

## *The Conditions and Road-Maps for the Success of Inter-Korean Economic Cooperation*

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### **Summary**

On 15 April 2012, Kim Jong Un, the new North Korean leader declared that “the promotion of the industrial revolution in the new century” is the current task of North Korea. Shortages in funding and technology lead North Korea to work in concert with the international community, especially with the ROK, in order to accomplish its economic projects. Even though both Koreas work well in South-North cooperation, it is difficult to ensure a fruitful outcome for the industrial revolution unless North Korea adopts a socialist market economy.

North Korea will not adopt a socialist market economy readily because it places the highest priority on the stability of the regime. A peace regime on the Korean peninsula should be built and uncertainties on security must be eliminated in order to have North Korea adopt a socialist market economy. There is no guarantee that a peace regime on the Korean Peninsula would directly lead to North Korea introducing a socialist market economy immediately. However, as long as North Korea does not introduce a market economy, achievements in inter-Korean cooperation will be hard to obtain.

It is difficult for North Korea to revitalize its economy within the scheme of existing economic management. North Korea will have to start a partial reform and opening-up and to accept its spontaneously arisen market, while maintaining a centrally planned economy at the same time. In order to build the foundation of an economic community on the Korean Peninsula, the first priority should be restoring trust between the two Koreas. Then the military tensions between the two Koreas should be eased by low-level security exchanges. Thirdly, South-North economic cooperation should be developed by establishing a militarily-guaranteed basis for exchange and cooperation.