of the research enabling HJS researchers and the four external contributors to examine particular areas of DPRK's sectors where reconstruction might have the most success in the initial stages. The research direction was then influenced by a roundtable in London in November of 2019 and the researchers have contributed by each focusing on a specific area of North Korea economic history along the following themes:

- *Tentative Foundations of Economic Recovery: North Korea in the 2010s*
- *North Korea's Northern Tier: Economic Potential and Blockages*
- *North Korean Healthcare and its importance in rebuilding the economy*
- *Tourism: Low-hanging fruit for economic growth*

The following chapters by Dr Kong, Mr Cathcart, Dr Jones and Dr Pacheco Pardo offer a glimpse into important elements to consider in the hypothetical reconstruction of North Korea. In the last quarter of 2020, each of the contributors revised their chapters to reflect the changes in the global economic and political environments largely due to the COVID-19 pandemic. The DPRK has predictably closed its borders again (including increased restrictions on the Chinese border) and Kim Jong-un claims to have contained the COVID-19 virus from spreading internally. Whether or not the North Korean economy can survive this global shock or not remains to be seen.

While North Korea may have fallen off the international community's radar due to the understandable distractions that the COVID-19 pandemic presented, the DPRK is likely to be a problem that cannot be ignored in 2021.

As an editor, it has been a pleasure to work with all of those who have contributed to this study and I appreciate their creative flexibility in updating their contributions in light of the 'black swan event' that the pandemic has become, an event that has severely affected global economies – including the economy of North Korea.

2. Tentative Foundations of Economic Recovery: North Korea in the 2010s

by Dr Tat Yan Kong

Reader, the School of Oriental & African Studies (SOAS) University of London

Involuntary transition c. 1991–2011

The Soviet-style centrally planned economy (CPE) has served as the basic template for all communist regimes. Less industrialised CPEs outside of the Soviet bloc (notably China, Vietnam and Cuba), however, were much less sophisticated in their planning. This lack of sophistication (especially in China and Vietnam) would later facilitate the market transition as reformers were not confronted with such powerful vested interests dependent on the CPE. As the most urbanised of the non-Soviet bloc economies, North Korea's organisation came closest to the CPE. Compared to the Soviet bloc, however, it was far less efficient, given its lower level of technical sophistication and politically driven distortions (especially its excessive militarisation and the siphoning of resources by the Supreme Leader to consolidate hereditary rule). Consequently, the CPE became degraded. Typical CPE problems (inaccurate data, shortage of inputs, weak incentives, low productivity) were manifested in exaggerated form in North Korea. The cessation of external aid in 1991, followed by adverse weather conditions, triggered a collapse that descended into famine.

Economic collapse prompted spontaneous marketisation or *involuntary transition* out of the CPE in the 1990s. To cope with the emergency, the leadership permitted branches of the party-state to establish trading companies. Those branches most important to the survival of the regime (notably the military) acquired the most valuable economic assets (mainly minerals and cash crops). From these assets, they would sustain themselves while contributing 'revolutionary funds' to the centre.

Nominally remaining under the central plan, the non-privileged enterprises (and farms) of the CPE also had to sustain themselves (since centrally provided inputs and rations had collapsed except for essential sectors such as munitions) while making use of less profitable assets. In the process, all official entities (be they party-state or ordinary CPE economic units) came to depend on enterprising non-state individuals, especially those who functioned as merchants or money lenders, or who had links with China.

In contrast to spontaneous marketisation, however, *voluntary transition* (reform 'from above') has been slow and protracted. Despite the people's heavy dependence on the market by the end of the 1990s,² the regime only experimented briefly with market reforms (2002–5)³ and then went into reverse gear (2005–9). Marketisation raised some serious dilemmas for the regime. For example, profit-seeking was beginning to weaken the discipline of branches of the party-state (notably the military). Ideologically not very committed to marketisation anyway, Kim Jong-Il attempted to turn the clock back and launched an anti-market campaign from 2005 to 2009 that culminated in a currency revaluation (aimed at wiping out accumulated profits). However, the attempt met resistance at the elite level, especially from the military, and also at the grassroots level (including in the capital Pyongyang) because it disrupted the market provision of basic consumer goods without adequate replacement from the state.

² The informal market sector supplied "60 per cent of food grains and 70 per cent of consumer necessities in the mid-1990s". See Lim, Soo-Ho (2009). *The Rise of Markets Within a Planned Economy* (Seoul: Samsung Economic Research Institute, 2009), p.113.

³ These reforms are notable for allowing many official prices and wages to follow their market levels and the introduction of official markets.

From involuntary transition to tentative ‘reform from above’ c. 2011–present

Under the leadership of Kim Jong-un (2011–present), the North Korean regime appears to have chosen the path of economic reform. The theme of economic development was prominent in Kim Jong-un’s public pledge never to repeat austerity (in his first speech as Supreme Leader in 2012). The reforms announced in 2012 (6.28 reforms) and 2014 (5.30 reforms)⁴ were the most far-reaching since 2002. In contrast to the 2000s, there has been no reverse course. At the seventh Party Congress of May 2016, Kim Jong-un even mapped out a National Economic Development Strategy (2016–20). At the third plenum of the Central Committee (of the seventh Party Congress) in April 2018, Kim announced a major change of strategic course from ‘parallel advance’ (of nuclear defence and economic development) to ‘economy first’. Some developments of the 2010s are worth highlighting:

1. Agriculture

The most pressing economic issue for North Korea is food shortage. The 6.28 and 5.30 reforms incentivised farmers by allowing them to keep a greater share of their product. North Korea did not achieve China’s spectacular results (quadrupling of output between 1979 and 1984) because its agriculture was more chemical-intensive. Nevertheless, domestic food output has been gradually recovering since the famine (despite the cessation of South Korean fertiliser aid since 2010).⁵ In 2018, the Food and Agriculture Organization of the United Nations/World Food Programme (FAO/WFP) projected a production level of 4.2 million metric tonnes against a consumption ‘food use’ of 4.5 million metric tonnes.⁶

2. Proto-capitalism and property rights

While retaining formal state ownership, the measures opened up further opportunities for non-state agents (i.e. entrepreneurs, merchants and financiers). The collaboration between these non-state agents and state entities constitutes a form of proto-capitalism (for-profit activities under nominal state ownership). ‘Marketisation from above’ has opened up bigger opportunities for non-state agents in key social infrastructural projects (including apartment construction in Pyongyang) and in state-promoted consumption activities such as retail and entertainment facilities. Although ‘property rights’ do not yet exist in the formal sense, they appear to be secure enough for non-state agents to risk their money on large-scale collaborations with state entities.

3. Stabilisation of the currency

Since 2013, the authorities have pegged the North Korean *won* to the US dollar. Having previously abandoned the local currency in favour of hard currencies, North Korean citizens once again started using local currency (although hard currencies predominate when it comes to larger transactions). The introduction of the dollar-peg means that the authorities were no longer prepared to accept hyper-inflation, a typical consequence of unaffordable subsidisation under communism. The implication is that state sector economic activity is governed by a capitalist logic, i.e. the imperative to earn hard currency or dollar-pegged *won* in order to survive.⁷

⁴ These reforms are notable for enhanced autonomy for farms and industrial enterprises in their transactions (market sourcing and distribution) and the introduction of a more favourable revenue sharing formula.

⁵ The figures for the production of edible crops (million metric tonnes) are: 3.49 (1997); 4.13 (2002); 4.01 (2007); 4.67 (2012); 4.82 (2016) and 4.70 (2017). Unless stated otherwise, all data are derived from Statistics Korea, *Major Statistics of North Korea* (Seoul: KOSTAT, several issues).

⁶ FAO/WFP, *Democratic People’s Republic Of Korea (DPRK): FAO/WFP Joint Rapid Food Security Assessment*, May 2019, available at: <https://www.wfp.org/publications/democratic-peoples-republic-korea-dprk-faowfp-joint-rapid-food-security-assessment>, last visited: 11 December 2020, p.25.

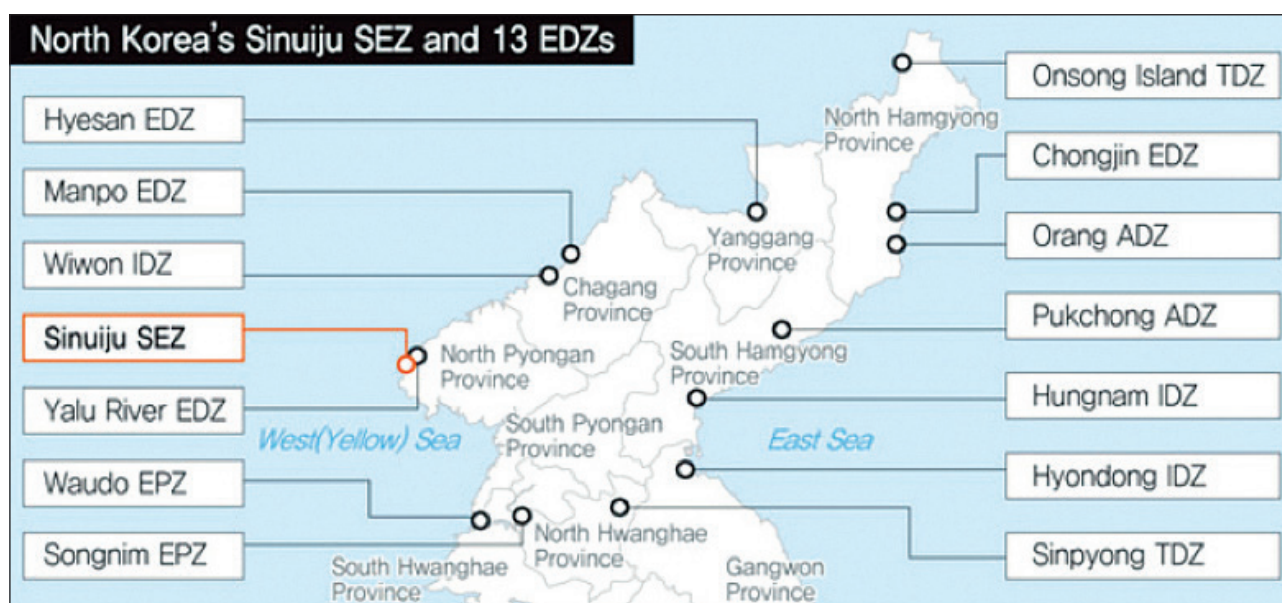
⁷ Suk, L., ‘Overview: growth, dollarization and the emergence of a dual economy’ in Lee, Suk (ed.), *2016: The DRPK Economic Outlook* (Korea Development Institute, Sejong City, 2017), pp.22-30.

Persisting weaknesses in the economic structure

Per capita income levels have been recovering since the famine of the 1990s, but stand at about US\$1,450 per year (although in privileged Pyongyang, it is well over US\$2,000). According to World Bank criteria, North Korea straddles the low-income (US\$1,205) and low-middle-income (US\$1,026–3,995) categories. North Korea's life expectancies (73.1 for women and 66.3 for men in 2017) are very close to the low-income country estimates of the World Health Organization (73 for women, 68 for men in 2012). Owing to its history of distorted development and crisis, North Korea is a low-income economy that is at the same time highly urbanised. To achieve economic take-off, North Korea will need to become an exporter of light manufacturing (such as textiles). The experience of the rest of East Asia has already shown that this path facilitates high growth and equity (through employment generation) in the early stages of development.

The experiences of Kaesong,⁸ Chinese foreign direct investment (FDI) and migrant labour indicate that North Korea has good potential when it comes to light manufacturing. The labour is relatively cheap, well-educated and disciplined. The initial rise of China as an export economy was driven by attracting FDI into its special economic zones (SEZs), especially in the Pearl River Delta. The current North Korean regime has demonstrated its interest in FDI. In its designation of 13 new Economic Development Zones (EDZs) in November 2013, it was more ambitious than its predecessors. EDZs were designated throughout the country (Figure 1). However, for the EDZs to become functional, as well as for North Korea to exploit its potential in other promising sectors (especially raw materials and tourism), it will have to overcome some serious external and domestic constraints.

Figure 1



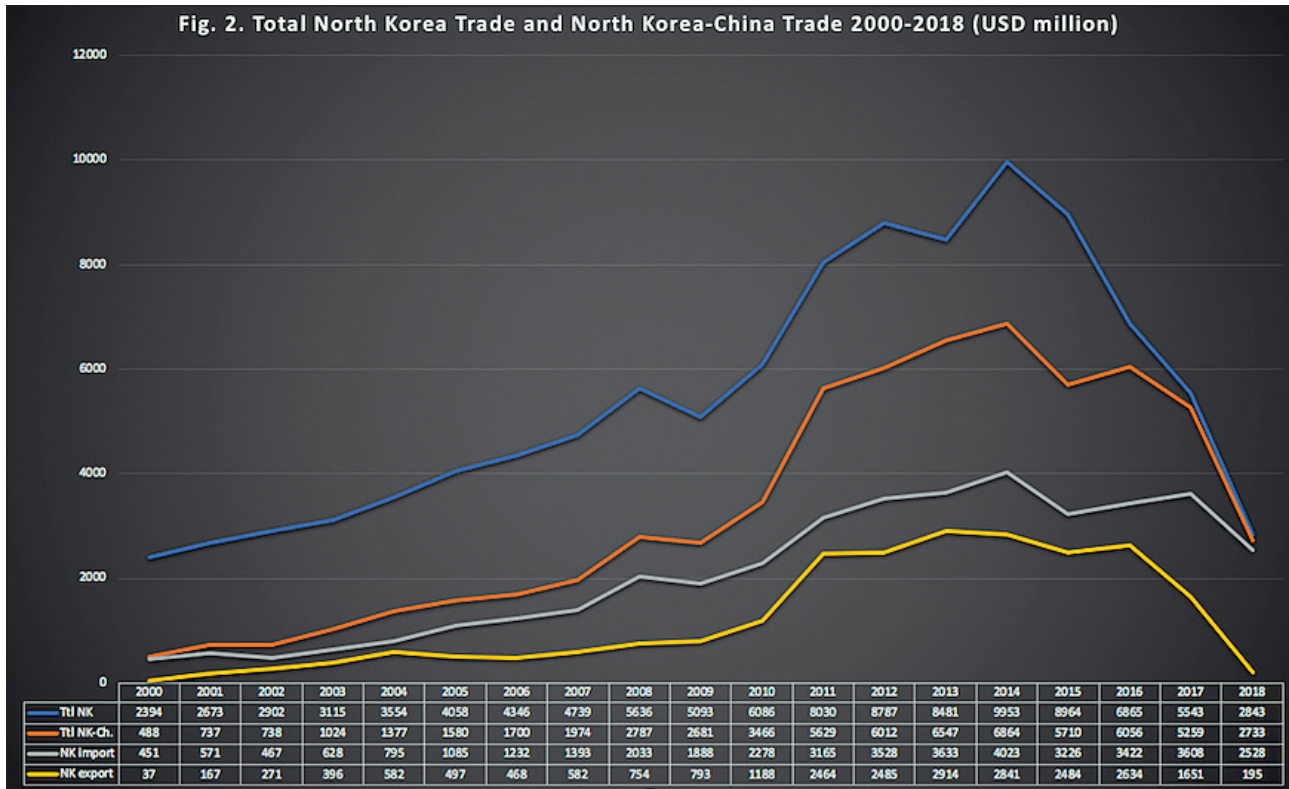
Source: Kim, Bo-geun, 'In economic development, will North Korea choose South Korea or China?', *Hangyoreh*, 19 February 2014.

1. Sanctions

Before it can take any major step forward, North Korea will need some easing of the sanctions regime (both international and unilateral US ones). Rather than the much-disputed GDP growth rate, the level of trade is often taken as an indicator of the health of the North Korean economy. Figure 2 indicates how recent sanctions have taken their toll on North Korean exports.

⁸ Kaesong was a South Korean invested enclave in the North that was closed in 2016 by the South Korean Government (in response to North Korea's fourth nuclear test).

Figure 2



Source: Statistics Korea, *Major Statistics of North Korea* (Seoul: KOSTAT, several issues).

The contraction of exports has taken the level of total trade almost back to the late 2000s. However, the volume of imports has contracted far less. This suggests that China is allowing North Korea to run deficits to sustain its imports (especially food and limited amounts of oil). The absence of reference to the National Economic Development Strategy (2016–20) at the recent fifth plenum of the seventh Central Committee suggests that the plan is off-course.

2. Relations with the US

To attract FDI on any significant scale, North Korea needs to normalise diplomatic relations with the US. However, progress has stalled despite summits in Singapore (June 2018) and Hanoi (February 2019) and the mini summit in Panmunjom (June 2019). North Korea and the US are deadlocked over the terms of denuclearisation. Both sides have become entrenched in their respective positions (Washington’s ‘package deal’ versus Pyongyang’s ‘phased and synchronous’ denuclearisation). Working level talks went nowhere and North Korea set 31 December 2019 as the deadline for the expiry of negotiations with the US.

3. Infrastructure bottlenecks

North Korea’s road capacity is very limited. In 2017, it was 26,178 kilometres, similar to South Korea’s 1965 level (28,145 kilometres). Its railway network is extensive in mileage terms⁹ but is in need of modernisation. Energy supply is inadequate. Blackouts are commonplace, even in Pyongyang. In 2017, North Korea generated less electricity than it did in 1990 (the last year it received subsidised Soviet/Russian oil). This was less than 25 percent of the South’s generation in 1990, when the South was an upper-middle-income economy.¹⁰

⁹ In 2017, it was 5,287 kilometres, exceeding South Korea’s 4,078 kilometres.

¹⁰ The figures are (in 100 million kwh): 277 (1990); 193 (1997); 190 (2002); 236 (2007); 215 (2012); 239 (2016); and 235 (2017). South Korea’s power generation in 1990 was already 1077.

The prospects

The market became the dominant form of economic coordination in the 1990s. The rise of transactions using hard currencies, and the subsequent pegging of the *won* to the dollar in 2013, means that state sector enterprises must also work according to market principles (since they cannot rely on inflationary financing). The monolithic political system under Kim Jong-un has cautiously facilitated marketisation over the past decade. The Supreme Leader has used his authority to redefine the economic ideology and assert greater control over vested economic interests built up under his predecessor (especially the military and branches of the ruling party). China appears to be an influential role model and is now less alien to North Korea than in the 1990s-2000s. Enabled by advances in cyber technology, the Xi administration is simultaneously striving for economic modernisation, improvement of governance and political centralisation. This combination corresponds to the type of ruling formula Kim Jong-un is looking for.

Historically, North Korea has preferred diversification to stable dependence on China. Pyongyang chose to pursue weapons of mass destruction (WMDs) to draw the US into negotiations. If North Korea can normalise relations with the US and attract generous FDI inflow, then it has the potential to follow the export-led model of industrialisation in which it has shown interest. With the deadline for negotiation with the US having expired, however, the best economic pathway is off the table for now. Instead of Kim Jong-un's traditional New Year speech, the authorities released the report of the fifth Plenum of the Central Committee that concluded on 31 December 2019.¹¹ The report exhorted party leaders at all levels to achieve a "frontal breakthrough" in the economic struggle against the sanctions. For now, North Korea is focused on weathering the current pressure of sanctions (with a discrete helping hand from China). Ominously, the report also announced the development of "new strategic weapons", presumably referring to the engine testing of the gigantic new ICBM paraded for the first time on 10 October 2020.

Added to the failure to ease sanctions by making a breakthrough in relations with the US, North Korean economy has been further blighted by natural disasters and the protracted COVID pandemic during 2020. Concern about the pandemic has also forced the Pyongyang authorities to restrict economic contacts with China that had previously eased the pain of sanctions. In the words of one Chinese professor, it has had to re-emphasize "self-reliance" once more.¹² This was reflected in the launch of the "80-day campaign" on 5 October 2020 to complete 200 economic goals ahead of the Eighth Congress scheduled for January 2021.¹³ Such a campaign was a throwback to the voluntarist methods of his grandfather and father (when top-down economic plans often failed). At the 75th anniversary commemoration (10 October 2020) of the party's founding, Kim himself went as far as to admit publicly to his own shortcomings in the efforts to improve the country. On the external front, a domestically-focused Biden administration is unlikely to repeat the bold diplomatic gestures of the mercurial Trump.

The relative frankness with which the leadership talks about the economy suggests that it has not given up on its aspirations for economic development despite the adverse developments mentioned above. Here the crucial variable is China. While *total* North Korean exports dropped to USD 260 in 2019, it was able to import USD 2.68 billions worth of goods, almost 10-fold. Of North Korea's total trade, China accounted for 95.2 percent in 2019.¹⁴ This deficit suggests that

¹¹ Je-Hun, L., Ji-Won, N. and Joon-Bum, H., '[News analysis] Kim Jong-Un's message of self-reliance and "foiling" sanctions during last party meeting of 2019', *Hankyoreh*, 2 January 2020, available at: http://english.hani.co.kr/arti/english_edition/e_northkorea/922940.html, last visited: 11 December 2020.

¹² Jingyi Jin, "[Column] North Korea's 'self-reliance' amid the novel corona pandemic", *Hankyoreh*, 23 March 2020.

¹³ Je-hun Lee, "Kim Jong-Un declares '80-day campaign' for economic success at WPK congress", *Hankyoreh*, 7 October 2020.

¹⁴ Kye-wan Cho, "North Korea's trade dependence climbs to 95 percent, report show", *Hankyoreh*, 17 May 2020.

at the very least Beijing is doing enough to ensure the survival of the North Korean economy. Difficult relations with the West (China's perception of US-led encirclement, North Korean frustrations over sanctions) are pushing the two regimes to further emphasize their shared history and political credentials. This was indicated by the recent "diplomacy by letters" or six exchanges of personal communication between Kim Jong-Un and Xi Jinping in September-October 2020.¹⁵

Another sign was the publicity with China given to the 70th anniversary of China's entry into the Korean War on 19 October 1950. These gestures suggested the likely renewal of the mutual defence treaty in 2021 (first concluded 1961 and renewed every 20 years). Economic exchanges are also expected to pick up as the COVID pandemic increasingly comes under control (perhaps China will make its mass vaccine available to North Korea). Although not the ideal path of diplomatic and economic diversification, North Korea will receive much needed political and economic cushioning (so long as it does not cross Beijing's red line of nuclear testing). As such, it is likely that the party will reaffirm rather than abandon the post-March 2018 "economic first" emphasis at its Eighth Congress in January 2021.

¹⁵ Je-hun Lee, "[News analysis] 'North Korea, China ramp up their 'letter diplomacy' ahead of US presidential election'", *Hankyoreh*, 30 October 2020.

3. North Korea's Northern Tier: Economic Potential and Blockages

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It has become a commonplace observation that North Korea is a secretive state whose opacity serves as a defensive measure against external challengers and as a means of keeping its population quiescent.¹⁶ Regime security takes precedence over the limited openness that might be generated by an increase in external trade.¹⁷ Even as the regime touts the image of increased living standards in North Korean cities, the population remains tied to requirements for uncompensated hard labour and mobilisation rooted in wartime practices.¹⁸ The state now cannot function without a certain measure of market activity, but when economic activity reaches outside of the national borders it can be problematic.

When it comes to the northern border region with China, North Korean leaders squarely face this dilemma. North Korea must balance the cross-border flow of workers, entrepreneurs and officials into and through China with the harder edges of border controls and restrictions. The DPRK's recent response to the COVID-19 outbreak in China highlighted this further, resulting in a full shutdown of the border and extensive quarantine protocols, including for foreign diplomats (including, presumably, the Chinese ambassador).¹⁹ In the short term, cutting off supplies from China has resulted in price inflation domestically, which is a tolerable price to pay to protect North Korea's already-besieged health system from potential collapse.²⁰

In spite of the general tendency toward secrecy and security, when the regime wishes to make an achievement or policy impetus known, it does so by releasing a relatively large amount of data. This has been the case with Kim Jong-un's drive to develop the northern tier of cities – Sinuiju, Manp'o, Kanggye, Samjiyeon, Hyesan, Hyeryong and Rason – in regions bordering China.

The northwest has been the privileged and most dense area of economic interaction with China, via the city of Sinuiju and its burgeoning Chinese counterpart of Dandong. This has been the centre of both commercial and diplomatic flows between Korea and China dating back to the dynastic era, although the infrastructure along the border is decidedly dated from the Japanese colonial era. North Korean-run businesses have been set up in Dandong and environs, North Korean workers peopled Chinese enterprises in such areas as textiles and electronics assembly, and Dandong has been the destination for shopping and luxury excursions by North Korean elites.²¹ It also has a relatively flourishing trade in artistic commodities exported from North Korea or created by North Korean artists residing in China.

¹⁶ Lankov, A., Kwak, I. and Cho, C., 'The Organizational Life: Daily Surveillance and Daily Resistance in North Korea', *Journal of East Asian Studies* 12 (2012), pp.193-214; Green, C., 'Wrapped in a Fog: The DPRK Constitution and the Ten Principles' in Cathcart, A., Green, C. and Winstanley-Chesters, R. (eds), *Change and Continuity in North Korean Politics* (London: Routledge, 2016), pp.23-38.

¹⁷ External trade under certain conditions is of course sought by the regime, but trade intended to encourage economic reform can also lead to strengthening the country's WMD programmes. See Kong, T.Y., 'China's engagement-oriented strategy towards North Korea: achievements and limitations', *The Pacific Review* Vol. 31 (1) (January 2018), pp.76-95.

¹⁸ Smith, H., *North Korea: Markets and Military Rule* (Cambridge: Cambridge University Press, 2015), p.106.

¹⁹ Cathcart, A., 'How the coronavirus is being dealt with on the other side of the Tumen river', *NK News*, 18 February 2020, available at: <https://www.nknews.org/2020/02/how-the-coronavirus-is-being-dealt-with-on-the-other-side-of-the-tumen-river/>, last visited: 11 December 2020.

²⁰ Silberstein, B.K., 'How the coronavirus may impact the North Korean economy' *NK Economy Watch*, 18 February 2020, available at: <https://www.nkeconwatch.com/2020/02/13/how-can-the-coronavirus-impact-the-north-korean-economy/>, last visited: 11 December 2020.

²¹ Chilcote, C., 'Bridges of Ambition to North Korea: Economy of Anticipation and Materiality of Aspiration in Dandong, China,' *Critical Sociology*, 44(3) (May 2017), pp.437-453.

Kim Jong-un looked set to elevate Sinuiju's international profile with a sweeping visit to the city in November 2018, during which he declared an overhaul of the city's architecture, and updates of the waterfront and transport infrastructure.²² The plan did not address in even a peripheral way the role of cross-border trade in Sinuiju's economic life. Most of all, it did not incorporate the completion of a road spur to a long-completed (and very expensive) bridge from the Chinese side to the outskirts of Sinuiju. However, Kim Jong-un's subsequent stopover in Dandong on his way to meet Xi Jinping in January 2019 left further room for talks with city and provincial leaders in Dandong and China's Liaoning province.

Sanctions levied in 2016 and 2017 put a squeeze on many of these activities, as did the arrest for corruption on the Chinese side of one of the People's Republic of China's (PRC) top business supporters of trade with North Korea, Ma Xiaohong of the Hongxiang firm. Chinese participation in the ostensible reconstruction of Sinuiju appears to be minimal. The status of Special Economic Zones (SEZs) near Sinuiju are, like many things in North Korea, a case study of big plans without successful follow through. The SEZs in Hwanggumpyeong and Wihwa Islands were to have been jointly managed with the PRC, but the purge and execution of the Supreme Leader's allegedly perfidious uncle Jang Song-thaek in December 2013 effectively appears to have placed these on hold for the last six years, and no construction, let alone a shared legal framework, has been undertaken.

Much further up the Yalu River is Hyesan. This city is today best known in the West as the hometown of female defectors Yeonmi Park and Hyeonseo Lee, both of whom have written best-selling memoirs. For North Korea, the city has been important since the late 1960s as an ideological symbol for Kim Il-sung's guerrilla heritage, but it is largely run down with many unpaved streets and a notorious smuggling scene.²³ Curiously, Kim Jong-un has chosen to do far less public work for this city – presumably his security detail finds it far too dangerous and exposed to bluffs on the Chinese side of the border – and instead has placed his hopes and his resources in Samjiyeon, a resort further inland but still at the foot of Mount Paektu.

For Kim Jong-un, Samjiyeon appears to be a more pristine canvas for his dreams of a new revolutionary elite, as well as holding potential for an inflow of Chinese tourists. One American analyst, however, sees the building up of Samjiyeon as having less to do with economics and tourism and more to do with regime security – given some deep underground bunkers, it would make an ideal spot through which to weather an attack on North Korea from US or South Korean forces. It is close enough to the Chinese border to keep US missiles away, and has the further advantage of having been the site which Kim Jong-un visited when he was plotting the overthrow and purge of his uncle Jang Song-thaek.²⁴

North Korea's own politics can thus hold back SEZ development just as international sanctions can. In the case of the extreme northeast of the DPRK, the Kyongwon SEZ appears to have gone nowhere, with no meaningful construction since its emergence as a potential twin for China's hub of Hunchun in the tri-border region with Russia.²⁵ Since Hunchun has served

²² 'Supreme Leader Kim Jong Un Guides Master Plan for Construction of Sinuiju', *Rodong Sinmun*, 18 November 2018, available at: http://rodong.rep.kp/en/index.php?strPageID=SF01_02_01&newsID=2018-11-16-0012, last visited: 11 December 2020. For analysis, see Silberstein, B.J., 'Kim Jong Un oversees master plan for Sinuiju's facelift and construction,' *NK Economy Watch*, 5 December 2018, available at: <http://www.nkeconwatch.com/2018/12/05/kim-jong-un-oversees-master-plan-for-sinuiju-facelift-and-construction/>, last visited: 11 December 2020.

²³ Cathcart, A., 'Evaded States: Security and Control in the Sino-Korean Border Region' in Horstmann, A., Saxer, M. and Rippla, A. (eds), *Routledge Handbook of Asian Borderlands* (London: Routledge, 2018), pp.422-433.

²⁴ Park, J.S., 'Korea's Regional Relations', remarks at the Korea Society, New York City, 5 December 2019.

²⁵ Clement, T., 'Recent Developments on the SEZ Battlefield: Mubong and Kyongwon,' *Sino-NK*, 9 November 2015, available at: <https://sinonk.com/2015/11/09/recent-developments-on-the-sez-battlefront-mubong-and-kyongwon/>, last visited: 11 December 2020.

as a magnet for North Korean seafood processing as well as coal – two areas specifically targeted in UN sanctions – it may be that sanctions as well as internal pressures are keeping development moves slender to non-existent across from Hunchun. It would be more likely to see North Korean workers return to Hunchun itself, where various South Korean firms are already operating, although if the Kaesong Industrial Complex is not operating, it is unlikely that we will see South Korean managers working with North Korean employees on a shop floor in Northeast China.

Finally, Rason has long been North Korea's example of an institutionally rooted SEZ. Unlike the failed ventures near Dandong, the plug has never been pulled on Rason (an amalgam of Rajin-Sonbong) since its inception in the early 1990s. Here the DPRK can also balance Chinese investment with that from other states like Russia and Thailand. Rason would also play a key role if and when trade with Japan, North Korea's top non-communist trade partner in the 1980s, revives. However, as an in-depth look at Rason's history would indicate, while the DPRK has made progress in making its investment laws more flexible, in essence very little has been done to merit anything like the prognostications of a 'North Korean Hong Kong' from the early 1990s. International alignments and UN development regimes today seem less likely to lift Rason up as the possible hub for a new or rebooted Greater Tumen Initiative than they were in that era.

These cities across the northern tier are themselves not at all well laterally linked. While Kim Jong-un has pressed for improvements in transport across the northern region, he is operating against a massive amount of failure and long work stoppages dating back to 1980 and his grandfather's original rant against "chairmen and ministers who sit with folded arms" in the railways sector in the provinces bordering China.²⁶ Like the basic problem of connecting its east coast and west coast fishing fleets, east-west rail connections have long been a problem for the DPRK. However, in the regions near China, Kim Jong-un succeeded in opening a new rail line from Hyesan to Samjiyeon in 2018, to much fanfare. But the border region cities in the north of the DPRK do not in themselves form a coherent 'region' as such, and still less can the region put forward anything like an internal lobby within North Korea's Pyongyang-centred politics. But China's 'Belt and Road Initiative' still beckons for interaction, and China's infrastructure along the frontier with the DPRK means the channels are there for an exponential increase in trade from and with North Korea.²⁷

As the COVID-19 pandemic continues, North Korea's shutdown of the border with China remains a massive structural change for the Kim Jong-un regime. In a way that can only be likened to his grandfather's reliance on Chinese military aid in the Korean War and the five years of intensive labour assistance from Chinese forces thereafter, the young Kim has relied upon economic interaction with China to keep elites placated and the population supplied with consumer goods. As the interaction between North Korea and China slows to a crawl, harsher political controls are being put in place in the DPRK, and the outlook for an economic boom in the border region with China has been put on hold.

²⁶ Kim Il Sung, 'Speech to Senior Officials of the Administration Council', 5 March 1980 (*Works*, vol. 35, p.15). For discussion of the need for more lateral transport across the northern tier, see Kim Il Sung, 'Speech at a Consultative Meeting of Economic Officials of Chongjin and North Hamgyong Province', 28 July 1980 (*Works*, vol. 35, p.222), in which the primary need cited for improved rail across the north is to move coal to factories closer to Pyongyang, rather than people placing 'strain' on transport networks as they move around in search of food.

²⁷ On North Korea's rejection of the 'Belt and Road Initiative', see Cathcart, A. and Green, C., 'Xi's Belt: Chinese-North Korean Relations' in Boon, H.T. (ed.), *Chinese Foreign Policy under Xi* (London: Routledge, 2018), pp.130-143. On China's failure to sell the BRI to a rather more economically robust set of Koreans, see Lee, M. and Hao, Y., 'China's Unsuccessful Charm Offensive: How South Koreans have Viewed the Rise of China Over the Past Decade', *Journal of Contemporary China*, 27:114 (2018), pp.867-886.

4. Tourism: Low-Hanging Fruit for Economic Growth

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Introduction: Kim's long-term plan

Kim Jong-un came to power in December 2011. He announced a new *byungjin* or parallel development line in March 2013. The focus would be on the development of North Korea's nuclear weapons programme and its economy. Pyongyang opened its embassy in Madrid shortly after, in October 2013. The Spanish capital hosts the UN's World Tourism Organisation (UNWTO). This is the key UN agency helping countries across the world to develop their tourism sector.

This chain of events, even if oversimplified, shows that tourism has been at the heart of Kim's economic development strategy since he took power. As then-Ambassador to Spain Kim Hyok-chol stated in February 2014, shortly after his appointment, the presence of UNWTO in Spain was one of the main reasons why Pyongyang was interested in having an embassy in Madrid.²⁸ The tourism sector had been booming in East Asia for years when Kim came to power. North Korea, however, seemed to have been left behind. Kim wanted to redress the situation.

The prioritisation of the tourism sector has only accelerated in recent years as the UN and the US have tightened sanctions. As a 2019 report by South Korea-based think tank Korea Institute for National Unification has indicated, Kim now sees tourism not only as a pillar of long-term economic growth – but also as one of the few sectors that can provide an economic boost in the short term, since it is not covered by the sanctions regime.²⁹ Indeed, tourism is seen as a loophole in the sanctions regime, although the US could seek to close it if Pyongyang resumes its nuclear weapons testing programme.

Regardless of the short-term vagaries of US–North Korea relations, it is likely that at some point, Washington and Pyongyang will sign an agreement, sanctions pressure on North Korea will decrease, and the Kim regime will be in a position to implement a long-term tourism strategy. By then, North Korea should have also re-opened its borders following their closure as a result of the COVID-19 pandemic. The question is thus whether North Korea has a proper strategy and whether it could attract large numbers of tourists from China, other East Asian countries, and the rest of the world. This is the focus of this chapter.

North Korea's tourism strategy

Pyongyang has a clear strategy to boost tourist numbers, which it has been pursuing since the early years of Kim's time in power. The attractiveness of tourism as a revenue-generating sector is clear. To begin with, it would raise much-needed cash. Tourism would also help reduce economic dependence on China. Also, tourism need not have a negative impact on regime stability. Examples of other authoritarian regimes opening up their countries to tourism while still holding a firm grasp on power abound.³⁰ These include China, Myanmar and Vietnam in East Asia. In short, opening up the country to tourism should be a no-brainer for the Kim regime.

²⁸ Irujo, J. M., 'El mensajero de Corea del Norte' ('The messenger from North Korea'), *El País*, 28 February 2014. Available at: https://elpais.com/politica/2014/02/28/actualidad/1393616374_049521.html, last visited: 11 December 2020.

²⁹ Lee, W., '김정은위원장왜금강산시설철거를지시했나?' ('Why Did Chairman Kim Jong Un Order the Removal of Tourist Facilities at Mt. Geumgang?'), Korea Institute for National Unification Online Series, CO 19-23, 31 October 2019, available at: <https://www.kinu.or.kr/www/jsp/prg/api/dlVE.jsp?menuIdx=645&category=72&thisPage=1&searchField=author&searchText=Lee&biblioid=1527263>, last visited: 11 December 2020.

³⁰ Pacheco Pardo, R., 'North Korea: Northeast Asia's new tourism hub?', *38 North*, 4 September 2014, available at: <https://www.38north.org/2014/09/ramonpp090414/>, last visited: 11 December 2020.

What does North Korea's tourism strategy consist of? To begin with, and most logically, Pyongyang is developing the country's tourism infrastructure as the first pillar of the strategy. This includes hotels, entertainment amenities, sport complexes and medical facilities.³¹ Tourism infrastructure development also includes a recently launched tourist resort in the highly symbolic and China-bordering Mount Paektu,³² the Yangdok Hot Spring Cultural Recreation Centre,³³ the Wonsan-Kalma Coastal Tourist Zone,³⁴ the Masik Pass Ski Resort next to the tourist coastal town of Wonsan,³⁵ and the proposed redevelopment of the Mount Kumgang Tourist Region near South Korea.³⁶ In other words, the Kim regime is developing the necessary infrastructure and resorts that any country bent on attracting large numbers of tourists would focus on.

Furthermore, in December 2019, North Korea's official media announced that Pyongyang would also be targeting the highly lucrative medical tourism sector. The Kim Government launched the Treatment Tourism Exchange Corporation to operate health clinics located near hot springs.³⁷ Attempts to attract medical tourists would fit with the strategy of any country seeking to diversify the type of visitors it attracts. For example, South Korea and Thailand are well-known for leisure tourism but also attract large numbers of medical tourists. In the case of North Korea, China is the obvious target for inbound medical tourism.

Training tourism sector professionals is another pillar of North Korea's tourism strategy. Kim launched the Pyongyang Tourism College in April 2014.³⁸ Training activities include lessons by foreign volunteers who can teach English or tourism management.³⁹ North Korean media claims that the college's activities include participation in tourism fairs, exchanges with international institutions, and research.⁴⁰ Personnel training is essential for any would-be tourism hotspot, and North Korea is no exception.

Sharing expertise with UNWTO is a third pillar of Pyongyang's tourism strategy. UNWTO focuses on market knowledge, the development of competitive and sustainable tourism policies and instruments, education and training, and technical assistance.⁴¹ Since the opening of its embassy in Madrid, North Korean officials have regularly interacted with UNWTO experts.⁴²

³¹ Pacheco Pardo, R., 'North Korea: Northeast Asia's new tourism hub?', *38 North*, 4 September 2014, available at: <https://www.38north.org/2014/09/ramonpp090414/>, last visited: 11 December 2020.

³² Lee, C., 'North Korea's Kim opens huge mountain development', *Agence France-Presse*, 12 December 2019, available at: <https://www.france24.com/en/20191203-north-korea-s-kim-opens-huge-mountain-development>, last visited: 11 December 2020.

³³ Associated Press, 'Would you stay in a North Korean spa resort? Kim Jong-un opens a new mountain ski and hot spring retreat in bid to lure tourists', *South China Morning Post*, 13 December 2019, available at: <https://www.scmp.com/magazines/style/luxury/article/3041946/would-you-stay-north-korean-spa-resort-kim-jong-un-opens-new>, last visited: 11 December 2020.

³⁴ Korea Herald/Asia News Network, 'Kim Jong Un focuses on developing Wonsan tourism zone', *The Strait Times*, 21 June 2018, available at: <https://www.straittimes.com/asia/east-asia/kim-jong-un-focuses-on-developing-wonsan-tourism-zone>, last visited: 11 December 2020.

³⁵ Cha, F. and Hancocks, P., 'World's most exotic luxury ski resort? Hitting the slopes at Masik, North Korea', *CNN*, 14 February 2014, available at: <https://edition.cnn.com/travel/article/north-korea-ski-resort-gallery/index.html>, last visited: 11 December 2020.

³⁶ Lee, C., *op.cit.*

³⁷ Shin, H., 'North Korea to launch medical tourism, targeting visitors from China', *Reuters*, 6 December 2019, available at: <https://uk.reuters.com/article/us-northkorea-tourism/north-korea-to-launch-medical-tourism-targeting-visitors-from-china-idUKKBN1YA0WA>, last visited: 11 December 2020.

³⁸ Pacheco Pardo, R., *op.cit.*

³⁹ Shearlaw, M., 'North Korea seeks foreign volunteers to teach tourism students', *The Guardian*, 22 January 2015, available at: <https://www.theguardian.com/world/2015/jan/22/sp-volunteers-teach-tourism-north-korea>, last visited: 11 December 2020.

⁴⁰ Jong, H.S., 'College trains tourism personnel', *Pyongyang Times*, 18 November 2018, available at: <http://www.pyongyangtimes.com.kp/?bbs=27251>, last visited: 11 December 2020.

⁴¹ UNWTO, 'About UNWTO', available at: <https://www.unwto.org/who-we-are>, last visited: 3 March 2020.

⁴² Pacheco Pardo, R., *op.cit.*

This did not stop even after Spain expelled the North Korean ambassador in 2017 and the embassy suffered an assault in 2019. Regular engagement with UNWTO experts is useful for helping the Kim regime learn about the latest developments in the tourism sector worldwide.

North Korea can continue to develop its tourism strategy under the existing sanctions regime in place as of 2020, since sanctions do not cover this sector. What is more, the Donald Trump administration reportedly even suggested offering support to help North Korea develop its tourism sector, including the Wonsan-Kalma tourist zone.⁴³ The COVID-19 pandemic has temporarily put a brake on tourism into North Korea. And the change in government could mean that the US rescinds its offer to provide support for the development of the tourism sector. But it seems that at least some in the US – and by extension the international community – sees Kim’s push to develop the North Korean tourism sector as a potential area for cooperation.

Build it and they will come? Foreign tourism in North Korea

Can North Korea become a tourism hotspot? Building the necessary infrastructure, training the right professionals, and engaging with the main UN tourism body make for a clear strategy. But they do not guarantee that tourists will come. After all, North Korea is not the only country seeking to attract leisure and other type of tourists. In East Asia alone, North Korea faces competition from an ever-growing number of countries that see tourism as an engine for economic growth.

The good news for the Kim regime is, above all, North Korea’s geographical location. According to the UNWTO, Asia and the Pacific – a region encompassing East Asia – has seen the fastest growth in international tourist arrivals and tourism receipts in recent years. The Northeast Asia sub-region has been key to this growth, with China, Hong Kong, Japan, Macau and South Korea all being bright spots. Tourism in Southeast Asia has also boomed in recent years according to the UNWTO. And Chinese, Japanese and South Korean tourists are amongst the biggest spenders in the world.⁴⁴ In other words, an open North Korea would be in a perfect location to attract international tourists. This matters for a low-income country with a population only slightly above 25 million, which therefore cannot rely on domestic tourists to boost this sector.

The case of Myanmar is illustrative in this regard. An authoritarian, closed country for decades, tourism boomed following a tentative opening-up process from 2010. Tourist arrivals increased from 790,000 in 2010 to a peak of 4,680,000 in 2015. Although international tourist numbers went down following the Rohingya refugee crisis,⁴⁵ Myanmar still recorded 3,551,000 international tourist arrivals in 2018. International tourism receipts thus rose from US\$72 million in 2010 to US\$1.9 billion in 2017.⁴⁶ Myanmar quickly attracted investment from infrastructure and tourism firms across East Asia, as well as growing numbers of tourists from the region.⁴⁷ Even though the comparison between Myanmar and North Korea is not straightforward, considering their different geographical locations, levels of openness, sanction regimes and cultural and other tourist attractions, the point is that countries across East Asia can quickly attract large numbers of tourists if they open up.

The case of Chinese tourism to North Korea shows that this has already started to happen. Reliable figures are not available, but the improvement in Sino-North Korean ties following

⁴³ Park, J., ‘美, 스톡홀름 협상 때 북에 ‘원산·갈마’ 개발 청사진 내놔다’ (‘The US issued a blueprint for the development of Wonsan-Kalma to North Korea during Stockholm negotiations’), *Hankook Ilbo*, 19 October 2019, available at: <https://www.hankookilbo.com/News/Read/201910181544097543>.

⁴⁴ UNWTO, *International Tourism Highlights, 2019 Edition* (Madrid: UNWTO, 2019).

⁴⁵ Park, K.B., Pacheco Pardo, R., Kim, E. and Ernst, M., ‘Injuries in the DPRK: The looming epidemic’, *KF-VUB Korea Chair and Harvard Medical School – Program in Global Surgery and Social Change*, 2019.

⁴⁶ UNWTO, *op.cit.*

⁴⁷ Park et al., *op.cit.*

the deterioration in relations of 2017 meant that by 2019, hundreds of thousands of Chinese tourists were visiting North Korea annually. There are even reports that local tour operators were struggling to cope with the huge increase in demand from Chinese tourists before the COVID-19 pandemic struck.⁴⁸ In particular, the number of tourists arriving by trains and buses across the Sino-North Korean border was booming pre-2020.⁴⁹ Tour packages for Chinese tourists were on offer,⁵⁰ and should resume once the worst of the pandemic is over. Considering the size of China's population and its geographical proximity to North Korea, attracting even a small share of China's annual outbound tourism means millions of US dollars for the North Korean economy.

South Korean tourists would be another obvious target for Pyongyang. Tourism from South Korea essentially came to a halt following the closure of the Mount Kumgang Tourist Region in 2008, after a South Korean tourist was shot and killed by North Korean soldiers. In his 2020 New Year Address, however, President Moon Jae-in stated that his government would like to resume inter-Korean tourism.⁵¹ Tourism is an obvious choice for Seoul when seeking ways to promote inter-Korean cooperation without breaching sanctions on North Korea. Up to 1.93 million South Korean tourists visited Mount Kumgang while it was open between 1998 and 2008.⁵² This shows that there is potential demand in South Korea to visit North Korea.

Tourism from the rest of East Asia and beyond would be an added bonus. It is not difficult to imagine interest from Japanese and Southeast Asian tourists. Especially if a trip to North Korea could be combined with, for example, a visit to South Korea or to China's Eastern coast. Indeed, in the early 2010s, the Kim regime started to offer visa-free travel to Malaysian and Singaporean nationals to entice tourists from these two countries.⁵³ In any case, only around 4,000 non-Chinese travellers visit North Korea annually.⁵⁴ Numbers would surely increase were the political situation different, as the example of Myanmar demonstrates. But Chinese and, potentially, South Korean tourism would dwarf tourist arrivals from other countries.

Conclusion

Tourism is a promising economic growth engine for Pyongyang. If the economic development half of *byungjin* is to succeed, Pyongyang will need to develop several sectors at the same time. With the current sanctions regime on North Korea affecting most sectors of (legal) economic activity but not tourism, it makes sense for the Kim regime to prioritise its development. But, as explained above, tourism is also part of Pyongyang's long-term economic strategy.

In this respect, tourism is low-hanging fruit. North Korea already has a well-developed strategy. The Kim regime is building the necessary tourism infrastructure. It has been training tourism sector professionals for years. The country continues to learn from and cooperate with the UNWTO. It has already reaped the rewards of improved relations with Beijing in the form of

⁴⁸ O'Carroll, C., 'As Chinese tourism to North Korea soars, local operators feel the strain', *NK News*, 31 October 2019, available at: <https://www.nknews.org/2019/10/as-chinese-tourism-to-north-korea-soars-local-operators-feel-the-strain/>, last visited: 11 December 2020.

⁴⁹ Jang, S.G., 'Has thriving Chinese tourism emboldened North Korea?' *Daily NK*, 28 October 2019, available at: <https://www.dailynk.com/english/has-thriving-chinese-tourism-emboldened-north-korea/>, last visited: 11 December 2020.

⁵⁰ Kim, S.I., 'North Korean tour package targets Chinese tourists', *Daily NK*, 27 August 2018, available at: <https://www.dailynk.com/english/photo-north-korean-tour-package-targets-chinese-tourists/>, last visited: 11 December 2020.

⁵¹ Moon, J.-i., '확실한 변화, 새로운 100년을 시작합니다' ('Positive change, start a new 100 years'), 7 January 2020, available at: <https://www1.president.go.kr/articles/7946>.

⁵² Ahn, J.S., 'N. Korea must create the right conditions for foreign tourists', *Daily NK*, 7 November 2019, available at: <https://www.dailynk.com/english/north-korea-must-create-right-conditions-foreign-tourists/>, last visited: 11 December 2020.

⁵³ Pacheco Pardo, R., *op.cit.*

⁵⁴ Crabtree, J., 'North Korea is attracting thousands of vacationers every year. So who are they?', *CNBC*, 25 July 2017, available at: <https://www.cnn.com/2017/07/25/north-korea-vacations-heres-whos-visiting-the-dictatorship.html>, last visited: 11 December 2020.

booming tourism from China. Its past experience with inter-Korean tourism shows that there is untapped demand from South Korea. The example of Myanmar shows that demand from elsewhere in East Asia, and potentially beyond, could follow if the country opened up.

Therefore, we should expect the Kim regime to continue to prioritise tourism as a growth engine once the COVID-19 pandemic is over and for the foreseeable future. Without a new nuclear test - or perhaps an intercontinental ballistic missile test - tourism will continue to be outside the scope of UN sanctions. Pyongyang can therefore build on the preparations it has been making to boost this sector in recent years. Even without the tourism boom that could follow an opening up process, Chinese visitors can provide an economic boost to the North Korean economy. With a real opening up process, the example of Myanmar could apply to North Korea.

5. North Korean Healthcare and its Importance in Rebuilding the Economy

By Dr Catherine Jones⁵⁵

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Free universal healthcare in North Korea was enshrined in the constitution of 1972 in Articles 18–27. Previously, it was enunciated in 1946 in the social insurance law, in 1952 in the law on basic healthcare, and in 1960 under the universal healthcare act.⁵⁶ This commitment not only to provision but to quality provision has also been reaffirmed in the speeches of Kim Jong-un, including in his 2019 New Year’s speech where he stated the need to fulfil commitments in healthcare “to modernise pharmaceutical and medical device factories and refurbish hospitals and clinics”.⁵⁷ Despite these legal commitments and the intention that UN sanctions will not have detrimental effects for the wider population, “North Koreans received better medical care under Kim Il-sung than they do these days”.⁵⁸ A further key point is that under current conditions, the healthcare system, although nominally available to all, is segregated between the wealthy and the poor in terms of both access and quality of care.

This developing picture has three important takeaway points for this project:

- (1) The health situation of the wider North Korean population is decreasing. The result is that diseases (including tuberculosis (TB), malaria, hepatitis B and HIV) and longer-term health problems (including malnutrition from the famine in the 1990s) will increase the costs of rebuilding the economy whilst also reducing the potential size of the workforce.
- (2) Healthcare is becoming a key element of the internal economy and reinforces existing hierarchies. As a result, this provides a pre-existing platform to rebuild the economy, but may also enhance the livelihoods of the elites which may undermine or adjust the effectiveness of sanctions.
- (3) The range of healthcare challenges that are emerging and increasing also needs to be viewed in relation to the types of medicines and vaccines that are needed and how these provisions interact with other aspects of the sanctions and economic architecture (in particular the provision of energy for refrigeration). A further aspect here is how doctors and medical professionals are trained and how this will make rebuilding the provision easier.

Current healthcare situation

Although it is very difficult and challenging to determine the current healthcare situation in North Korea, a number of resources and data sources – when taken collectively – can provide a composite picture of the situation.

The first of these resources is from the World Health Organization (WHO), which publishes data on TB reporting rates for new and reoccurring cases, on the provision of vaccination and treatment, and on the funding of TB and HIV programmes. For many of these data sets, the

⁵⁵ With thanks to Sam Wright for providing research assistance for this report.

⁵⁶ Sung-Eun Cho, ‘North Korea’s Healthcare: current state and outlook’ *KIHASA*, 2019, available at: https://www.kihasa.re.kr/english/publications/eng_brief/view.do?menuId=103&tid=38&bid=24&aid=44&ano=1 last visited: 11 December 2020, p.1.

⁵⁷ *Ibid.*

⁵⁸ Shim, T., ‘Ask a North Korean: what is the healthcare system in the DPRK really like?’ *NKNews*, 21 February 2020, available at: <https://www.nknews.org/2020/02/ask-a-north-korean-what-is-the-healthcare-system-in-the-dprk-really-like/>, last visited: 11 December 2020.

WHO has incomplete data which fails to provide a sufficiently detailed analysis of the spread of either TB or HIV, and the current data stops at 2015.⁵⁹ Hence, in seeking to understand the situation in North Korea, it is essential to triangulate many data resources. Supplementing the WHO data with other resources, including the activities and inputs of non-governmental organisations (NGOs) in the country, can add to the picture of the current healthcare situation. For NGOs, rather than tracing infections and treated people, it is easier to trace the inputs of medicines, vaccines, and treatment centres, all of which indicate levels of usage of NGO-supported healthcare. It is also important to note that the withdrawal or reduction of provision is a vital indicator of declining access to vaccines and resources. For this data, this report draws on the information of two NGOs – the Global Fund and the Eugene Bell Foundation – both of which have been allowed access to North Korea to provide vaccines and medicine.

Using the resources and data from these two NGOs and their tuberculosis financing programmes, and by positioning incomplete WHO data within the context of the reasonable reliability of NGO inputs, the general trend is towards **an increase in cases of drug-resistant TB infections and an increasing gap in funding for the DPRK TB programme**.⁶⁰ A key aspect of the data is the significant cut to the funding of the TB programme by the Global Fund in 2018.⁶¹ It is important to note that this was not because these resources were surplus to requirements, but the result of concerns that the funding could be ‘misappropriated’.⁶² However, in September 2019, the board of Global Fund announced a new wave of funding for the North Korea TB programme – which was agreed with Pyongyang in January 2020.⁶³ This example demonstrates both the need for humanitarian aid and assistance to support the health needs of the population, and also the limitations and fluctuations of this support.

Other entities that could cover and mitigate this dip in funding include the Eugene Bell Foundation, although it only has 12 treatment centres across North Korea.⁶⁴ The Foundation has been allowed to extend its coverage in the country and the engagement is developing. However, an interview with Dr Stephen Linton of the Foundation notes that there have been sanctions-related problems in building treatment centres, particularly because of the stringent interpretation of the sanctions by both the DPRK and the PRC, although these particular treatment centres have now been given a specific exemption by the United Nations Security Council (UNSC).⁶⁵

These two examples demonstrate ongoing issues with the intersection of humanitarian aid and political and security issues. A further example of this is in the provision and refrigeration

⁵⁹ WHO, ‘Global Health Observatory country views: Democratic People’s Republic of Korea statistics summary (2002 – present)’, available at: <http://apps.who.int/gho/data/node.country.country-PRK>, last visited 28 February 2020.

⁶⁰ WHO, ‘Democratic People’s Republic of Korea: Tuberculosis Finance profile’, available at: https://extranet.who.int/sree/Reports?op=Replet&name=%2FWHO_HQ_Reports%2FG2%2FPROD%2FEXT%2FTBFinancingCountryProfile&ISO=KP&outtype=html, last visited 28 February 2020.

⁶¹ This is noted in the above reporting. See also, Spezza, G. and Zaldeh-Cummings, N., ‘North Korea’s silent health crisis’, *The New Humanitarian*, 25 February 2019, available at: <http://www.thenewhumanitarian.org/opinion/2019/02/25/north-korea-s-silent-health-crisis>, last visited: 11 December 2020.

⁶² Hotham, O., ‘Global Fund board approves \$41.7 million grant for North Korea TB-malaria work’, *NKNews*, 20 September 2019, available at: <https://www.nknews.org/2019/09/global-fund-board-approves-41-7-million-grant-for-north-korea-tb-malaria-work/>, last visited: 11 December 2020.

⁶³ Hotham, O., ‘North Korea, Global Fund reach agreement on new TB-malaria treatment grant’, *NKNews*, 24 January 2020, available at: <https://www.nknews.org/2020/01/north-korea-global-fund-reach-agreement-on-new-tb-malaria-treatment-grant/>, last visited: 11 December 2020.

⁶⁴ Spezza, G and Zaldeh-Cummings, N., ‘North Korea’s silent health crisis’.

⁶⁵ Airirang News, ‘TB crisis in North Korea “emergency situation”: One-on-one with Stephen Linton’, 30 November 2018, available at: <https://www.youtube.com/watch?v=pmfR97EsNcQ>, last visited: 11 December 2020, 2:35-4:00mins. For details of the exemption approval and the types of humanitarian provision that can be exempted see: United Nations Security Council, ‘Humanitarian Exemption Requests’, available at: <https://www.un.org/securitycouncil/sanctions/1718/exemptions-measures/humanitarian-exemption-requests>, last visited 28 February 2020.

of medicines. This requires energy, but this has become a specific target of the UN sanctions against the regime and it is almost impossible to isolate energy for humanitarian purposes.

A key problem here for the rebuilding of the economy is that the aid that is provided – and now specified in the UNSC exemption – is emergency aid to prevent immediate loss of life. However, in rebuilding the economy, the type of aid that is required – for example in building and equipping hospitals, and supporting healthy lifestyles and healthcare – is developmental, which is treading a fine line for inclusion as ‘assistance activities’ in the sanctions listing.

Healthcare provision and training

A key question in the provision of healthcare in North Korea is how and where doctors and other professionals are trained and under what conditions they provide healthcare. These questions are essential for understanding the scale of the rebuilding project in this area.

As with other topic areas, details in this area are particularly ad-hoc and information is largely compiled from interviews with leavers or personnel operating in the country in the area of healthcare, or from Chinese academics – such as Wang Xingxing and Zheng Jiyong⁶⁶ – conducting research in North Korea. From these sources, it is clear that the majority of North Korean doctors are trained in North Korea at training centres including the Pyongyang Medical College and the Hamhung Medical College. However, for specialist or advanced training – for example, to train in working with children with disabilities – a limited number of doctors travel overseas.⁶⁷ Other sources, including Professor Yoon Seok-jun from Korea University College of Medicine, have indicated that training for nurses can be completed online in North Korea, and that the different levels of training across the range of healthcare professions could present a barrier for unification.⁶⁸ Similarly for this project, different levels of healthcare expertise may present challenges for rapidly providing consistent quality healthcare, and also when delivering and prescribing drugs that are new to a number of North Korean doctors. As a result, when looking to rebuild the economy, there would need to be a specific programme of further training or continuing professional development for the North Korean healthcare system. This could be aided but also impeded by the range and types of NGO aid and assistance that already exist – appropriately stocktaking the existing skill levels, aid and assistance so that consistent coverage and appropriate resources can be achieved would be essential.

That is not to say there are not benefits to the North Korean system. Although North Korean doctors are often working with fewer resources and limited access to testing, one source has claimed that this makes their treatments more “dexterous” and their consultations longer as they have to try and discover ailments and find treatments through talking to the patient.⁶⁹ Similarly, the local provision of allocating at least one doctor per geographical sector is a formula that could be expanded and further utilised in rapidly developing the provision in North Korea.

Healthcare and rebuilding the economy

In seeking to focus on the relationship between healthcare and the economy, there are a number of considerations. As noted above, there is the distinction between aid provided to

⁶⁶ Zheng, J. and Wang, X., ‘North Korea’s non-traditional security and China’ in Jones, C. and Teitt, S. (eds), *China-North Korea: Between Development and Security* (Cheltenham: Edward Elgar Press, 2020).

⁶⁷ Ignis Community, ‘IGNIS help train NK doctors’, 23 March 2019, available at: <https://igniscommunity.org/p-updates/2019/8/15/ignis-help-train-nk-doctors>, last visited: 11 December 2020.

⁶⁸ Sung-sun, K., ‘Different medical training may impede inter-Korean healthcare cooperation’, *Korea Biomedical Review*, 5 November 2018, available at: <http://www.koreabiomed.com/news/articleView.html?idxno=4483>, last visited: 27 March 2020.

⁶⁹ Chu, M., ‘What is healthcare like up north?’, *Korea Biomedical Review*, 12 December 2017, available at: <http://www.koreabiomed.com/news/articleView.html?idxno=2103>, last visited: 27 March 2020.

reduce immediate threats to life and developmental aid. Being unable to provide developmental assistance will increase the costs for rebuilding the economy.

However, a further – and possibly more significant – consideration is the intersection of UN sanctions and healthcare despite the livelihood and humanitarian exemptions. This is illuminated by articles indicating that healthcare is becoming an element in the informal economy, and particularly that it is a commodity for elites and relates to issues of whether healthcare is being misappropriated. It also raises questions over the provision and use of energy in North Korea.

As noted by a North Korean defector,⁷⁰ and by news reports on North Korea,⁷¹ healthcare – despite the legislation detailed above – is differentiated according to people’s ability to pay or their position in society.⁷² Within these reports, it is noted that the best hospitals are reserved for the elites and the quality of care experienced depends on the price paid, seemingly reinforcing the social hierarchies. Despite this, it is worth noting that a vehicle accident involving Chinese tourists revealed the poor condition of even the best hospitals. As Zheng and Wang note: “Kim Jong-un himself was ignorant about the actual state of medical treatments in the ‘best hospitals’ of North Korea. He became very dissatisfied when he found out about the poor capacity of North Korean hospitals to treat Chinese victims of a well-known traffic accident in April 2018 (Lo, 2018) – a vivid case highlighting the poor medical conditions present in North Korea (a CCTV video was also embedded in the *South China Morning Post* article).”⁷³ Hence, even though these reports indicate that the consistent quality of universal healthcare is being undermined by a commercial driver, even the highest provision still has significant problems in responding to significant and acute conditions.

A second element to consider here is the development and making of medicines within North Korea. As noted at the outset, North Korea does have a pharmaceutical industry that Kim Jong-un has highlighted. However, a report from the Korea Institute for Health and Social Affairs (KIHASA) notes that, increasingly, the medicines made are those with a higher profit margin – for example Viagra – rather than those widely needed for survival.⁷⁴ Similarly, within North Korea, nationally made medicines are seen as the lowest quality, Chinese-made pharmaceuticals are desirable but less so than those made in South Korea, Japan and the US. Hence, there is a platform to make pharmaceuticals, but investment would be needed in order to develop the most-needed drugs at appropriate quality.⁷⁵

A final element is the need to develop continuing professional development programmes for all healthcare providers, to ensure consistency in treatment across all the North Korean provinces, and to provide training in processes and drugs that may be new in some or all of those areas.

Conclusion

Overall, this brief report has indicated that despite the legal provisions, quality healthcare is not consistently provided within North Korea. External support to address TB and other infectious diseases can fluctuate significantly in response to the political situation. Healthcare is increasingly becoming a part of the informal economy and reinforces existing social hierarchies.

⁷⁰ Shim, T., ‘Ask a North Korean: what is the healthcare system in the DPRK really like?’ *NKNews*.

⁷¹ Radio Free Asia, ‘In North Korea, regular folks can see Kim Jong Un’s doctor for the right price’, *Radio Free Asia*, 2 May 2019, available at: <https://www.rfa.org/english/news/korea/nk-hospital-bribe-05022019160213.html>, last visited: 11 December 2020.

⁷² Zheng, J, and Wang, X., ‘North Korea’s non-traditional security and China’.

⁷³ *Ibid.*

⁷⁴ Sung-Eun Cho, ‘North Korea’s Healthcare: current state and outlook’ *KIHASA*, 2019.

⁷⁵ Mariam Chu, ‘What is healthcare like up north?’.

In relation to the restructuring of the economy, this presents significant opportunities and challenges. The major opportunity is through the potential the informal economy has to undermine the regime – an issue that has become an increasing concern for the regime. A major challenge, however, is that the population working in manual and heavy labour industries – which are significant contributors to the economy within North Korea and a crucial component of the overseas workforce – have little ability to access healthcare and are also vulnerable to the effects of famine from the 1990s (the current workforce were children during the famine and have lingering effects such as stunted growth). These elements are likely to affect the economic performance of North Korea currently, but could also become a crucial factor when considering how the economy could develop a healthy workforce in the future.

6. Conclusion: Prospects for North Korea's Economic Liberalisation

By Mr Craig Tiedman

Director of Policy & Research, Henry Jackson Society

In the aftermath of World War II, liberal democracies and like-minded states sought to advance the ideals of free markets and liberal trade regimes globally in order to effectively counter the spread of communism. In the immediate post-War era, some developing states and those that became newly independent states rejected communism, while others developed as hybrid authoritarian states with controlled economic systems.

The Cold War institutionalised Soviet-style Centrally Planned Economies (CPEs) within communist states including China, Vietnam and North Korea. In the aftermath of the Korean War from 1950-1953, North Korea became increasingly isolated from the global political and economic order and retreated into itself as a 'hermit kingdom' relying largely on China for trade and connections with other states within the Eastern Bloc.

In 1991 the dissolution of the Soviet Union had a domino effect with other Eastern Bloc countries and one-by-one former communist regimes in Eastern Europe evolved from communism. Liberal democracies claimed a symbolic victory and in 1992, academic Francis Fukuyama famously asserted that the model of liberal democracies and the free market system signalled the endpoint of humanity's sociocultural evolution.⁷⁶

North Korea lost its traditional Eastern Bloc trading partners during this time period and the North Korean economy, as Dr Tat Yan Kong explains, collapsed under the weight of a series of natural disasters and structural weaknesses leading to famine and hardships. Unlike China and Vietnam, North Korea – under Kim Jong-il's leadership – failed to take advantage of hybrid economic opportunities and engage more with the West. Instead, Kim Jong-il instituted the Songun Policy ('military first') choosing to take a more aggressive stance against the rules-based order and focus its budget on building its military at the expense of its economy. North Korea, predictably, did not follow China's 2001 entry into the World Trade Organisation (WTO), and it remained entrenched in a closed economy paradigm.

Reconstruction

In the 21st century, military interventions with the goal of regime change in states such as Afghanistan and Iraq have been amplified as costly and largely ineffective means by which to not only enable regime change but also to convert under-developed states into market economies. Regime change by force is a highly unlikely model if applied to North Korea and so normalisation of relations between the West and the DPRK is the only possibility for some sort of 'reconstruction' of the North Korean economy to take place.

As mentioned in the introduction of this paper, the Henry Jackson Society convened a group of prominent experts in 2019 to discuss ideas for reconstructing North Korea's economy in the aftermath of the Kim-Trump summits. The idea was to bring experts together to brainstorm over what a North Korean economy and integration into the global economic and political worlds would resemble if the DPRK and liberal democracies were to normalise relations. We are thankful for the Korea Foundation's support in allowing us to put our thoughts down in writing and examine and identify particular areas of DPRK's sectors where reconstruction would have the most success in the initial stages.

⁷⁶ Fukuyama, F. (1992), *The End of History and the Last Man*, Free Press: New York.

Dr Tat Yan Kong examined North Korea's historical economic trajectory in his paper and argued that the weaknesses of the Soviet-style CPE economic model were revealed when North Korea's economy nearly collapsed in the 1990s resulting in hardship and famine. Dr Kong highlighted North Korea's paradox of being an urbanised country with a relatively low income per capita and explained how the DPRK has become dependent on the market since the late 1990s but has struggled. Dr Kong views the DPRK's steady march to excessive militarisation as another cause of the country's economic backwardness and a key area to be addressed for the country to be able to grow its economy.

Dr Adam Cathcart explored North Korea's necessary experimentation with the market, especially the through Special Economic Zones (SEZ's) and building cross-border trade relationships with China. While progress has been made, particularly in the area bordering China, economic development remains limited by suppression on both sides of the border and poor North Korean transport links.

Dr Ramon Pacheco Pardo focused his contribution on exploring the prospects of potential growth in North Korea's tourism and hospitality sector. This had been, he argues, one of Kim Jong-un's key initiatives as this particular sector has not been targeted by sanctions. Moreover, the steady growth of tourism in Asia means that the country could replicate the previous success in tourism that Myanmar enjoyed before that country's Rohingya refugee crisis impacted growth. He also points to an untapped potential for South Korean tourist visits but recognises that good relations will have to be maintained between North and South Korea.

Finally, Dr Catherine Jones wrote about the state of North Korea's healthcare system and noted the difference in North Korea's constitutional claim of free universal healthcare with reality. She argued that not only does its system all too often fail to deliver but also that it currently delivers a substantially worse service to the country's poor. She notes the effects of sanctions and highlights the need for a healthy workforce for future economic growth. Nevertheless, Dr Jones notes that Kim Jong-un has made the healthcare sector one of the country's top priorities although North Korea will continue to need external support to address outbreaks of tuberculosis and other infectious diseases, and therefore the regime must build relationships externally.

Conclusion

Arguably the most significant influences on our original assessment of North Korea when we framed it in terms of reconstruction in key sectors was to include the spread of the COVID-19 virus into a global pandemic and the defeat of President Trump in the US Presidential Election of November 2020. The DPRK's response to the pandemic was to severely restrict travel across its borders beginning as early as January 2020 and thereby revert to the international isolation for which the regime has been known since the late 1940s. The DPRK regime has claimed that its efforts to protect the country from the COVID-19 virus has been successful and has resulted in no cases of any its citizens to have caught the virus since January 2020.

Undoubtedly, the COVID-19 pandemic has had a significant impact on the North Korean economy and may affect DPRK moves towards normalisation of relations with the ROK and the United States. Some believe that the long-term effects of the COVID-19 pandemic will include a reordering of global power among the international community and only strengthen North Korea's largest trading partner, China, in the global order.

Whether or not North Korea will be amenable to a newly enhanced 2021 'Moonshine Policy' remains to be seen, however, the silver lining of the pandemic may be that the DPRK has no choice but to seek normalised relations with the West. The DPRK's relations with a new US administration in 2021 and beyond will also be critical to prospects of reconstructing North Korea's economy in a healthy and globally connected economy.

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