

DMZ

International Forum on the Peace Economy

평화경제 국제포럼

August 29, 2019, 14:30 - 17:00
Lotte Hotel Seoul (36F, Belle-View Suite)

[Parallel Session III] Industry, Science and Technology

| Co-Hosts |



경제·인문사회연구회
NATIONAL RESEARCH COUNCIL FOR
ECONOMICS, HUMANITIES AND SOCIAL SCIENCES



KIEP 대외경제정책연구원
Korea Institute for International Economic Policy

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DMZ

International Forum on the Peace Economy

평화경제 국제포럼

August 29, 2019, 14:30 - 17:00
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[Parallel Session III]
Industry, Science and Technology

Establishing an Innovation Ecosystem for a
New Economy on the Korean Peninsula



Overview



Title	DMZ International Forum on the Peace Economy Parallel Session III - Industry, Science and Technology
Date & Time	August 29, 2019, 14:30-17:00
Venue	Lotte Hotel Seoul (36F, Belle-Vue Suite)
Organizer	Korea Institute for Industrial Economics & Trade, Science and Technology Policy Institute, Korea Information Society Development Institute

Theme	Establishing an Innovation Ecosystem for a New Economy on the Korean Peninsula Under the theme of "Establishing an Innovation Ecosystem for a New Economy on the Korean Peninsula," presenters will identify ways to strengthen the inter-Korean industrial relationship, specifically in the fields of science and technology, and information and communications (ICT). In addition, the presentations will focus on potential strategies and step-by-step plans for realizing industrial and regional cooperation initiatives on the Korean peninsula as a whole. Following the presentations, we will assess the current status of the North-South Korean relationship and discuss the opportunities and challenges for science, ICT, and industrial cooperation between two Koreas.
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Program



Time		Program
14:30 - 14:35	5'	[Opening Remarks] CHO Hwang-Hee President, Science and Technology Policy Institute <i>Republic of Korea</i>
14:35 - 14:40	5'	Photo Session
14:40 - 15:40	60'	[Presentations] Cooperation in S&T and ICT between South and North Korea for the New Economy of the Korean Peninsula LEE ChoonGeun Senior Research Fellow, Division of Global Innovation Strategy, Science and Technology Policy Institute <i>Republic of Korea</i> Strategies for Inter-Korean Cooperation to Realize a New Economy on the Korean Peninsula LEE SeogKi Senior Research Fellow, China & North Korea Industry Division, Korea Institute for Industrial Economics and Trade <i>Republic of Korea</i>
15:40 - 16:00	20'	Coffee Break
16:00 - 16:30	30'	[Moderator] KANG Hayun Research Fellow, Center for ICT Trade and Inter-Korean Cooperation Research, Korea Information Society Development Institute <i>Republic of Korea</i> [Presentation] Solving the North Korean Nuclear Issue and Deepening Economic Integration in Northeast Asia MIMURA Mitsuhiro Senior Research Fellow, Research Division, The Economic Research Institute for Northeast Asia <i>Japan</i>
16:30 - 17:00	30'	[Discussion] CHO Bong-hyun Head, Industrial Bank of Korea Economic Research Institute <i>Republic of Korea</i> NAM Sang-yirl Head, Center for ICT Trade / Inter-Korean Cooperation Research, Korea Information Society Development Institute <i>Republic of Korea</i> SONG ChiUng Chief Director , Division of Global Innovation Strategy, Science and Technology Policy Institute <i>Republic of Korea</i>

Industry, Science and Technology

Establishing an Innovation Ecosystem for a
New Economy on the Korean Peninsula



Cooperation in S&T and ICT between South and North Korea for the New Economy of the Korean Peninsula

Presentation

LEE ChoonGeun

Senior Research Fellow
Science and Technology Policy Institute

Republic of Korea

Dr. LEE ChoonGeun (cglee@stepi.re.kr),

Senior Research Fellow at Science and Technology Policy Institute (STEPI), is a researcher who has the strong background in science & technology policy, system of socialist nations including North Korea and China. His research has been concentrated on North Korea's S&T system and its defense technologies.

He received his bachelor's and doctoral degrees in engineering from Seoul National University in Korea, and another doctoral degree in education from Beijing Normal University in China. He also has been a visiting scholar at APARC (Asia Pacific Research Center) of the Stanford University in 2008, Sociology of Science Research Center of the Peking University in 1998, IPM(Institute of Policy & Management) of the Chinese Academy of Science in 1997.

He served as a member of the National Unification Advisory Council of Korea, vice president of the Korean Association of North Korean Studies, Special member of the Committee for Unification Preparation, chief representative of the Korea – China Science & Technology Cooperation Center, vice president of the Yanbian University of Science & technology.



< DMZ >

Cooperation in S&T and ICT between South and North Korea for the New Economy of the Korean Peninsula

August 2019

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STEPi SCIENCE AND TECHNOLOGY POLICY INSTITUTE

I. S&T and ICT Policy Changes in Kim Jong-un Era

1. Knowledge Economy and Nuclear Weapons

■ Knowledge Economy

- Reform of National Academy of Science
- Expansion of the National ICT Network
- Strengthen the Collection and Dissemination of Knowledge Information
- Expansion of University Education : On-line Education

■ Parallel Pursuit of Economic Development and Nuclear Weapons

- Reform and Redeployment of Defense Research Institutes
- The 6th Nuclear Test : Fission and Fusion Weapons and its Supporting Systems
- Modernization of Delivery Means : Tactical training

➔ International sanctions : self-reliance

➔ GNI/p(2017) \$1,214 : world ranking 155th

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I. S&T and ICT Policy Changes in Kim Jong-un Era

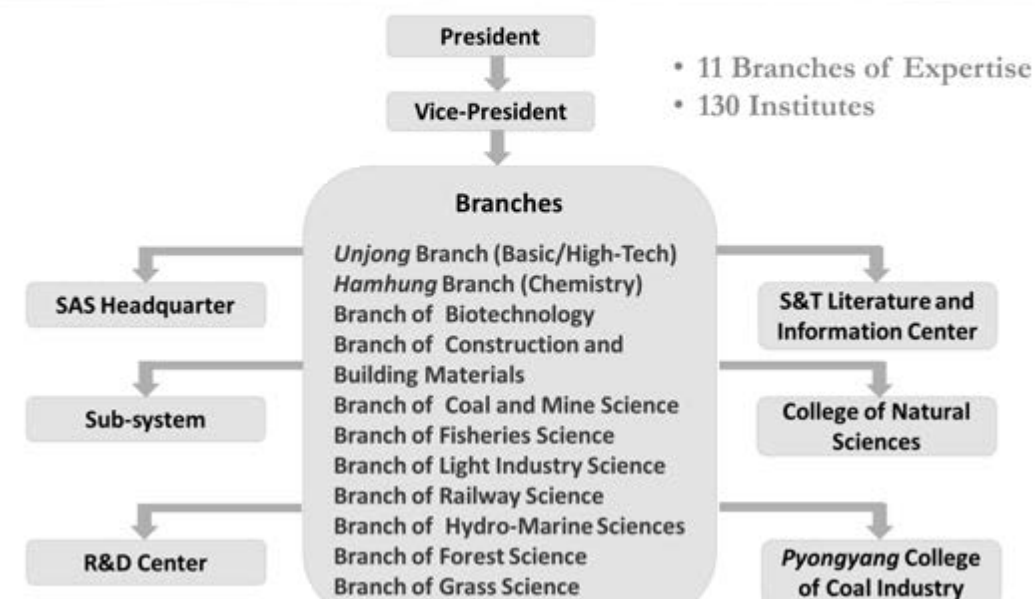
II. Fostering High-Tech Industries

III. Inter-Korean Cooperation for the New Economy of Korean Peninsula

STEPi SCIENCE AND TECHNOLOGY POLICY INSTITUTE

I. S&T and ICT Policy Changes in Kim Jong-un Era

2. Reform of National Academy of Sciences(NAS) :



I. S&T and ICT Policy Changes in Kim Jong-un Era

3. 1. Fiveyear S&T Development Plan

1 st (1998~2002)	2 nd (2003~2007)	3 rd (2008~2012)	4 th (2013~2017)
Rebuilding People's Economy and Technology	Solving Energy Problems (6 Sectors)	4 Primary Issues in People's Economy (Electricity, Coal, Metal, Railway& Transportation)	Solving Energy Problems (Power Production, Electricity Saving)
	Normalizaton of Infrastructure (5 Sectors)		Juche(Self-Reliance) and Modernization of Industry (Metal, Chemistry, Coal, Machinery, Electronics, Building Materials, Light Industry, Territorial Environment, Urban Management)
	Technological Change of the People's Economy (8 major sectors 53 subjects)	Rebuilding & Modernization of People's Economy (Resources, Mining, Machinery, Chemistry, Building Material, Territorial Environment)	

II. Fostering High-Tech Industries

1. Strengthening Core Technologies

- **Emphasis on the CNC and IT** : Core of Enhancing Knowledge Economy
 - Fostering the Info-Communication Industry & Emphasis on the Profitable Projects (IT Devices, Mobile Communication and E-Commerce) *KCC: Korea Computer Center
 - Break-up of the KCC* and Increasing Overseas ICT Workers
- **Enhancing Methods for Distributing Information**
 - Construction of S&T Hall and Establishment of S&T DB System
 - On-line Education, Remote Medical Service
- **Raising Scientists' Morale**
 - Wisong Scientists Residential District, Unha & Mirae Scientists Street
 - Faculty Houses at Kim Il-sung University and Kim Chaek University of Technology
 - Yunpoong Scientists Resorts, Mirae Shop (Newly built commercial district)

I. S&T and ICT Policy Changes in Kim Jong-un Era

3. 2. Fiveyear S&T Development Plan

1 st (1998~2002)	2 nd (2003~2007)	3 rd (2008~2012)	4 th (2013~2017)
Improving People's Economy (6 Sectors)	Improving People's Life (7 Sectors)	Solving Food Shortage (Agriculture, Fisheries, Light Industry, Health Care)	Solving Living Issues (Agriculture, Livestock, Fruit Growing, Fisheries)
Basic and High-tech Technology (5 Sectors)	High Technologies (5 Sectors, 37 Subjects)	High Technologies (IT, NT, BT, Energy, Aerospace, Marine, Laser, Plasma)	Emphasizing the Importance of High Technologies (IT, BT, NT, New Material, New Energy, Aerospace)
	Basic Sciences (4 Sectors)	Basic Sciences (Math, Physics, Chemistry, Biology, Geography)	Basic Sciences (Math, Physics, Chemistry, Biology, Geography)

Knowledge Collection and Dissemination

정보 생산	정보 전달	정보 접속	정보 활용
과학기술전당	네트워크 시스템	핸드폰, 태블릿 컴퓨터, 전자도서관 등	기업소
 		  	

The Hall of Science and Technology



Online University



<Arirang, Factory 511> <Samjiyon, KCC> <Ryonghung, yongaksan
General Trading Company>



Raising Scientists' Morale : Provide House



II. Fostering High-Tech Industries

2. CNC(Computer Numerical Control)

Step 1	Improvement of old and conventional equipment: Simultaneous implementation of CNC System
Step 2	Establishment of the Automated Flexible Production Zone where the CNC system is applied to the production technology (Higher level of CNC industrialization)
Step 3	Establishment of the Integrated Computer Production System which controls both production process (order, plan, design, manufacturing, inspection, sales) and management fields (human resources, materials, equipment, accounting) by computer network
Step 4	Realization of unmanned control

- Promoting the 2nd stage in some core model plants, while implementing the 1st stage nationwide
- Expanding the Automation Institute at *Kim Chaek University of Technology*

II. Fostering High-Tech Industries

3. Establishment of High-Tech Development Zone

Special Economic Zones in North Korea

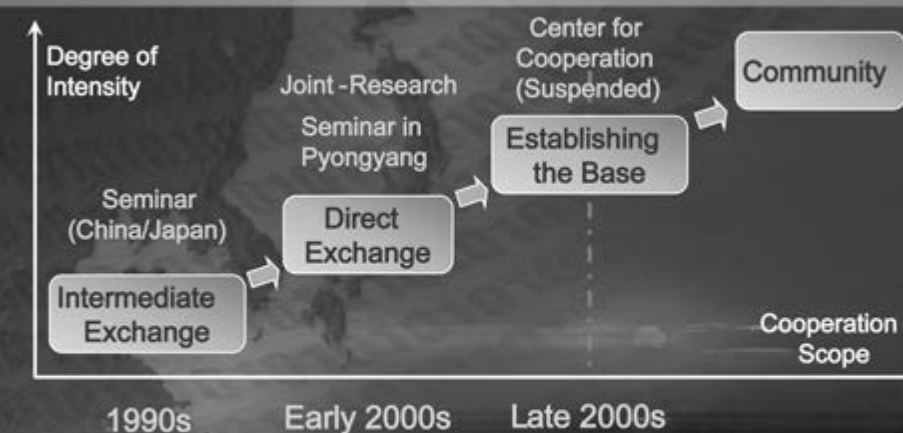


Huichon Ryonha Machinery Plant



III. Inter-Korean Cooperation for the New Economy of Korean Peninsula

1. Progress of Inter-Korean S&T Cooperation



- The agreement on building the Center for Cooperation was suspended in the late 2000s, which had been derived from the intermediate and direct exchanges
- Recently, the inter-Korean cooperation shows signs of activity in the private sector

III. Inter-Korean Cooperation for the New Economy of Korean Peninsula

2. Cooperation between STEPI, South Korea and North Korea

- Setting up a communication channel with the NAS
 - Organizing 20 times of conferences among South-North-Overseas Koreans
 - Demand Survey and Projects Matching
- Invigoration of NK S&T Research Society
 - Holding experts' workshops, data collecting and distribution
 - Understanding NK National R&D Agenda: e. g. 5-Year Plan for S&T Development
 - Grasping the NK NAS and other principal research trend
 - Evaluating the main industrial technology development and the performance
- Policy Recommendation, Media Response and Article Submission

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III. Inter-Korean Cooperation for the New Economy of Korean Peninsula

3. Environmental Change

- The 6th Nuclear Test and Missile Launch of NK
 - Armed Provocation, SLBM, SRBM, MRLS, Cyber Attack, Drone, etc..
 - Shutdown of Kaesong Industrial Complex
 - International Sanction
- Launch of New Government
 - Inter- Korean Summit, USA, China, Russia...
 - Progress in Denuclearization Negotiations
 - But in the Face of a lot of Problems
- Step-by-step Cooperation
 - Link to progress in denuclearization of North Korea
 - Cooperation with the International Community

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III. Inter-Korean Cooperation for the New Economy of Korean Peninsula

4. Stepby-step Cooperation:

Inter -Korean Relations	Maintenance of Status Quo	Invigoration	Conclusion of Comprehensive Negotiations
Cooperation Direction	<input type="checkbox"/> Public welfare -based cooperation <input type="checkbox"/> Multilateral Cooperation <input type="checkbox"/> Construction of Infrastructure	<input type="checkbox"/> Science and technology -led cooperation <input type="checkbox"/> Establishment of cooperation channel <input type="checkbox"/> Enrichment of Cooperation Programs	<input type="checkbox"/> Infra -building Cooperation <input type="checkbox"/> Construction of Hubs <input type="checkbox"/> Industrialization
Major Tasks	▷ Forest science ▷ Smart agriculture / fishing village ▷ Disaster prevention, recovery	▷ Utilization of Natural products / microbial ▷ Prevention of epidemics ▷ Joint R & D Projects ▷ Establishment of Inter -Korean S&T Cooperation Center	▷ Fostering IT specialists ▷ Knowledge Sharing System ▷ Advancing the NK Industries with comparative advantage

*Thank you
for
your attention!*



Industry, Science and Technology

Establishing an Innovation Ecosystem for a
New Economy on the Korean Peninsula



Strategies for Inter-Korean Cooperation to Realize a New Economy on the Korean Peninsula

Presentation

LEE SeogKi

Senior Research Fellow
China & North Korea Industry Division
Korea Institute for Industrial Economics and Trade

Republic of Korea

LEE SeogKi is a Senior Research Fellow at Korea Institute for Industrial Economics and Trade(KIET). He obtained his BA, MA, and Ph.D degree in Economics at Seoul National University, Korea. He joined KIET in 1988 and have been working 30 years. His major research area is North Korean economy, mainly North Korean industry and firms and Inter Korean Industrial Cooperation. His notable recent studies are A Study on The Economic Reform in North Korea under Kim Jung Un(2018), Strategies and Action Plans for Industrial Cooperation between South and North Korea in Preparation for Unification (2016), North Korean Firms (2014), North Korea's Potential for Industrial Development and Tasks of South- North Cooperation (2013) and North Korean Industries and Firms in 2000s : recovery and Operation Mechanism (2010).

Strategies for Inter-Korean Cooperation to Realize a New Economy on the Korean Peninsula

Lee, SeogKi

August 29, 2019

KIET 산업연구원

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1. Basic Principles of Inter-Korean Industrial Cooperation
2. Phases of Inter-Korean Industrial Cooperation
3. Sector-specific Strategies for Inter-Korean Industrial Cooperation

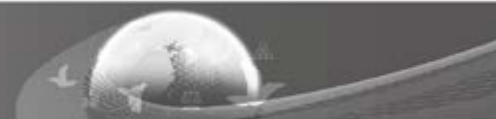
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Introduction

- The Moon Jae-in administration of South Korea has announced its so-called Plan to Realize a New Economy on the Korean Peninsula, a new vision for inter-Korean industrial cooperation to be implemented as a national project.



- The plan envisions the formation of three economic cooperation belts and a unified market in the pursuit of the joint prosperity of both Koreas through economic cooperation.
 - East Sea Economic Belt for energy and natural resources: Jointly develop the area spanning Mt. Kumgang, Wonsan-Tanchon and Chongjin-Rason and connect them to the East Sea areas of South Korea and Russia
 - Yellow Sea Economic Belt for industry, logistics, and transportation: Build this belt along the Yellow Sea that links the Seoul metropolitan area, the Kaesong Industrial Complex, the Pyongyang-Nampo area, and Sinuiju
 - DMZ Economic Belt for the environment and tourism: Form a tourism belt that connects Mt. Seorak, Mt. Kumgang, Wonsan, and Mt. Baekdu and develop the DMZ as a tourism hotspot for ecology, peace, and security
 - Unified market: Establish an economic community through market-based cooperation between the two Koreas and pursue economic integration
- As the vision for the Plan to Realize the New Economy of the Korean Peninsula only suggests a final goal, devising feasible strategies is crucial through comprehensive regional and industrial plans.



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I. Basic Principles of Inter-Korean Industrial Cooperation

- **Pursue comprehensive and multifaceted cooperation across industries and regions, utilizing diverse cooperation methods**
 - Limited economic cooperation near inter-Korean border regions is insufficient to achieve joint economic prosperity of both Koreas.
 - Priority areas and cooperation methods should be selected based on the purpose and conditions for industrial cooperation
- **Swiftly secure and use North Korea's resources through inter-Korean economic cooperation.**
 - Economic cooperation should seek to improve the North's production facilities, its labor force and technological expertise in manufacturing.
- **Place high priority on economic benefits of both Koreas**
 - In 2018, the Panmunjom Declaration for Peace on April 27 and talks held in Pyongyang from September 18 to 20 ultimately produced a bilateral military agreement on September 19 that laid the foundation for promoting peace between the two Koreas and reducing military tension.

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I. Basic Principles of Inter-Korean Industrial Cooperation

- **Ensure that the division of inter-Korean labor promotes the growth potential and global competitiveness of South Korea's industries**
 - The mid- and long-term goals of inter-Korean industrial cooperation should facilitate the South's industrial restructuring and growth potential for major sectors and new growth engines.
- **Help the North take joint initiative**
- **Display flexibility in responding to changes while placing high priority on joint inter-Korean projects**

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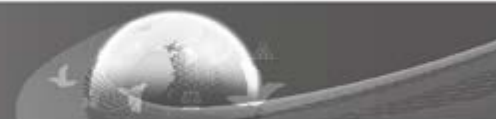
II. Phases of Inter-Korean Industrial Cooperation

- **Phase 1: Status**
 - Inter-Korean industrial cooperation considered practically impossible
 - Need for a master plan for such cooperation
 - Most joint inter-Korean projects related to humanitarian support
- **Phase 2: Partial lifting of economic sanctions on North, limited bilateral economic cooperation**
 - Strengthen the capabilities of the North's manufacturing sectors and implement projects laying the foundation for inter-Korean industrial cooperation
 - Joint projects in manufacturing could efficiently improve the North's infrastructure
 - Carry out initial projects for cooperation in tech-intensive areas
- **Phase 3: Complete lifting of economic sanctions on North, full-fledged bilateral economic cooperation**
 - Attract investments in the North that target its growing domestic market
 - Pursue more sophisticated bilateral cooperation in tech-intensive areas
 - Expand regions for industrial cooperation

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II. Phases of Inter-Korean Industrial Cooperation

- **Mid and Long Term**
 - Bolster the global competitiveness of major South Korean industries and nurture the North's growth engines through the division of inter-Korean labor
 - Attract investment in the North's materials sector (i.e., metals and chemicals) and major industries such as machinery, cars and shipbuilding and promote the full-scale division of labor
 - Promote industrial cooperation in the core regions of Pyongyang-Nampo, Chongjin, Hamhung, and Wonsan



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III. Sector-specific Strategies for Inter-Korean Industrial Cooperation

1. Projects to Lay the Foundation for Cooperation

- **Substantially invigorate inter-Korean trade in consignment processing**
 - This joint endeavor could lay the foundation for inter-Korean industrial cooperation for a short period by utilizing the North's existing facilities and labor force of small and medium enterprises.
 - This will help create the conditions to strongly promote such cooperation through investments and lay the cornerstone for joint efforts to form a unified market on the Korean Peninsula.
- **Projects to boost the production capabilities of North Korea's SMEs**
 - Improve the production capabilities of the North's SMEs by providing support for facility upgrades
 - Can help increase the supply of consumer goods to North Koreans as well as minimize costs for inter-Korean economic cooperation
- **Joint manufacturing ventures to improve the North's infrastructure via inter-Korean cooperation**
 - Bolster the supply of materials to build and upgrade the North's railways and roads through joint projects for upgrading and increasing the production capacity of facilities
 - Rails, railroad connections, communications facilities, cement, others

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III. Sector-specific Strategies for Inter-Korean Industrial Cooperation

2. Full-fledged Cooperation

A. Widely promote industrial cooperation by utilizing demand in the North

- Raw and subsidiary materials including textile and industrial machinery
- Construction machinery and materials to meet construction demand in the North
- Demand for services, including logistics, finance, and producer services

B. Full-fledged cooperation in tech-intensive sectors

- Initial support for the North should consist of tech assistance and support for the government's ability to develop tech capacity and human resources to help the nation emerge as a production base for tech-intensive manufacturing.
- Division of inter-Korean labor in R&D: mainly for tech development of SMEs

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III. Sector-specific Strategies for Inter-Korean Industrial Cooperation

- **Joint projects to increase the North's agricultural productivity**
 - Raise the North's agricultural productivity and reform via economic cooperation and boost the labor supply in manufacturing industries
 - Conduct cooperation in agricultural materials sector including agricultural machinery, parts and pesticides
- **Joint development of small- and mid-size economic development zones to set manufacturing hubs for inter-Korean economic cooperation**
 - Areas near the Yellow Sea such as the Pyongyang-Nampo region have relatively good infrastructure and a solid industrial foundation and should be developed first. But consideration should also go toward developing the Chongjin Economic Development Zone, Hungnam Industrial Development Zone in Hamhung, and Hyondong Industrial Development Zone in Wonsan.
- **Form industrial clusters for textiles and apparel in Pyongyang**
 - Comprehensively develop areas in which the North can participate in the supply chain of the textile industry
 - Develop an industrial cluster for textiles and apparel in Pyongyang, which already has a sufficient labor force and industrial infrastructure, rather than build a separate large-scale zone
 - Strengthen the design and export capabilities and increase the production capacity of textile factories, including the Pyongyang Kim Jong-suk Textile Factory, the Pyongyang Kim Jong-suk Silk Mill the Pyongyang Textile Machinery Plant and about 100 sewing factories in Pyongyang

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III. Sector-specific Strategies for Inter-Korean Industrial Cooperation

- **Stages of implementation**
 - Phase 1: Cooperative projects for humanitarian support
 - Phase 2: Support for small- and mid-size tech-intensive sectors via joint projects to improve the capabilities of such industries in the North through the formation and operation of technoparks
 - Phase 3: Full-fledged inter-Korean cooperation along with investments in the North's tech-intensive sectors; ensure Pyongyang serves as a hub for inter-Korean cooperation in tech-intensive industries through joint development of Unjong High-Tech Development Zone; invigorate startups through inter-Korean cooperation and wider collaboration in R&D

III. Sector-specific Strategies for Inter-Korean Industrial Cooperation

3. Setup of Hubs

- Revisit the idea of developing a large-scale economic zone in the initial stage of inter-Korean economic cooperation
- Small- and mid-size hubs should be developed first in consideration of existing economic development zones established by the North. A large-scale zone should come after North Korean authorities can jointly take the initiative in developing such zones.
- If the North agrees, the Pyongyang- Nampo region should be developed first rather than implementing large-scale development of Haeju near the inter-Korean border.
- A manufacturing hub is needed to facilitate inter-Korean cooperation in the Rajin-Sonbong region, along with Chongjin and Hamhung, which are major areas for the heavy chemical industry.
 - Chongjin needs to emerge as a hub for industrial cooperation in North Korea's northeastern region.
 - A hub city in the North is needed for projects to build and upgrade railways and roads near the East Sea to develop the proposed East Sea Economic Belt for energy and natural resources.
 - A hub city in the northeastern region of the North is needed to promote the New Northern Economic Cooperation Policy.
 - Hub cities for cooperation in manufacturing should be Hamhung, the North's largest chemical industrial zone, and Wonsan, where the proposed Wonsan Kalma Coastal Tourist Zone is expected to improve living conditions in and access to the port city.

Thank you very much.

III. Sector-specific Strategies for Inter-Korean Industrial Cooperation

4. Division of Inter-Korean Labor for South Korea's Major Industries

- **Need for and direction of implementation**
 - South Korea's major industries including automotive, shipbuilding, steel, chemicals, machinery, and ICT-driven manufacturing have struggled to maintain competitiveness due to changes in the global industrial structure and emerging Chinese competitors, thus facing pressure to conduct aggressive restructuring.
 - North Korea can take the lead in the labor-intensive operations of new industries, or major existing sectors can transfer such operations to the North to boost price competitiveness.
 - Division of inter-Korean labor in major industries through industrial cooperation is expected to facilitate industrial restructuring in the South and foster new growth engines in the North.
- **Steel**
- **Chemicals**
- **Cars**
- **Shipbuilding**



Moderator
KANG Hayun

Research Fellow
Center for ICT Trade and Inter-Korean Cooperation Research
Korea Information Society Development Institute

Republic of Korea

Dr. KANG Hayun is a research fellow of the Center for ICT Trade and Inter-Korean Cooperation Research at the Korea Information Society Development Institute (KISDI). KISDI is a government-affiliated policy research institute, in Korea, focusing on socio-economic aspects of broadcasting as well as telecommunications, and international cooperation.

Dr. KANG Hayun's main research interests are in trade rules of the digital economy, inter-Korean cooperation in ICT matters, ICT policy development of developing countries. Dr. KANG Hayun served as expert adviser and negotiator for the Korean government for various international trade agreements such as the Korea-US FTA, Korea-China FTA as well as participated in WTO trade in services negotiations. Dr. KANG Hayun has shared Korea's experience in trade liberalization and economic growth with developing countries at international events hosted by UNCTAD, APEC-TEL and other international bodies. Currently Dr. KANG Hayun is engaged in research on inter-Korean co-operation in the area of 4th Industrial Revolution.

Dr. KANG Hayun is a graduate of the University of British Columbia, Canada, and completed Ph.D. in international relations at Northwestern University, USA. Dr. KANG Hayun has ministerial citations from the Ministry of Information and Communications, Ministry of Finance and Economy and from the Korea Communications Commission, Republic of Korea.

Industry, Science and Technology

Establishing an Innovation Ecosystem for a
New Economy on the Korean Peninsula



Solving the North Korean Nuclear Issue and Deepening Economic Integration in Northeast Asia

Presentation

MIMURA Mitsuhiro

Senior Research Fellow

Research Division

The Economic Research Institute for Northeast Asia

Japan

Dr. MIMURA Mitsuhiro is a Senior Research Fellow of Research Division at ERINA (Economic Research Institute for Northeast Asia) in Niigata, Japan.

Dr. MIMURA Mitsuhiro received Ph. D. in Jurisprudence from Graduate School of Law, Osaka University, Japan in 2001 for his research on the law of the Democratic People's Republic of Korea (DPRK). Upon graduation, he has conducted his research at ERINA. He also obtained a doctor of law from the DPRK in 2013 for his research on the role of the law in the economic development of the DPRK. His area of study includes the Northeast Asian economic cooperation and integration, especially related to the economy of the DPRK, the law of the DPRK, and Inter-Korean Relationship.

Since 1996, he has visited North Korea more than forty times. He often visits various cities in Northeast Asia including Beijing, Pyongyang, Seoul, Shenyang, Tokyo, Ulaan Baatar and Vladivostok for academic exchange. He is one of the rare Japanese scholars who are able to exchange thoughts directly with North Koreans scholars in Pyongyang. Supported by colleagues in both Koreas, China, Russia, the U.S., the E.U. and Japan, his research has deep insight into how Northeast Asia and widely accepted in Northeast Asian countries including North Korea. Based on his unique experience, he advocates a new perspective of integrated North East Asian economy.

Solving the North Korean Nuclear Issue and Deepening Economic Integration in Northeast Asia

MIMURA Mitsuhiro
Economic Research Institute for
North Asia

Changes in US Northeast Asian Policy

- Obama Administration
 - Abandonment of the role of the “world Police” and rebalance to the Asia-Pacific region
 - Passive Response to the North Korean Nuclear Issue 북핵
- Trump Administration
 - Recognize North Korea's nuclear issue as a US security crisis
 - Proactive resolution through diplomatic and military options
 - US's strict position against China and China's abandonment of depending on the US=more independent position=BRI and Renminbi internationalization

Changes in the security environment in Northeast Asia

- Korea's Economic Growth and Change from Minor to Middle Power
 - Seoul Olympics-> OECD Membership-> G20
 - China's Economic Growth and its Rise as a regional power; the world's second largest economy
 - From keeping a low profile (韬光養晦) to seeking active involvement
- Changes in the US Global Strategy and Northeast Asian Policy

North Korea's status in International Economic Order after denuclearization

- From the “enemy of US” to just a commonplace developing country
 - Relaxation and abandonment of unilateral sanctions of the US, Japan, ROK, EU, etc. and international sanctions based on UNSC resolutions
 - Return to the International Banking System (Payment)
 - Promotion of affiliates such as WTO, ADB, AIIB, IBRD, WIPO, and IMF



North Korea's status in International Economic Order after denuclearization

- Development aid from neighboring countries, e.g. Japan, ROK, China and Russia
- China's Role Increases in Phased Denuclearization
 - China's Role as North Korea's Guardian: Promoting Economic Development as a part of the Belt and Road Initiative

If North Korea wants to be a “commonplace developing country” ...

- Promotion of North Korea-China economic cooperation and modification of the excessive dependence to Chinese economy
 - Diversification of trade and investment relations, especially close relations with Japan and Southeast Asia, and seeking new global trade partners
 - Promotion of projects already mentioned but not being promoted, such as Russia-North-South natural gas pipeline and Northeast Asian power grid

If North Korea wants to be a “commonplace developing country” ...

- It needs to maintaining stable relations with neighboring countries
 - Stable South-North relations and seeking mutual benefit in economic cooperation
 - Promotion of the normalization of diplomatic relations between Japan and North Korea, restoring economic relations (trade, investment) between the two countries, and Japan's economic assistance to North Korea

Northeast Asia: Overlapping Competition and Cooperation

- From antipathy of US-JP-KR vs. CN-RU-KP to efforts of constructing Northeast Asia by Northeast Asian People
- Expansion of the Belt and Road Initiative into the financial sector and China's regional hegemony on the Eurasian continent
- Russia seeks to neutralize US sanctions by strengthening strategic relations with China



Necessity of efforts by neighboring countries to make North Korea a “commonplace developing country”

- China: Enhancing policy transparency by opening its financial markets and domestic markets
- Japan: Preparation of a comprehensive policy towards Northeast Asia Policy and promotion of normalization talks with North Korea
- South Korea: Efforts to seek understanding between North Korea and the international community on the idea of unification
- Russia: Improved relations with EU by resolving Ukraine issues = in order to promote cooperation with Japan and South Korea

The essence of resolving the North Korean nuclear issue is to establish a new international order in Northeast Asia.

- Willingness of North Korea to become a middle-income country from underdeveloped countries and continued efforts for economic reform
- The fruit incurred by the end of the Cold War comes 30 years late in Northeast Asia (vs. EU region)

The essence of resolving the North Korean nuclear issue is to establish a new international order in Northeast Asia.

- Efforts should be made to establish a new political, security and economic order in which Northeast Asian countries can cooperate and resolve problems without relying on non-regional countries.
- More active communication between China/Russia and Japan/South Korea
- Enhancing policy transparency and ensuring “quality of market” in China and Russia

Efforts to promote Economic Integration in Northeast Asia

- Efforts to establish a free trade order with a focus on manufacturing in Northeast Asia and open up supply chains and commodity market
- Building an economic order to secure trade and investment activities, including financial settlements
- Support from neighboring countries to keep the Kim Jong-un regime's market-friendly policy in the future
- The wisdom of the neighboring countries to let North Korea put more emphasis on economy is important.

Thank you!

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Discussant

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Dr. CHO Bong-hyun has for nearly three decades studied the North Korean economy, intrapeninsular relations and the North-South experience and is a specialist in the economics of peace on the Korean peninsula. He currently sits on the President's Northern Economic Cooperation Committee, is a member of the Democratic and Peaceful Unification Advisory Council and co-chairs the Korean Association of North Korean Studies.

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NAM Sang-yirl is a senior research fellow and head of Center for ICT Trade and Inter-Korean Cooperation Research at the Korea Information Society Development Institute (KISDI). KISDI is a government-affiliated policy research institute, in Korea, focusing on socio-economic aspects of broadcasting as well as telecommunications, and international cooperation.

His main research interests are in international trade policy, technical barriers to trade (TBT), trade and development, information and communication technology (ICT) cooperation in international organizations, and inter-Korean cooperation. Before join in KISDI, he worked as a research fellow at the Korea Institute for Industrial Economy and Trade (KIET) and the Korea Institute for International Economic Policy (KIEP). He served as the advisor to the Minister at the Ministry of Trade, Industry and Energy (MOTIE) of Republic of Korea on international trade policy issues. He gave consultation to foreign countries including Mongolia, Cambodia, and Brazil for their economic development and trade policy related issues. He also served as the executive director of APEC Education Foundation (AEF), the executive director of Korean National Center for APEC Studies Consortium, and the executive director of Korea National Committee for Pacific Economic Cooperation (KOPEC). Besides, he served as a vice chair of Working Party on Information Economy (WPIE), Organization for Economic Cooperation and Development (OECD) and currently serves as the chair of Telecommunications and Information Working Group (TELWG), Asia-Pacific Economic Cooperation (APEC).

He earned his B.A. and M.A. degrees in Economics from Seoul National University, Seoul, Korea and his Ph.D. degree in Economics from University of Pennsylvania, Philadelphia, U.S.A. He was given ministerial citations from the Ministry of Information and Communications, and from the Korea Communications Commission, Republic of Korea, respectively.

Industry, Science and Technology

Establishing an Innovation Ecosystem for a
New Economy on the Korean Peninsula



Discussant

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Dr. SONG ChiUng (cusong@stepi.re.kr), Senior Research Fellow at Science and Technology Policy Institute (STEPI), is a researcher who has the strong background both in global cooperation in Science, Technology & Innovation as well as in Economics of Technology and Innovation.

Dr. SONG ChiUng is currently the Chief Director of Division for Global Innovation Strategy in STEPI. He has been actively participated in various global cooperation projects in science, technology and innovation during last few years.

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From 2012 to 2016, Dr. SONG ChiUng has been an Adjunct Professor at the Department of Urban Planning in Gachon University. At the same time, he has provided lectures on Economics at Hankook University of Foreign Studies, Kyonggi University and Seoul National University.

In addition, Dr. SONG ChiUng has been a key member of various academic societies such as the Korea Productivity Association (editorial board), the Korea Society for Innovation Management and Economics (member of board) and International Association of Area Studies (vice president). As a policy researcher, Dr. Song served as an expert advisor for Presidential Advisory Council on Education, Science and Technology during the year of 2011.

