



The DPRK: An Isolated Nuclear Armed Pariah State or Potential Co-Operative Economic ‘Tiger’



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By Colin McAskill

April 3, 2012

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I. Introduction

[caption id="attachment_23748" align="alignleft" width="300" caption="Photo credit: Associated



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Colin McAskill asserts that "to continue to link economic engagement with the nuclear issue [in the DPRK] proved to be not only counter-productive but foolhardy. Instead the US must continue the bi-lateral approach, announce publicly that the international banking system is open to the DPRK to use and encourage investors to participate directly in its economic development so they don't have to do so indirectly or clandestinely through China."

Colin McAskill's experience, dealing with as well as for-and-on-behalf-of the DPRK at the highest level, spans more than three decades. He has a deep-seated knowledge, understanding and first-hand experience of the DPRK, its strategies and tactics. He acted as an advisor for a decade during the period of the 'Bullion Shipments' into London; arranged training schedules for DPRK delegations in the UK; acted as the mandated representative for the DPRK during the 'Defaulted Debt' negotiations with the DPRK's 'London Club' creditors; acted as a mandated representative for the DPRK during the Banco Delta Asia banking crisis in Macau, as well as many other individual assignments. He made his first visit to the DPRK in 1979 and has been a regular visitor to the country over the years.

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II. Report by Colin McAskill

- "The DPRK: An Isolated Nuclear Armed Pariah State or Potential Co-Operative Economic 'Tiger'"

by Colin McAskill

Trying to affect 'Regime Change' in the DPRK through an imposed policy of isolation, media vilification and international sanctions, including the politicisation of 'Humanitarian Aid', has been thoroughly discredited and proven to be totally ineffective, and unworkable. More, it reflects ***'a fundamental misunderstanding of both the resilience of the DPRK and how to negotiate with it successfully'*** [\[1\]](#).

The surprise outcome of the third round of DPRK/US bi-lateral talks on 23rd February 2012, the first under the new leadership, confirms the general consensus of a smooth transition from Kim Jong-il (KJ-I) to his heir and designated successor Kim Jong-un (KJ-U), signalling an unexpected but much welcomed period of stability.

There is now clear indication that the new leadership is willing to engage bi-laterally if its partner

will respect its sovereignty and negotiate on equal terms. This unique chance for direct engagement between the main protagonists in this unnecessarily prolonged stand-off should not now again be squandered and every effort should be made to try and reach a settlement thereby drawing the DPRK out of its isolation and welcoming it into the global community.

The progressive decline of the DPRK's fortunes which led to such internal strife at the end of 1993 can almost certainly be narrowed to these major factors:

- The devastating natural disasters that befell the country causing widespread famine and near destroying the very delicate economic infrastructure it was in the process of building; and
- The collapse of the Soviet Union, up until then its most important trading partner and economic benefactor; and
- The country's archaic, inefficient economic structure and obsessive secrecy which most certainly exacerbated all of these problems.

Virtually powerless to devise any official programmes of aid at that time (*because of domestic political dynamics*) President Clinton appointed a 'Special Envoy' for the DPRK to see if a 'Private Sector Economic Initiative' could be organized to step into the breach.

A forum, the '*2nd Annual DPRK Forum – Engagement and Development in the DPRK*', was convened in July 2000 in Hawaii to try and address the issues [2] which concluded that the next step to normalisation of relations and conflict resolution with the DPRK '**will be best realised with small steps towards economic engagement and that those working with the DPRK must change their approach to accommodate the changes occurring there**'.

A proposal to establish a private sector 'transaction based' Development & Investment Fund focused on the DPRK's known mineral resources with proven foreign currency export potential was proposed and enthusiastically adopted by the forum as a feasible and viable initiative.

Very much a '*US private sector initiative*', actively encouraged by and with pledges of support from the investment community, prominent private individuals, NGO's and certain US Government (USG) agencies, it too eventually fell victim to the relentless pursuit of the new US administration's policy of 'Regime Change'. The project was moved to Asia but with such fierce opposition to and continuous interference with its implementation it was eventually shelved completely.

The sentiments and opinions expressed and embarked on at the Hawaii conference still hold good now, as they did then and could be resuscitated if the US administration would take the lead once more and work towards an effective bi-lateral solution which takes into account the views, aspirations and desires of all the parties concerned.

At the same time as he engaged the US, KJ-I also made unprecedented overtures to engage the Republic of Korea (ROK) seeking political stability and economic commitment to consolidate his position internally and reverse the economic decline.

A new democratically elected government in the ROK had decided to engage rather than confront the DPRK. There was also recognition that re-unification was simply too costly to contemplate for the foreseeable future, nor was it likely armed conflict would ensue unless there was extreme provocation.

There was however still the distinct possibility of economic collapse with all the attendant complications and serious attention was focused on some form of economic co-operation between

the two countries.

Although a growing emerging market economy the ROK nevertheless still remained outside the top ten in the ranking of the global economies with the DPRK languishing much further below. An increasing awareness in the ROK what a combined economic development could do for both countries began to materialize.

It was being muted that a 'one country of two political systems' with a 'united market economy concept' could rapidly propel it up the 'Global Economic Market Place' ranking ladder to as high as the top five, and even the top three to challenge Japan's dominance in the region, something not possible or even contemplated before.

Just as with the US, a change of government in the ROK immediately espoused a more hard-line, confrontational policy and similarly, in tandem with the US, embraced the 'Regime Change' concept, cancelling all forms of bi-lateral co-operation and squandering all the goodwill that had built up.

The combined US/ROK effort to isolate the DPRK and cause its collapse has driven a reluctant DPRK into greater reliance and dependence on China. China now has direct access to the DPRK's vast mineral resources [3] and is the DPRK's largest tactical investor which China will use for its own economic advantage.

The emergence of the DPRK as a nuclear armed power occurred not for any perceived or imaginary menace but because of an actual direct threat made by the US to its security and very survival; it is therefore a 'fait accompli' and should be dealt with as such.

To continue to link economic engagement with the nuclear issue proved to be not only counter-productive but foolhardy. Instead the US must continue the bi-lateral approach, announce publicly that the international banking system is open to the DPRK to use and encourage investors to participate directly in its economic development so they don't have to do so indirectly or clandestinely through China.

III. Endnotes

[1] McAskill, Colin, [The DPRK, the Nuclear Issue and the International Community: What Went Wrong, Why, What can be done in the Future](#), NAPSNet Policy Forum, March 6, 2012.

[2] [Engagement and Development in the DPRK](#), Report from the 2nd Annual DPRK Economic Forum, Honolulu, Hawaii, July 27-28, 2000.

[3] [A United Korea Reassessing North Korea Risks Part I](#), Global Economics Paper No: 188, Goldman Sachs Global Economics, Commodities and Strategy Research, September 21, 2009.

IV. Nautilus invites your responses

The Northeast Asia Peace and Security Network invites your responses to this report. Please send responses to: bscott@nautilus.org. Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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