

# Economic Cooperation Is on Eurasian Agenda

by Our Special Correspondent

The sudden announcement by the United States on Oct. 16, that the Democratic People's Republic of Korea had "admitted" to a nuclear weapons program, had much to do with relations between Europe and Asia, as well as U.S.-Asian relations. A seminar in Berlin Oct. 27-28, organized by the European Institute for Asian Studies (associated with the European Parliament in Brussels) and the German, French, Dutch, and Danish Asian Studies Institutes, debated the equally sudden visit to Brussels of a high-level delegation from Pyongyang, to discuss European cooperation to help "build a powerful national economy" in the D.P.R.K.

The North Korean delegation consisted of Vice Foreign Minister Choi Su-hon, Vice Director for Europe of the Foreign Ministry So Chang-sik, and Foreign Ministry Section Chief for European Affairs Kim Song-gyong. Kim Song-gyong had served for some time as a diplomat in Paris. This group had literally "turned up" in Brussels, asking European Parliament members and policymakers—including participants in previous European Union delegations to Pyongyang—to organize a discussion forum. The North Koreans also wanted representation from the EU presidency, which was provided by Danish State Secretary for Foreign Affairs Carsten Staur.

The date of this surprise seminar had been Oct. 15—just one day before Washington's "North Korean nuclear surprise." The coincidence did not go unnoticed among European policymakers. This Brussels seminar, and the one in Berlin less than two weeks later, are part of a process of economic and political relations between Europe and the D.P.R.K., which have been progressing slowly but surely, during the past several years. The Berlin discussion was on the topic of "federalism and integration" of the EU; the Korean peninsula; and China, including Taiwan.

## North Korea Wants Europe's Aid

The Pyongyang delegation had been invited to Brussels in October 2000, when Swedish Prime Minister Goeran Persson, representing Sweden and the EU, went to North Korea to meet Kim Jong-il, and launch the process of European nations' official recognition of the Pyongyang government. In November 2000, an Italian delegation, led by Industry Minister Enrico Letta, and including, on Pyongyang's request, representatives of leading Italian industries, went to the D.P.R.K. Rome had played a key role in helping foster reconciliation between North and South Korea, and Pyongyang

requested that bilateral relations be set up with Italy, which became the first step to general recognition by the EU member nations, completed in early 2001. North Korea accepted the invitation in 2000, but took two years to act upon it.

However, once in Brussels, the D.P.R.K. was very clear about what it urgently needs, which is economic cooperation. The delegates came to examine the European economic systems, and to request cooperation with their goal, to "build a powerful national economy," and to achieve "gradual recovery" from what they termed "natural disaster." The North Korean side called for a political dialogue with Europe on security issues, economic partnership, and fostering economic reforms in North Korea.

The Pyongyang delegation presented a very specific and well-considered wish-list: European investment in key industries, including power and energy, transmission networks, information technology centers, and plants to generate software for industrial machinery. A critical demand was help to "solve the food problem." This means advice on carrying out "land re-zoning" (i.e., reform of the current communal system); on how to produce more potatoes; and how to implement double cropping—an indication of just how backward D.P.R.K. agriculture is, since double and triple cropping is now standard practice throughout Asia. The North Korean delegation also wanted consultation on "price and salary adjustment;" on how to "give full play to the creative forces of entrepreneurs;" and on giving "rewards according to work done." They emphasized North Korea's mineral resources, including zinc, gold, magnesium, and lead, which need developing, and promoted their "high level of human resources" for building this new economy.

Security issues were also very important. As was discussed in the Berlin meeting on Oct. 28, in recent years, European concepts of security—tending towards confidence-building and conciliation rather than confrontation—have been taken up by the Koreans on both sides of the De-Militarized Zone. In Brussels, the North Koreans said that they were ready to engage in confidence-building measures, and emphasized that their military forces were *defensive*, against the nuclear and high-technology-weapon threat from the United States, including in South Korea.

At the same time, sales of weapons abroad are an absolutely critical source of export earnings for Pyongyang, and, as one EU speaker noted in Berlin, "they kept coming back to this issue. They stated they must have *compensation*, if they are to give up their weapons-sale operation. U.S. Assistant Secretary of State James Kelly—who had been in Pyongyang Oct. 3-5, and was the source of the (11 days late) "emergency" announcement on the D.P.R.K. nuclear-weapons program—had demanded that North Korea "take their clothes off" militarily, and had not offered anything in return. This, Pyongyang could not accept.

## What Policy After Nukes Announcement?

Since 2000, the European Union has become the largest

international donor of humanitarian aid and technical assistance to North Korea. Since Washington's Oct. 16 announcement, the EU has "called into question" its engagement policy with the D.P.R.K., one high-level policymaker stated in Berlin. This is a mistake, he said: Europe should move forward with this policy, as South Korea and Japan have been doing since Oct. 16.

Although participants in Berlin, who also came from China and South Korea, were very hesitant in making any predictions at all about the future course of developments in the D.P.R.K., they were generally emphatic that the economic situation there is extremely dire, and this was an urgent motivation for the delegation to Brussels. Since 1995-96, the old system for procurement and distribution of food and other basic needs in North Korea, has totally collapsed. Now, people get 40-50% of their daily needs on the black market, which is, in effect, a national barter system. Those who could not adapt to this system, have starved.

Pyongyang did embark on economic reforms during 2001, modelled on the Chinese system. However, as a Beijing participant noted, China launched its reforms in reaction to the vast Cultural Revolution upheavals, when the whole population wanted to change the system. China also had, in Deng Xiaoping, a powerful and dynamic leader of the revolutionary "first generation." Now, in China, reform and rapid economic development, have "become a way of life." Change has become a fundamental way of life—as long as national stability and real economic progress in China are also realized. D.P.R.K. leader Kim Jong-il, however, does not have this historical situation. He must develop—if he can—a basis for drastically changing the system of his father, Kim Il-sung.

The process could be a very difficult one, but the view at the Berlin seminar, from both the European and Asian participants, was that the very important developments of the past two years, in both Koreas, and between the Koreas and Europe, cannot be reversed. The D.P.R.K. must have a peaceful and stable external environment, if the economic and other changes desperately needed, are to be accomplished. South Korean President Kim Dae-jung's Sunshine Policy has been a real strategic shift in the dynamic on the peninsula, from confrontation towards peace.

Any North Korean nuclear capability—in whatever stage of development it might be—cannot meet its most urgent national security need, which is to procure the economic basis for the survival of its population, as one policymaker from Seoul emphasized in Berlin. Weapons cannot force anyone to give the economic aid the D.P.R.K. so urgently needs, but can be a basis for negotiations.

Whatever the Bush Administration wants to unleash against Iraq, war is *not* an option in Northeast Asia, the Seoul participant emphasized. South Korea totally opposes war against the North, and, with China, Japan, and Russia, wants to bring the United States to the negotiating table. That is Washington's only real option. Europe is challenged to continue to foster that process.

## Israel: Sharon's Unity Government Splits

by Dean Andromidas

The collapse of the national unity government of Prime Minister Ariel Sharon on Oct. 30 brings the question of early Israeli elections and the very real possibility of the return of Benjamin Netanyahu back into the office of Prime Minister. With Netanyahu back in the saddle, seamless Israeli cooperation with the Utopian war party in Washington would be certain. As of this writing the situation continues to be fluid.

The reasons for the decision by Labor Party Chairman Binyamin Ben-Eliezer, to no longer serve as wilted fig-leaf for the ultra-hardline policies of the Sharon government, are twofold. First, it had become clear that Sharon's policies, implemented by Ben-Eliezer as defense minister, have totally failed to crush the Intifada—leaving the next step in their logic, that the only way to crush Palestinian resistance would be through "transfer," or ethnic cleansing. Directly related to this failure, is the collapse of the Israeli economy, for the first time in its history experiencing negative growth, and with the highest unemployment rate since the founding of the state. Second, is the political fight within the Labor Party. On Nov. 19, the party will elect a new chairman; that choice becomes more important now that the prospect of general elections has been moved forward to as early as February. According to the latest polls, Ben-Eliezer trails last in a three-way intra-party race which includes Knesset Member Haim Ramon and Haifa Mayor Amram Mitzner. The last, committed to reviving the policies of slain Prime Minister Yitzhak Rabin, continues to be a poll favorite.

Despite Ben-Eliezer's break with Sharon on the issue of the "killer" austerity budget, and his demand that funds be cut to the settlements, his credibility—or lack of it—has not improved, and he is expected not to remain party chairman long. Although leaders of the peace camp fear Sharon may go even further to the right, they nonetheless express relief that a very vocal opposition will be heard for the first time. One leading Labor Party peace activist expressed relief that at least the Nobel Peace Prize laureate Shimon Peres, as foreign minister, will no longer be defending Sharon's brutal policies.

On the eve of the government's collapse, the Oct. 30 issue of the Israeli liberal daily *Ha'aretz* wrote, "Labor would do best to pull itself together, go back to the political and economic agenda it formulated in 1992 under Yitzhak Rabin's leadership, and present it boldly to the voters as a forgotten but sorely missed alternative. If it doesn't do so, it could find itself pushed to the outer edge of the political map, having entirely lost its way and its identity."