Pushing the Envelope for Transnational Political Advocacy: Unconventional Channels in EU-DPRK Relations

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INTRODUCTION

North Korea, Democratic People's Republic of Korea (DPRK), the last Communist and closed economy in the world, has experienced dreadful economic decline since the great famine in the mid 1990s. To solve this problem, Pyongyang government was forced to open up the national market and slightly deviated from the 'juche' rationale. Since then, market liberalization has gradually sprouted, exemplified by the establishment of two Special Economic Zone. The country leader, Kim Jong-il, undoubtfully is in need of some grand guideline to realize a 'slow and incremental opening' of North Korea. Many external players, including the former socialist countries in the Eastern Europe, can and would like to provide advice to Pyongyang.

This paper examines the networks of economists and experts emerging in the context of the current reforms in North Korea. The Friedrich Naumann Foundation (FNF), one of the most influential NGOs in Germany and Asia, organized an annual EU-DPRK Workshop since 2004 and invited numerous European economists who have worked in transition economies to exchange experiences with North Korean officials who are now responsible for economic modernization in the DPRK. They had formal contacts with North Korean officials may provide 'knowledge-based' ideas or policy suggestions to them directly or indirectly. So, in this article, the central theme is to reveal that there's an epistemic community working behind the traditional governmental and non-governmental relations between EU and DPRK, concurrently, measures how this non-governmental channel being built and developed, and assesses this channel on whether it's helping and directing the policy reform in North Korea in reality.

EPISTEMIC COMMUNITY AND INTERNATIONAL RELATIONS

Epistemic community has been a new academic focus of scholarship in international relations (IR) in recent years while non-state actors (NSA) has become one of the relevant players in the international political spectrum. In the traditional study of IR, the state-centric was the dominant approach and state is the unitary actor in the global arena. However, since the early 1990s, when IR scholar Alexander Wendt developed the constructivist approach with the inclusion and justification of the importance and contribution of the non-state actors (NSA) and non-governmental organizations to the global politics, epistemic community has become one of the new developing non-state actors in shaping the national and transnational policy making process.

In the study of epistemic community, Thomas Risse-Kappen was the very first scholar by making use of the idea of knowledge, values and strategic concepts, to reconceptualize the change of the Soviet leader's mindset by inviting the Western liberal internationalist community, which included the supporters of arms control as well as
researchers in Western Europe. This transnational network with 'new thinkers' in the foreign policy transformed the Soviet's Foreign Policy.\textsuperscript{1}

After the pioneer works by Risse-Kappen, Peter Haas followed accordingly from the basic ideas developed by the previous scholars and generalized them into a detailed and concrete definition of what expert group is. Haas argued that modern decision-makers had faced growing technical complexity and uncertainties in addressing policy issues, and thus increasingly had relied on knowledgeable experts. A network of such experts can create an 'epistemic community' in which members are professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue area. They have a share of technical knowledge related to a particular field as well as normative principles, causal beliefs, and a shared conception of interests. Because of their claim to expertise, such expert groups can diffuse norms and values as well as technical knowledge and thereby influence policy outcomes.

Therefore, the definition of what epistemic community means\textsuperscript{2}:

1. a shared set of normative and principled beliefs, which provide a value-based rationale for the social action of community members
2. shared causal beliefs, which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basic for elucidating the multiple linkages between possible policy actions and desired outcomes.
3. shared notions of validity - that is, intersubjective, internally defined criteria for weighing and validating knowledge in the domain of their expertise
4. a common policy enterprise - that is, a set of common practices associated with a set of problems to which their professional competence is directed, presumably out of the conviction that human welfare will be enhanced as a consequence.

How to affect policy

In recent years, epistemic communities have been developing as a new coming agent which affects the domestic and international policy formulating process. Through different channels or means, the communities can make significant importance and contribution to the government consultation process and finally direct the policy outcome.\textsuperscript{3}

First, through organizing some consultations with policy makers (such as invitation lecture, issue-oriented debate and discussions), the epistemic community with think-tanks and intellectuals on specific policy issues can provide essential, specific and practical thoughts on the how to reform and re-develop the government policy in those policy areas specifically.

In addition, another important channel for intellectuals and scholars to convey their opinions is through conferences and public policy debates. Research institutes affiliated

with universities and various governmental agencies are the likely host for policy-oriented conferences. They invite professors and research fellows from leading universities and research institutes and present their analyses on specific topics at the international conferences and debates. Generally speaking, these activities present excellent opportunities for researchers to voice differing opinions in front of the top leaders.

Furthermore, Policy NGOs are also one of the possible potential channels which the intellectuals and scholars can involve in the policy formulation process. This common practice is so called 'Channel 2 Diplomacy', which refers to the activities of retired government officials, scholars, and think-tanks members who actively participate in all kinds of forum, meetings and other activities. These forums or academic conferences set up an academic-to-official exchange network which fulfills the strong desire for policymakers to make some ideas exchange with the scholars in this circumstance.

**FRIEDRICH NAUMANN FOUNDATION: EXAMPLE OF AN EPISTEMIC COMMUNITY**

Friedrich Naumann Foundation was established in 1958 by the first German Federal President, Theodor Heuss, is the Foundation for liberal politics from Germany. Its programs at home and abroad aims at promoting the principle of freedom of the individual in human dignity. The Foundation sees itself as an agent of organized liberalism and enjoys close links with Germany's Free Democratic Party (FDP) and Liberal International (LI).

The Foundation has built various foreign offices in Africa, America and Asia. Enhancing political dialogue and providing political counseling are the Foundation's main activity both at home and abroad. In close cooperation with the Center for Local Autonomy and the Graduate School for Local Autonomy at Hanyang University in Seoul, it supports research, exchange and training of academics, civil servants and politicians particularly between South Korea, North Korea and Germany. One of the major achievements was providing three economic knowledge transfer and exchange platforms through expert study tours and international conferences and seminars between the European scholars (with the fully support by the European Union (UN)) and the North Korean officials. These dialogue programs involve policy makers, party officials, civil servants, researchers and the private sector from the North Korea and Europe in intense discussion and intellectual exchange on sharing the experience of the economic transformation issues of the past Eastern Europe countries and the practical solution to the current North Korea economic reform strategy.

Inside this community, the four notions described by Peter Haas can fully applied and it can be regards as an epistemic community.

**Shared Normative and Principled Belief**

From what Haas described, a shared normative and principled belief is which provide a value-based rationale for the social action of community members. In this sense, Judith Goldstein and Robert Keohane provided the meaning of a principled belief is consists of normative ideas that specify criteria for distinguishing right from wrong and just from unjust. In this category, beliefs in collective sense are expected to be morally driven and aim to protect world interests.

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5 Goldstein, Judith and Robert Keohane. 1993. *Ideas and Foreign Policy: Beliefs, Institutions and Political*
By looking closely at the founding principles of the FNF, the programs, no matter at home and abroad, are aimed at promoting the principle of freedom of the individual in human dignity. Inside the principles, it can be divided into four parts and the underlying values of the principles are laid on normative-driven mentality: the idea of liberal policies and the individual, the right to private property, the idea of liberal policies and civic society, the protection of individual freedom and the protection of citizens against violence from within and abroad. Therefore, in this sense, the spirit of the founding principles of FNF reveals the normative value of this community, as it promote and consolidate the civil rights of the peoples.

Moreover, according to the report of the Workshop, Mr. Ulrich Niemann, the ex resident representative of FNF stated that "it is truth of life that people can only become real friends when they start to know and to understand each other... openness, trust and mutual information as well as sometimes also compromises are central preconditions for mutual good understanding and relations." It highlighted the basic attitude of the FNF on this historical meeting with the North Korean counterparts is that they wish sincerely to provide an alternative and practical solution in order to revise and provide another ways of economic transformation.

**Shared Causal Belief**

Another set of criteria which Haas described about the expert group is that it must have a shared causal belief. In their definition of epistemic community, cognitive regime theorists speak of 'casual belief' and knowledge about 'cause-and-effect relationships' which are offered to policy makers in situations of uncertainty. A cause is that which brings about an effect, and action, phenomenon, or condition. In this sense cause and effect are correlative terms.

A shared causal belief is which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basic for elucidating the multiple linkages between possible policy actions and desired outcomes. In a much more concrete sense, causal beliefs, is beliefs about cause-effect relationships which derive authority from the shared consensus of recognized elites, whether they are village elders or scientists at elite institutions.

In this sense, the scholars' community from the FNF was providing a causal belief on how to reform the North Korean economy in a transitional economic perspective. As there are numerous possible pathways for a single country to transform its economy from a centrally-planned one into a market-driven economy, no matters on the pace, steps or priority, country like North Korea hesitated which paths would be the best option for the economic development in North Korea. In the theoretical study of transition policy, some countries like the Soviet Union and the Eastern European countries preferred the policy called 'shock therapy' approach as the ruling government decided a revolutionary and rapid change of domestic economy by removing all the government control and subsidy on economy and followed by political reform also. Another set of countries, such as China

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*Change. Ithaca: Cornell University Press, p.9*


and Vietnam, preferred a rationale called 'gradualism' which means the change of the economic structure in gradual steps and no political reform will be resulted. As a result, under this policy uncertainty and without any objective and authoritative advice, the group of economic scholars from the FNF, provided a set of potential economic transformation strategy and pathway toward the North Korean officials and also helped to predict the possible outcomes in respective reform, e.g. Dr. Dusan Triska digested the different forms of restructuring the economy in various transitional economies and suggested that the 'Czech Way' would be one of the possible applicable model for North Korea's economic reform.

**Shared Notions of Validity**

In addition, a shared notion of validity is also one of the essential criteria of forming an epistemic community. Haas stated that a shared notion of validity is intersubjective and internally defined criteria for weighing and validating knowledge in the domain of their expertise. Generally speaking, it is meant to be referring to those intellectuals' consensus that the adopted solution is a valid solution for the problem at hand.

First, all community members have an academic training and most of the received their doctoral degree on economics or Korean studies. For example, Professor Ruediger Frank holds a Master's degree in Korean Studies, Economics and International Relations and a PhD in economic and also has spent one semester as a language student at Kim Il-sung University in Pyongyang in 1991-1992 with support from the German Academic Exchange Service. Concurrently, Professor Bruno Dallago obtained his PhD in Economics at the Hungarian Academy of Sciences and currently working on some research projects on local development for the Balkans states. Therefore, judging by the content as well as the level of background education of the community members, it can be assumed that they share the criteria for valid knowledge that are accepted in the economic studies.

**A Common Policy Enterprise**

Finally, Haas presented an epistemic community should exist a common policy enterprise, that is, a set of common practices associated with a set of problems to which their professional competence is directed, presumably out of the conviction that human welfare will be enhanced as a competence.

One of the common goals which the expert group of the FNF is that through working closely between the EU and the DPRK, these cooperation activities with the DPRK would finally transform the economy in the North into a more market-driven economy so that more benefit will be brought to the common people in the North so as to increase the living quality of North Korean.

As refer to the hidden political objective of FNF, the FNF would like to promote the East-West Germany experience to North-South Korea in order to assist them to finally achieve a similar political outcome. As a German-based NGO, the FNF supports research, the exchange and training of academics, civil servants and politicians particularly between South Korea and Germany as well as knowledge transfer and exchange through expert study tours and international conferences and seminars. Moreover, the political dialogue program involves policy makers, party officials, civil servants, researchers and the private sector in intense discussion and intellectual exchange on various issues of high political relevance between South Korea and Germany. Beneath those interaction and dynamics between two countries, the Foundation aims politically at dialogue and cooperation between the two Koreas by bringing in the very unique German experience of national reunification and European integration. Also, in regards to the topic of the workshop,
cases of East-West Germany were deliberately designed and mentioned for North Korea, such as the topic of 'Experiences with the Treuhand agency in Germany' by Dr. Brigitta Kauers, he discussed the essential role played by the Treuhand agency in shaping the privatization policy of the former East German companies after the re-unification. It helped to endorse the labor promotion law to protect the employment opportunity of the East German and massively raised the competitiveness of the previous state-owned enterprises in the East Germany so as to narrow the structural different between the East and West Germany. Therefore, in order to promote the positive lessons drew from the re-unification of East-West Germany, the FNF controlled the political and discussion agenda so as to assist and contribute to a peaceful re-unification in Korean peninsula.

**EPISTEMIC COMMUNITY IN FNF MATTERS: HOW DID THE IDEAS DEVELOPED, TRANSFERRED AND INFLUENCED THE POLICYMAKERS IN NORTH KOREA**

After confirmation of the status of the epistemic community, then, questions would be raised on how did the ideas from this community being developed and transferred to the policy-makers in Pyongyang. In addition, throughout the various channels, how the ideas rooted from this community eventually did influence the policymakers and to what extend or how successful of the ideas affected the policy outcomes in North Korea.

**Characteristics of the Scholars**

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<th>Workshop on Economic Reforms and the Development of Economic Relations between the EU and the DPRK (31 August to 4 September 2004)</th>
<th>Second Workshop on Economic Reform and the Development of Economic Relations between the EU and the DPRK (12-14 October 2005)</th>
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<tr>
<td>Czech Republic: Dr. Dusan Triska, <em>Chairman of FSP/CD-F (Contractual Digital Floor) and former Deputy Minister of Finance</em></td>
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<tr>
<td>Denmark: Dr. Geir Helgesen, <em>Nordic Institute of Asian Studies</em></td>
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<td>Sweden: Prof. Ari Kokko, <em>Stockholm School of Economics</em></td>
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<td>Italy: Mr. Luca Brindelli, <em>Brindelli e Associati Law Firm</em></td>
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<td>Italy: Ms. Sara Marchetta, <em>Brindelli e Associati Law Firm</em></td>
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<td>United Kingdom: Dr. Tony Michell, <em>Vice Chairman NDC</em></td>
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<td>Germany: Prof. Ruediger Frank, <em>University of Vienna</em></td>
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<td>Hungary: Dr. Andrea Szalavetz, <em>Institute for World Economics</em></td>
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<td>Ireland: Prof. Dr. Michael P. Cuddy, <em>National University of Ireland</em></td>
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<td>Italy: Prof. Dr. Bruno Dallago, <em>University of Trento</em></td>
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<td>The Netherlands: Mr. Max Van Der Sleen, <em>ECORYS Group</em></td>
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<td>Poland: Dr. Jacek Mironski, <em>Warsaw School of Economics</em></td>
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<td>Sweden: Prof. Dr. Ari Kokko, <em>Stockholm School of Economics</em></td>
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Within these epistemic communities, the FNF invited totally around seven to nine academic professors, professional lawyers, United Nations officials, NGOs representatives and officials from the European Union to come and provide their academic knowledge and professional experience on how to transform a economy from government-planned to market-oriented.

According to their resumes, inside these groups of experts, in terms of nationality, they all commonly come from various European countries, such as Czech Republic, Germany, Austria, Denmark, Sweden, Italy and Hungary etc. Moreover, in their research or professional experience, they are all majorly shared on the field of economic development and transformation, for example, Professor Ruediger Frank researched tremendously on the transformation of socialist systems in Europe and East Asia, Professor Ari Kokko written numerous books about how foreign direct investment positively affected the recipient countries on their economic transformation and development and Professor Bruno Dallago written numerous books about economic liberalization in the Eastern Europe.

**Density among Members**

The other actor related factor is density, which means the frequency and period of meeting and discussion between different members in this community. However, the density of the interactions between the members of the network is relatively low, which is not unusual for transnational network.⁹

Two types of interactions in this network were explored. First, the most comprehensive, centralize and influential interactions are to be found on the two big EU-DPRK Workshops, which in each of the workshops there were more than 20-30 European participants are invited and around 6 to 7 of them are European economic experts and therefore formed their epistemic community. These members, although only 3-4 of them are invited in both workshops, would meet in the conference and discussed and exchanged their ideas, perspectives and information on the transitional strategies with the North Korean officials. During the two-day workshop, their interactions are basically through several formal and informal means of communication. Formally, such as presentation, follow-up discussion session and working group, and informally, such as tea break talking and field study.

Second, the smaller network is upheld separately by irregular interactions on a less frequent basis and consists of different combination of members. For example, in the first EU-DPRK Workshop in 2004, Dr. Geir Helgesen, Ari Kokko and Frank Rudiger were served as the senior researchers in the Nordic Institute of Asian Studies (NIAS) in 2001 and 2005 respectively. Actually, NIAS is one of the leading institutes in the Nordic countries and it's well-known of organizing numerous Nordic-North Korea research projects and academic workshops, such as the International Workshop on Social Welfare and Economic Development: North Korean-Nordic Dialogue held in 1-3 November 2005, at the Nordic Centre, Fudan University, and in Shanghai. During these years, they both conducted and published several research articles which are related to the field of economic transition, such as the 'North Korea's Economic, Political and Social Situation' authored by Dr. Geir Helgesen.

Moreover, in the workshop in 2005, Dr. Andrea Szalavetz and Bruno Dallago were also co-working in the same research institute, Transformation, Integration and

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Globalization Economic Research (TIGER). TIGER is the leading independent economic think-tank in East Central Europe. It is affiliated with the Leon Kozminski Academy of Entrepreneurship and Management (WSPiZ), a well-known business school in East Central Europe, located in Warsaw, Poland. They worked and co-authored a book called "Small Economies' Adjustment to Global Tendencies", which is about different countries' experiences on transforming their economies.

Communication Channels (1): Seminars and Study Tours
Since spring 2004, the Friedrich Naumann Foundation (FNF) organized series of training seminars for the North Korea's official, specifically for those who are working in the trade, business and financing departments. All of the seminars are co-organized by the Ministry of Foreign Affairs of the DPRK. Here is the table of the previous seminars which organized by the FNF since 2004.

In the most recent one in 2007, the FNF had invited two economic experts from Germany, Mr. Georg Koopmann from the University of Hamburg and Dr. Lutz Werner who currently serves as Head of Division at the Department for External Economic Policies of the Federal Ministry of Economics and Technology to Pyongyang. The seminar was focused primarily on building trust between foundation and the North Korean counterparts and also to provide new knowledge on trade and investment to North Korea in order to help them to further opening up its economy to the outside world.

Also, since autumn 2005, FNF has been organizing study tours on various subjects for the North Korean officials who are responsible for the economic reform programmes in North Korea. In their very first visit to Germany, ten economic and financial experts from Pyongyang were invited and the delegation were expected to consolidate their technical knowledge on market economy which they gained while participating at the seminars organized by FNF in North Korea before. Apart from theoretical knowledge on budgeting, expenditure, monetary and fiscal policy, the North Korean economic and financial experts gained also practical insights into the organization of the German financial institutions as well as into methods of tax collection.

The North Korean delegation visited the Bundestag (German Lower House), the Ministry of Foreign Affairs, the Federal Ministry of Economics and Labour, the Federal Ministry of Finance as well as the German Institute for Economic Research (DIW), the German Federal Central Bank and the European Central Bank. The programme included also meetings in the Federal Statistical Office, the State Ministry of Rhineland-Palatinate, the tax office of Mainz as well as the Institute of Finance at the University of Mainz. In many of these institutions the North Korean delegation was the first visiting group from DPRK ever.

Communication Channels (2): Presentation and Discussion Sessions
During the two big conferences, scholars and officials' ideas and experiences presentations played an essential role in the knowledge transfer process and context. Under this communication channel, presentation is an efficient and direct way to present author's ideas and belief, and through verbal and intellectual exchange, ideas from one side can formally and informally shared and transfer to the receivers and thus contribute to the goal of knowledge transfer.

In the last two conferences, presentations were divided into different sessions with its clear and specific focus of topics. For example, in the EU-DRPK conference in 2004, presentation sessions are generally divided into four sessions, with specific topics on 'sharing experiences in economic modernization', 'examples of international co-operation
in the area of economic reform', 'methods to develop economic, trade and investment relations between the EU private sector and the DPRK and 'DPRK's economic modernization initiatives: possible co-operation with the EU'. In each session, scholars from the European countries prepared a concrete and detailed presentation on respective topic and present among those North Korean officials.

Communication Channels (3): Field Visits

Other than normal communication channel, the Foundation also organized several opportunities for the European experts to visit factories and industrial plant in North Korea, including the Textile Plant in Central Pyongyang which produced suits for men in relatively small numbers for the Chinese and South Korean market as well as greenhouses near the city where mainly water melons and cucumber are grown (imported from Netherlands); The Taedonggang Brewery which is a popular and widely distributed beer in the Pyongyang area; The PyongSu Pharmaceuticals, a joint venture pharmaceutical factory; Tongil Market, with consumer goods such as vegetables, fruit, bread, meat and fish; Kaesong Special Economic Zone (SEZ); "March 16" Wire Factory in Pyongyang which is a joint venture production line for computer cables, a shoe factory and a factory for sealing materials/rings in the Kaeongsan Joint Industrial Zone.

Throughout the visits, the European economic experts could receive and witness a more direct and first-hand experience about the real face of the economic situation and development in North Korea, and be able to provide a more suitable and realistic economic advice to those Korean counterparts. Moreover, the field visits could also be served as a valuable and friendly arena to further their academic discussion into a practical policy advice.

FROM IDEAS TO POLICY: WHAT ARE POLICY IMPACTS FROM THE EPISTEMIC COMMUNITY TO THE NORTH KOREA ECONOMIC REFORM?

IT and software development

While in the second workshop on economic reform and the development of economic relations between the EU and the DPRK in 2005, Dr Jacek Mironski, the head of Business Communication Department at Warsaw School of Economic in Poland, presented his idea on how information and communication technology (ICT) would enhance the human resource development, labor market optimization and productivity. It's indeed that ICT is considered by many developing countries as a leverage for socio-economic development. This view is encouraged for example by India's success in the software industry. At the same time, the Information Technology (IT) sector development in North Korea was long to be premature and slow in progress. But, since the stimulating ideas which raised and discussed between Dr. Mironski and with North Korean officials, North Korea decided to modify its IT strategy by further and extend their cooperation with the European countries and tried to borrow their lessons and experiences. Therefore, since recent years, there were growing numbers of European companies which started to hold joint company or IT projects with the North, and this new road was built upon the ideas during the last two workshops, such as the Nosotek (Number One Software Technology) JV Company was founded in 2007 and is the first foreign-invested joint venture company in the IT-industry on software and research development in North Korea.

The strengthening of the small and medium enterprises (SMEs) in mining industry

During the EU-DPRK Workshop in 2005, there was a quite hot and interactive discussion on the creation and development of small and medium-sized enterprises (SME) presented by Dr. Bruno Dallago, and the discussion on how to modernize the state-owned enterprises and how to enhance the ownership of SMEs on one of the working group discussion. The ideas which presented and discussed provided a stimulating factor that drove the North Korean government to focus not only on the large-scale enterprises development, but also to the SMEs. In his presentation, he presented several arguments which positively support the existence of the SMEs in a transition economy, including SMEs can assist the large state-owned companies in sustaining the economic system of socialism, SMEs can attract additional foreign financial investment and accumulate professional knowledge and entrepreneur skills while vertically integrated with large firms, and SME can play a balancing role which between the detrimental effect of socialism and the positive side of capitalism. Concurrently, during the working group discussion, the North Korean officials raised several questions which are related to how to establish SMEs and the importance of property right in sustaining the economic growth during the transitional period. In the discussion, the officials were further reinforced with the idea that there was no contradiction between centrally planed economy with the creation of SMEs and the essential role of it during the transformation. Therefore, it's indeed important for the ideas which developed by the European economic expert in providing an authoritative advice to the North Korean officials and shape the policy change in the SMEs development in the late 2006.

In December 2006, as the DPRK government passed the 'Small-Medium Coal Mine Development and Management Regulations', which allowed any business, organizations, or association, regardless of size or function, to go into the mine development business in an attempt to encourage development of underground resources, even gold mining-rights were given to some business. In particular, the strengthening of self-supporting operations and autonomous management, along with other market economy measures, have been deemed new steps forward in line with the July 1 Economic Reform Measures passed in 2002.

Legal development

The insufficient of legal protection on foreign investors was one of the most important reasons why the there was a limit number of companies to invest in North Korea. Because of this, which coincide with the ideas which provided by the two European economic experts in the EU-DPRK Workshop, direct the reform motive and momentum to the development of a concrete and friendly legal system which aimed to develop North Korea as an investor-friendly country. This policy channel was materialized when according to a 49-year-old official said in an interview with the Yonhap News Agency after returning from his seven-day trip to North Korea for an economic workshop, he said that he heard from North Korean officials that they are now working on a legal framework to attract more foreign direct investment.

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In the EU-DPRK Workshop in 2004, Dr Rudiger Frank presented his idea on the topic 'successful strategies to attract and retain foreign direct investment', which stressed that a secure and transparent environment would provide a attract spot for foreign investors. According to his comment, a secure environment means that there is a clear regulatory guidelines and rule setting which the investors would understand it easily. Moreover, any transactions related to trade have to be free and the host country has to provide protection against arbitrary expropriation. On the other hand, a transparent market area, means the macroeconomic datas like GNP, trade statistics, inflation rates, are openly accessible and therefore trust would be built up in consequence.

Since then, On January 11th, 2005, the North Korea newspaper announced that the government is going to start a law office called 'The Pyongyang Law Office', which is an independent corporate body, has started its operation to provide services for the solution of legal matters arising in various sectors. Therefore, by adopting the idea raised by the European economic experts, the North Korean government in accordance established a legal office which handles legal issues which related to foreign investment and set up clear rules and guidelines for the investors which provided higher sense of security for investment.

CONCLUSION

Ironically, taking economic reform is an inevitable task for the DPRK authority to handle as the more it isolated the poor of her national economy. According to Mr. Ulrich Niemann, the ex-resident representative of the FNF, commented that the DPRK has no official intention to transform their center-planned economy to market economy as there has been no comprehensive reform process since then. But, he said that North Korea wants to improve its economy, as they're looking for solutions also from the systems abroad.

However, with carefully studied on transition economies, the North Korean official fully understand that it's unwise to simply and directly copy from the reform model from the Chinese gradualist approach as the domestic economic structure and the international circumstances are different from that period of time. Therefore, they decided to widen their scope of knowledge by asking for the help from the European counterparts, which is the FNF. The FNF subsequently invited numbers of economic experts, who has knowledge or experience in working on East European socialist transformation policy, to provide ideational support toward the North Korean officials and eventually directed their policy outcomes.

Through various channels, including confidence building before the two Workshops, such as the seminars and study tours, and the presentations and site-visits, demonstrates that North Korean officials are taking these conferences and knowledge transfer seriously and eventually decided to put the ideas into practical policy outcomes.

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