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A New 'Connection' of Inter-Korean Collaborative Tourism⁰¹

Yong-Ho Lim

1. Background and significance

■ Is it possible to generate high interest in inter-Korean tourism cooperation?

The Mount Kumgang tour and the Kaesong Industrial Complex are recognized as successful examples of inter-Korean cooperation, and inter-Korean tourism is considered as a priority upon the resumption of inter-Korean cooperation because despite the strengthening of sanctions against North Korea due to its continued development of weapons of mass destruction (WMDs), the sanctions do not explicitly mention the tourism industry as a covered sector. However, tourism that is centered on a specific hub, similar to the prior tourism projects, has a risk of being exploited as capital inflow into the North Korean regime or being used to fund the regime's weapons development, and has other shortcomings such as insufficiency in diffusion into the North Korea's internal economy and the lack of attractions. In addition, large-scale financial transactions to be paid to North Korea as consideration for the tourism may violate the North Korean sanctions in place such as secondary boycott.

In order to approach this problem, it is worth noting that actions that are typically involved in tourism, that is, travel accommodations and purchase of personal goods, are not subject to North Korean sanctions. In addition, local consumption can help North Korean people suffering from a humanitarian crisis by improving their income. Tourism is a labor-intensive and gender-equal industry that can increase the effectiveness of humanitarian support by providing jobs to vulnerable groups such as women and the elderly. The

possibility of humanitarian aid for tourism can be said to be a way to lower the international community's concerns about the humanitarian crisis in North Korea, which have been continuously raised. In summary, as it is unlikely to realize a specific hub-based tourism cooperation model similar to the Mount Kumgang tour, a new tourism cooperation model, in which all actions and results of tourism cooperation would be able to actually improve the humanitarian conditions and quality of life of the North Koreans people, is required.

2. Changes in the environment surrounding inter-Korean tourism cooperation

■ Escalation of humanitarian crisis against the North Korean people

According to UNOCHA (2020), 10.4 million North Korean people (41.18% of the total population⁰² in 2019) suffer from malnutrition and are seriously threatened by a lack of clean drinking water and sanitation facilities. The Assessment Capacities Project (ACAPS), a non-governmental organization, evaluated that the severity of the possibility of a humanitarian crisis and the consequent impact were as high as level 4 out of a scale of 1(low)-5(high).⁰³ The international community states that the North Korean government is primarily responsible for such a humanitarian crisis, but is concerned about the unintended negative impact on the North Korean people from strong and prolonged sanctions against the North Korean government. To this end, the international community is planning on reviewing North Korean sanctions that exacerbate

the humanitarian conditions in North Korea, and to make efforts to minimize the negative impact of such sanctions on the North Korean people.

Regimes with a strong military and ruling coalition like North Korea have strong resistance to sanctions and are known to have various collective means to suppress extreme tensions that may escalate in severe humanitarian crises such as outbreaks of death from starvations. This makes it difficult to expect the North Korean government to give up on developing WMDs even if the humanitarian crisis escalates, and it is likely to turn a blind eye to the humanitarian crisis. Therefore, even if sanctions against North Korea are maintained or strengthened depending on the development of WMDs in North Korea, the international community needs to take action for the survival of the North Korean people at the same time.

■ Changes in North Korea's policy on tourism

North Korea is striving to foster the tourism industry to respond to the changes in the internal and external circumstances and to lay the foundation for economic development. Unlike in the past, when the tourism industry was defined as a counterproductive activity, the government has been making active efforts to develop tourist attractions, expand international tourism exchanges, and to diversify tourism products. The North Korean government has been actively promoting the economic development and stabilization of peoples' livelihoods through tourism, even advertising that tourism will allow the people to become wealthy.

Various tourism products, such as public transportation tours and rural experiences, are being commercialized, among which the Rajin Market and Chilbosan Lodge are particularly worth noting. Rajin Market was the first free market in North Korea to be open to the outside world, and tourists could purchase goods directly from North Korean people. Chilbosan Lodge is a tourist attraction where tourists can experience the lives and customs of North Korean people by helping with housework, playing with children, and helping with cleaning, while living together in a local resident's house (general home). North Korea has developed a large-scale tourism industry in Wonsan Kalma and Yangdok and is expanding guest houses by constructing residential houses along with hotels and condos as accommodations. Such tourism consumption can promote the commercialization of living resources into tourism resources can give direct assistance to overcome the humanitarian crisis by increasing the incomes of the North Korean people.

■ Inter-Korean tourism cooperation based on development cooperation for the sustainable and resilient resolution of the humanitarian crisis

Along with humanitarian support through direct tourism consumption for the North Korean people, it is possible to consider ways to more actively revitalize the commercialization of living resources into tourism resources. This is because sustainability can be increased by promoting resilience to internal and external shocks by supporting the strengthening of living resources and the residents' tourism capabilities. To that end, taking the approach presented in the UN Strategic Framework 2017-2021 (UNSF) prepared through cooperative efforts between UN and North Korea is necessary. The UNSF states that it is a plan combining development and humanitarian factors, and purports to respond to immediate humanitarian needs through resource delivery and project execution, and by building national capabilities through knowledge transfer and policy cooperation. If the UNSF is applied to tourism, it is possible to quickly respond to humanitarian needs by directly expending tourism costs for the North Korean residents through tourism cooperation and strengthen tourism capabilities by promoting knowledge transfer and policy cooperation in order to expand the commercialization of living resources into tourism resources and strengthen the North Korean residents' tourism capabilities, which will in turn foster sustainable and resilient human development.

3. Inter-Korean tourism cooperation based on humanitarian development cooperation

■ Tourism contents based on humanitarian development cooperation

One of the tourism contents for humanitarian development cooperation is international voluntourism. International voluntourism is a program that supports rapid recovery of disaster-stricken areas such as forest fires, storm and flood damage, and infectious diseases, provides accommodation expenses for volunteers in the medical and agricultural technology fields, etc. International voluntourism can strengthen regional resilience to disasters and support the North Korean people in terms of food production, sanitation, and health, while strengthening local consumption by supporting accommodation expenses for the volunteers.

The second proposal is air tourism for separated families. The issue of separated families is a subject of high international

01. This manuscript summarizes and supplements 'Lim Yong-Ho et al. 2021. A study on the inter-Korean tourism promotion plan for the DMZ to become an international peace zone. Sejong: Korea Research Institute for Human Settlements.'

02. North Korea's total population in 2019 was 25.25 million (Statistics Korea, '2020 North Korea key statistical indicators,' Press release (https://www.kostat.go.kr/portal/korea/kor_nw/1/1/index.board?bmode=read&aSeq=387173, accessed February 1, 2021)).

03. ACAPS. <https://www.acaps.org/country/dprk/crisis/complex-crisis> (accessed May 3, 2022).

interest in the humanitarian field and is an agreement item between the leaders of the two Koreas in the Pyongyang Joint Declaration (September 19, 2019). However, in addition to the strained inter-Korean relations, COVID-19 makes it more difficult to meet separated families who need face-to-face meetings. As a solution to this, although it is insufficient in the face of infectious diseases such as COVID-19, air tourism presents a plan to provide services of pure tourism flights with the same origin and destination, while providing local food during the flight in the other country's air territory, to provide comfort regarding the pain of the separated families. In the case of the EU, North Korean airliners are restricted from operating in the region due to insufficient safety standards, and therefore, for the sake of safety precautions, the planes to be used for air tourism for the benefit of the separated families would need to apply for an exemption from the North Korean sanctions for the safety diagnosis and repair of planes for separated family air tourism.

The third tourism proposal is the marketplace regeneration project. *Jangmadang*, which are marketplaces in North Korea, were major places for residents to seek daily necessities after the collapse of the rationing system, and more than 90% of workers in the market are women, playing a very important role in women's social participation and economic independence. However, the lack of refrigeration facilities and the odors and pests caused by the absence of waste disposal facilities are potential risks to the hygiene of North Koreans, especially in the summer, and there are risks such as food poisoning. To solve this problem, the regeneration of *jangmadang* can improve the health and hygiene environment of North Koreans by supplying market facilities that meet international hygiene standards. In addition, marketplaces with improved environments can increase the use of the marketplace by the residents as well as tourists, which can expand the redistribution function of the market. The expansion of the redistribution function of the market can be said to be key content to overcome the humanitarian crisis as it can raise the threshold for North Korean people, especially the vulnerable who may be suffering from severe shortages of food and daily necessities.

The fourth proposal is the housing construction cooperation project. Housing construction cooperation is a project to evaluate and improve the aging and safety risk factors of housing mainly used as guesthouses, along with the construction of new houses. The safety of residential houses is a problem related to the survival of residents as well as tourists, and it can contribute to the increase of residential income by

securing housing stability against the collapse of residential houses and heating gas leakage. Of course, newly built houses need to be limited to supply vulnerable people who can operate private homes, and measures such as the prevention of appropriation of other roads are needed.

■ Inter-Korean tourism cooperation through tourism contents linked with humanitarian development cooperation

As a way to connect such cooperation tourism contents with humanitarian development cooperation, PIS (people, interaction, and story) development, based on walking paths and storytelling has been proposed. The walking paths, which connect different regions, are a project that strengthens effectiveness of the humanitarian development cooperation on the North Korean tourism industry, while meeting the goal of minimal development taking account of North Korean sanctions.

Storytelling-based PIS is an application that 'connects' tourism contents with stories (values) and uses that interaction between the tourist and the stories to create new values. With respect to long-distance walking trips to regions outside of the hubs, because the trips take a long time, historical, cultural, and regional information can be provided through AI commentators or games to provide entertainment and value. In addition, income from tourism can be increased by systematically linking humanitarian development cooperation with tourism contents through tourism involving sightseeing visits to the respective regions according to the stories told. In this study, the tourism content called "'Travel with King Taejo Yi Seong-gye: Finding the aspirations and success stories of the founding of Joseon'" was presented as an example thereof. **Figure 1**

By connecting these humanitarian tourism contents with walking trails and storytelling, and by securing stability in tourist numbers and linking the natural environmental resources of North Korea, the tourism industry will be revitalized, which in turn is expected to contribute to overcoming the humanitarian crisis in North Korea. **Figure 2**

4. Conclusion and proposal

■ New 'connection' of inter-Korean tourism cooperation to overcome North Korea's humanitarian crisis

This study proposes to fundamentally improve the humanitarian situation in North Korea based on humanitarian

Figure 1. Walking trails and storytelling connecting tourism content for humanitarian development cooperation (PIS)



development cooperation in the field of tourism. To that end, a model of tourism cooperation that is sustainable and resilient was proposed by presenting tourism contents with development cooperation for which all actions and results, as opposed to mere financial assistance, would provide support for the North Korean people. Such inter-Korean tourism cooperation based on humanitarian development cooperation is an area that can meet the international community's demand for humanitarian aid while also responding to North Korea's

demand for strengthening its national or regional capabilities.

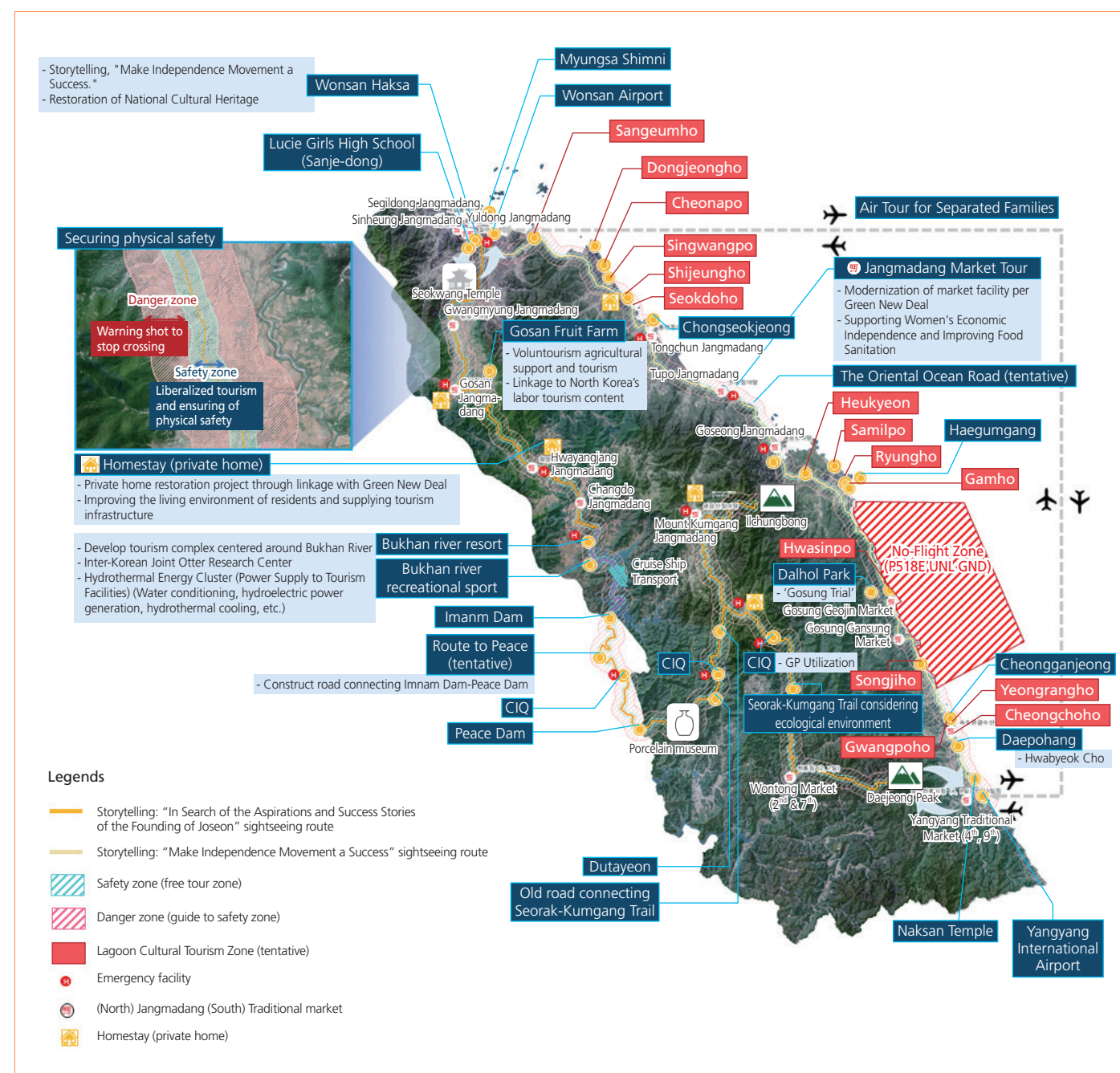
International and inter-Korean cooperation is still more difficult than ever, due to a number of significant issues such as the denuclearization of North Korea, improvement of inter-Korean relations, and pandemics such as COVID-19. Due to these social and economic difficulties, the North Korean people facing humanitarian crises are in a situation in which they have no choice but to endure greater suffering. It is time for the international community and the two Koreas to work together

to improve the humanitarian situation of the North Korean people, and we hope that this study will help contribute to those efforts.

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Figure 2. Establishment of East Sea special tourist zone linking humanitarian tourism contents



“ Even if sanctions against North Korea are maintained or strengthened depending on the development of WMDs in North Korea, the international community needs to take action for the survival of the North Korean people at the same time.

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Implementation Plan for Inter-Regional Linkage Projects for Balanced Development of Border Areas

Min-Jo Kang

1. Necessity and direction of the linkage of practical projects in the inter-Korean border areas

■ Securing competitiveness in the inter-Korean border areas and preemptive responses to inter-Korean cooperation

The “linkage” of practical projects in the inter-Korean border areas means the joint promotion between the two

Koreas of projects that can lead to mutual growth through inter-Korean cooperation, establish unified laws and systems, and create peace in order to maximize the role and value of the border areas. At this current stage, prior to the improvement of inter-Korean relations, it is necessary to develop a mutually beneficial development plan within the border regions in South Korea which can overcome underdevelopment and secure regional competitiveness, thereby preemptively preparing a

Table 1. Direction of cooperation between border areas by sector

General direction	<ul style="list-style-type: none">• Select Gyeonggi border area region practical projects and inter-Korean and Incheon/Gangwon border area linkage projects• Secure competitiveness through regional specialization based on selected projects• Reinforce complementarity and expanding synergies between local governments based on regional characteristics
5 Sectors	Project directions
DMZ Ecological/cultural/peace tourism sectors	<ul style="list-style-type: none">• Select tourism projects in the Inter-Korean border area and Incheon/Gyeonggi border areas that can be linked with practical projects• Discover and brand tourism contents taking into account the special characteristics for each of the respective local governments• Expand synergy effects and strengthen cooperation of related industries through functional linkage of tourist resources
Industrial/economic sector (Special unification zones, industrial/logistics complexes, etc.)	<ul style="list-style-type: none">• Select projects where division of roles is possible between different local governments pursuant to the North Korean sanctions, and divide roles thereof• Develop integrated clusters (peace economy mega-regions) by fostering specialized industries by each region• Expand local governance and promote local participation in the joint projects
Transportation infrastructure, such as roads, railways, etc.	<ul style="list-style-type: none">• Make spatial and functional connections between projects for which the synergy effect between the local governments can be expanded• Establish smart transportation networks of both interregional transportation infrastructure and local transportation infrastructure• Jointly establish transportation data and usage system based on ABCD technology <p>* ABCD: Artificial intelligence, blockchain, cloud, and data-related technology</p>
Personnel exchange (Education, culture, medical care, health, etc.)	<ul style="list-style-type: none">• Promote specialized education and field trips in cooperation with local governments’ educational institutions• Conduct expert exchanges and joint studies for transboundary medical, health, and quarantine cooperation• Enhance synergy through integrated division of labor amongst the local governments
Utilization of returned districts by the U.S. Armed Forces in Korea and idle land from military base transfer	<ul style="list-style-type: none">• Develop institutional support measures (state-led development, land purchase cost support, etc.) through cooperation between local governments• Establish a linkage system between the National Ministry of Defense and the local governments for the use of idle lands• Improve financial independence and lives of the local residents by fostering specialized industries for electric products

Source Written by the author.

foundation for cooperation between inter-Korean border areas at such time once inter-Korean relations improve.

The linkage of practical projects between South Korean border areas should maximize synergy through the “connections” between the different practical projects promoted by each local government, or through the “relationships” between the practical projects that can highlight the regional differentiation, to promote the revitalization of regional economies and balanced development in the border areas.

■ Opportunities for economic revitalization and mutually beneficial development in the border areas

By promoting linkage and cooperation between border areas, opportunities for economic revitalization and mutually beneficial development in the border areas should be provided through joint utilization of the regionally specialized resources and promotion of specific and practical projects. We present the direction of linkage projects for five sectors by applying the models of cooperation between local governments in

Table 2. Linkage projects in the Gyeonggi/Incheon/Gangwon border areas

Sector of inter-Korean cooperation		Practical projects for northern border area of Gyeonggi-do ⁰¹	Linkage projects in Incheon border area	Linkage projects in Gangwon border area
Ecology, culture, peace tourism		<ul style="list-style-type: none">• (Yeoncheon) Construction of 3rd national cemetery• (Yeoncheon-Pocheon) Creation of the Imjin River-Hantan River Jusangjeolli-gil ecological, cultural, and peace tourism route• (Gimpo) Restoration project of ports and ferry ways	<ul style="list-style-type: none">• (Ganghwa) Gyodong cultural tour complex• (Incheon) Gyeonggi bay and Five West Sea Islands special international tourist zone	<ul style="list-style-type: none">• (10 border areas) DMZ Pyeonghwa Nuri-gil• (Yanggu) Development of coastal Punch Bowl Regional Park• (Cheolwon) Seorak-Kumgang International Peace Park• (Gosung) East Sea Special Tourist Zone
	Industrial/economic sector	<ul style="list-style-type: none">• (Paju) Unification special zone• (Goyang) Inter-Korean video cultural complex through linkage between special unification zone and JDS district	<ul style="list-style-type: none">• (Ganghwa) Gyodong Peace Industrial Complex• (Incheon) West Sea Inter-Korean Peace Road (Yeongjong ~ Sindo ~ Ganghwa ~ Haeju)	<ul style="list-style-type: none">• (Cheolwon) Peace Industrial Complex
Transportation infrastructure		<ul style="list-style-type: none">• (Yeoncheon-Dongducheon-Yangju) Restoration and maintenance of Gyeongwon Line high-speed rail	<ul style="list-style-type: none">• (Ongjin) Agar cultivation project	<ul style="list-style-type: none">• (Cheolwon) Restorations of Gyeongwon Line and Mt. Kumgang Line• (Gangwon) East-West Peace Expressway• (Gosung) East Sea Northern Line
Personnel exchanges		<ul style="list-style-type: none">• (Yangju) Inter-Korean cultural heritage exchange through opening of Olleung• (Pocheon) Training of experts in relation to inter-Korean economic cooperation• (Pocheon) Center for inter-Korean exchange and ports cooperation• (Gimpo) Inter-Korean joint detailed investigation to be carried out for peaceful use of the Han River estuary• (Research team excavation project) Medical and health related cooperation with respect to trans-border diseases	-	<ul style="list-style-type: none">• (Gosung) Invitation of Peace and Unification University Graduate School• (Gangwon) Opening of the Winter Youth Olympics• (Injae) Forest cooperation project• (Yangu) Inter-Korean quarantine cooperation
Utilization of returned districts by the U.S. Armed Forces in Korea and idle land from military base transfer		<ul style="list-style-type: none">• (Dongducheon) Procure Gyeonggi Medical Center, Gyeonggi Cultural Foundation, Military Academy, etc.	-	<ul style="list-style-type: none">• Power Support System industrial cluster (Dongducheon-Yeoncheon-Cheolwon-Hwacheon-Yanggu)

Source Written by the author (In the above table of potential linkage projects by five sectors, the Incheon and Gangwon projects refer to major projects being carried out at the level of the metropolitan government, while the city/county-level projects are major projects being carried out at the level of basic local government)

01. Kang Min-Jo et al. 2019. A Study on the Comprehensive Strategies and Practical Application for Balanced Development in the Border Areas of North-ern Gyeonggi Province, Part II. p. 50, Results of the selection of action projects for the development of the northern Gyeonggi border areas.

the border areas (① cooperative sharing, ② partnership, ③ economic linkage, and ④ integrated division of labor) (Park Yang-ho 2005, 283-294), as shown in <Table 1> (see <Table 1>). **Table 1**

2. Selection of linkage projects for balanced development of border areas

■ Selection of Gyeonggi/Incheon/Gangwon linkage projects for balanced development of the border areas

The selection criteria for the linkage projects in the Gyeonggi, Incheon, and Gangwon inter-border areas include: ① balanced development of the border areas; ② linkage of inter-Korean cooperation projects with the central governmental departments; ③ conformity with policy principles; and ④ institutional linkage of related projects.

For 39 candidate projects in the Incheon-Gangwon border area, five linkage projects in Incheon and 14 linkage projects in Gangwon were selected based on the criteria of ① whether linkage between the inter-Korean cooperation projects of

northern Gyeonggi and those of the central governmental department were possible, and ② whether the projects conform with the selection criteria for linkage projects, as well as based on ③ the telephone survey of working-level officials in the Incheon-Gangwon border area and ④ expert advisory meetings such as the Ministry of Unification and the National Security Strategy Institute and interviews with working-level officials in the northern border area of Gyeonggi (see <Table 2>). **Table 2**

3. Direction for planning of linkage projects in the border areas by sector

■ DMZ ecological, cultural, and peace tourism sectors

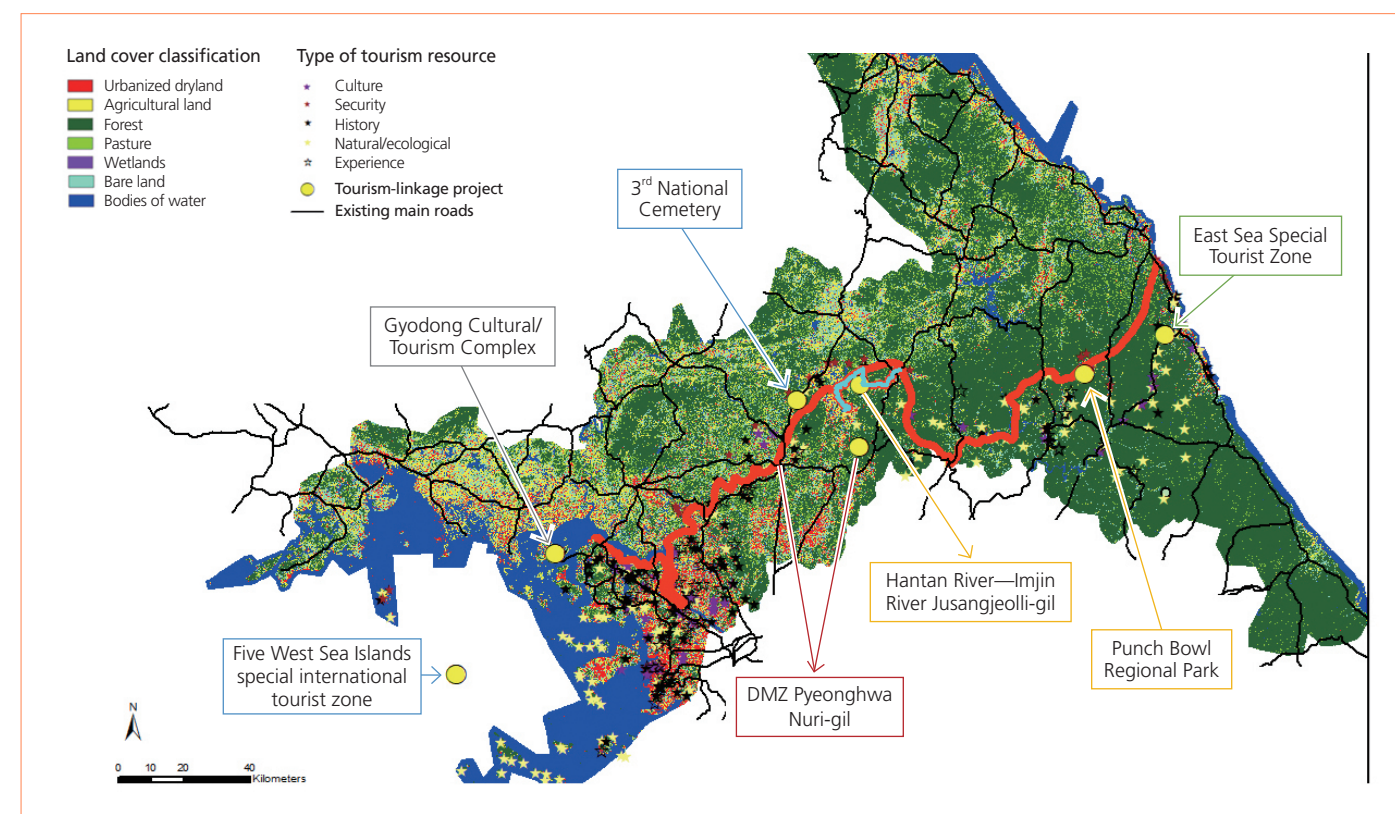
The DMZ tourism sector needs to discover and brand tourism content taking into account the special characteristics of each of the thematic tourism resources owned by each respective local government in the border areas of Gyeonggi, Incheon, and Gangwon (see Figure 1). Through functional and aesthetic in-depth linkage of tourism resources between

local governments, cooperation with related industries (manufacturing, agricultural and fisheries industries) should be strengthened, and projects in common demand should be promoted in accordance with South Korea's new economic plan. For example, South Korea can focus on the DMZ's international peace zone and the creation of a joint tourism zone in the East Sea, while North Korea can focus on the creation of special economic zones for agriculture, industry, and tourism economic development and special tourist zones for Mount Kumgang and Wonsan. In addition, the inter-Korean border areas have a high degree of similarity in terms of history and culture as well as natural environment, and based on such similarities, it is necessary to promote regionally linked tourism combining such regional characteristics. Bases for ecology, culture, and peace, and tourist belts can be established through the creation of the Panmunjom-Gasong Peace Cooperation Zone. **Figure 1**

■ Industrial and economic sectors of special unification zones

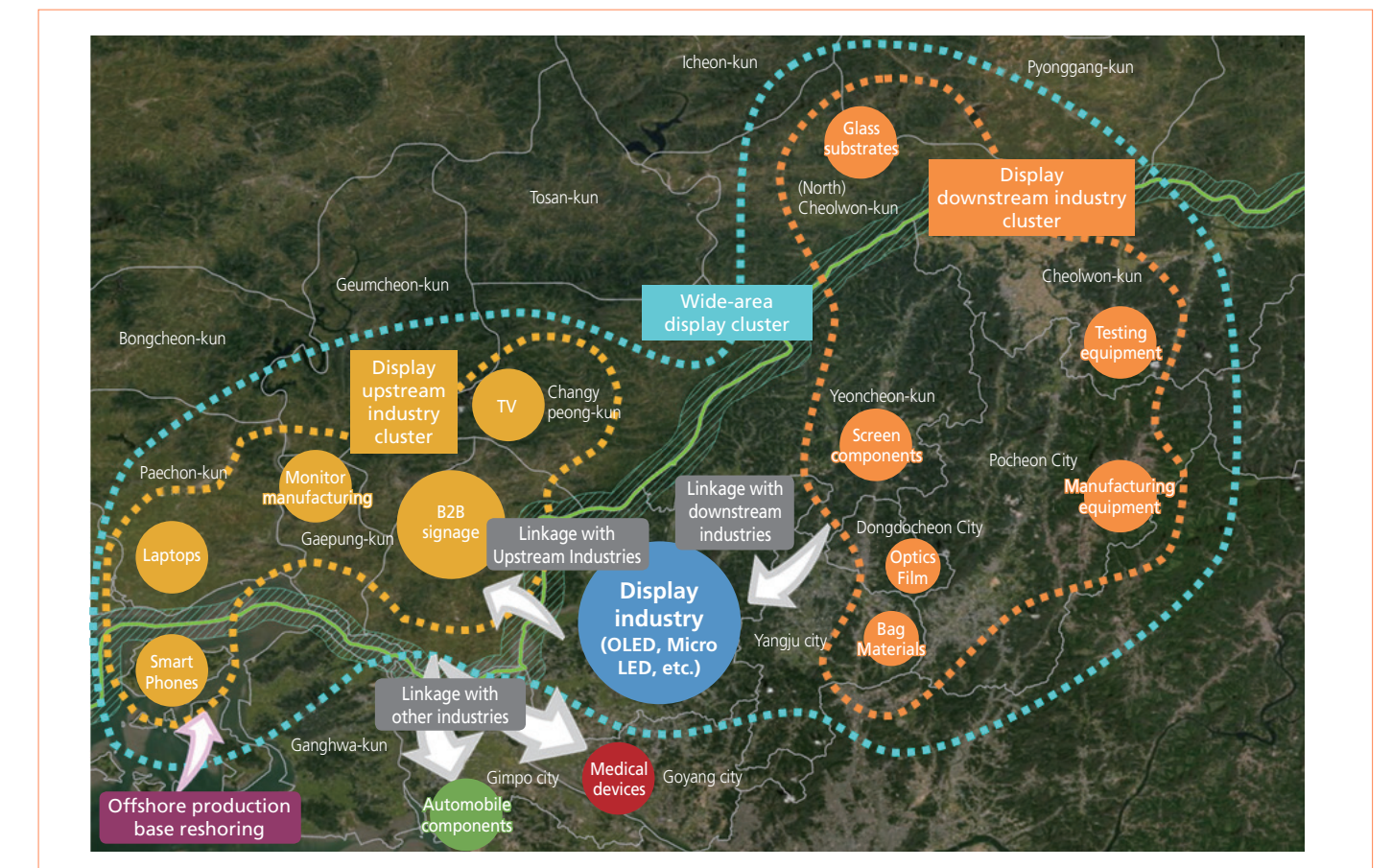
Linkage projects in the industrial and economic sectors needs to be pursued by selecting projects and dividing roles for each local government, such as special unification zones or industrial zones where division of labor is possible under the sanctions against North Korea. It is also necessary to create wide-area clusters by promoting regionally specialized industries, expanding governance between local governments, and revitalizing joint projects. For example, it is possible to consider a plan to create an ultra-wide industry cluster through connection between the main industry (display) and the upstream and downstream industries in the inter-Korean border areas (see <Figure 2>). In addition, after establishing the legal basis for the Peaceful Reunification Special Zone Act (draft), a comprehensive development plan should be made for the promotion of special unification zones, and the linkage of practical projects should be promoted within the special unification zones. **Figure 2**

Figure 1. Major tourism projects for tourism linkage between border regions and status of tourism resources by type of land classification



Source Kang Min-Jo et al. (2020, 93)

Figure 2. Example of the creation of a wide-area cluster through business specialization and interconnection between the two Koreas and the local governments (example)



Source Kang Min-Jo et al. (2020, 114)

■ Roads, railroads, and other transportation infrastructure

In order to prepare a driving force for inter-Korean cooperation and balanced national development in the transportation infrastructure sector, regional competitiveness in the border area should be strengthened through the development of a base in the border areas and transportation infrastructure. As a linkage project between the South Korean border regions, the West Sea Inter-Korean Peace Route (Yeongjongdo-Shindo-Ganghwa-Gaesung-Haeju), East-West Peace Expressway (Yeongjongdo-Goseong), Gyeongwon Line, Kumgangsan Line, and the Donghae Bukbu Line should be restored (see <Figure 3>). In addition, projects that can spread synergy between local governments through transportation infrastructure, such as roads and railroads, should be connected spatially and functionally, and an integrated smart transportation network of both interregional transportation infrastructure and local transportation infrastructure should be established. For example, traffic data between

local governments based on ABCD (Artificial intelligence, blockchain, cloud, and data-related technologies) should be jointly established and utilized. In particular, as border regions cooperate with respect to transportation infrastructure, they need to make plans to continuously supply and improve new transportation infrastructure according to traffic demand by establishing traffic data and measures to jointly utilize such data. **Figure 3**

■ Areas of personnel exchange, such as inter-Korean educational, cultural, medical, and health – related cooperation

Each local government should promote personnel exchanges through specialized education and field trips in connection with educational institutions, and promote medical, health, quarantine-related cooperation needed for cross-border cooperation as well as environmental cooperation such as forest and water resources. In particular, expert exchanges and

joint research on relevant areas should be conducted between the two Koreas, and integrated division of labor between local governments should be promoted (see <Figure 4>.) **Figure 4**

■ Utilization of returned districts by the U.S. armed forces in Korea and idle land from military base transfers

In order to utilize the USFK returned districts and the idle land from military base transfers, institutional support measures (state-led development, land purchase cost support, etc.) must be prepared through cooperation between local governments and the Ministry of Defense to use such idle land. It is necessary to improve the degree of financial independence and the life of local residents by fostering specialized industries for electricity products by local governments in the border areas.

4. Step-by-step implementation plan and governance plan for linkage projects

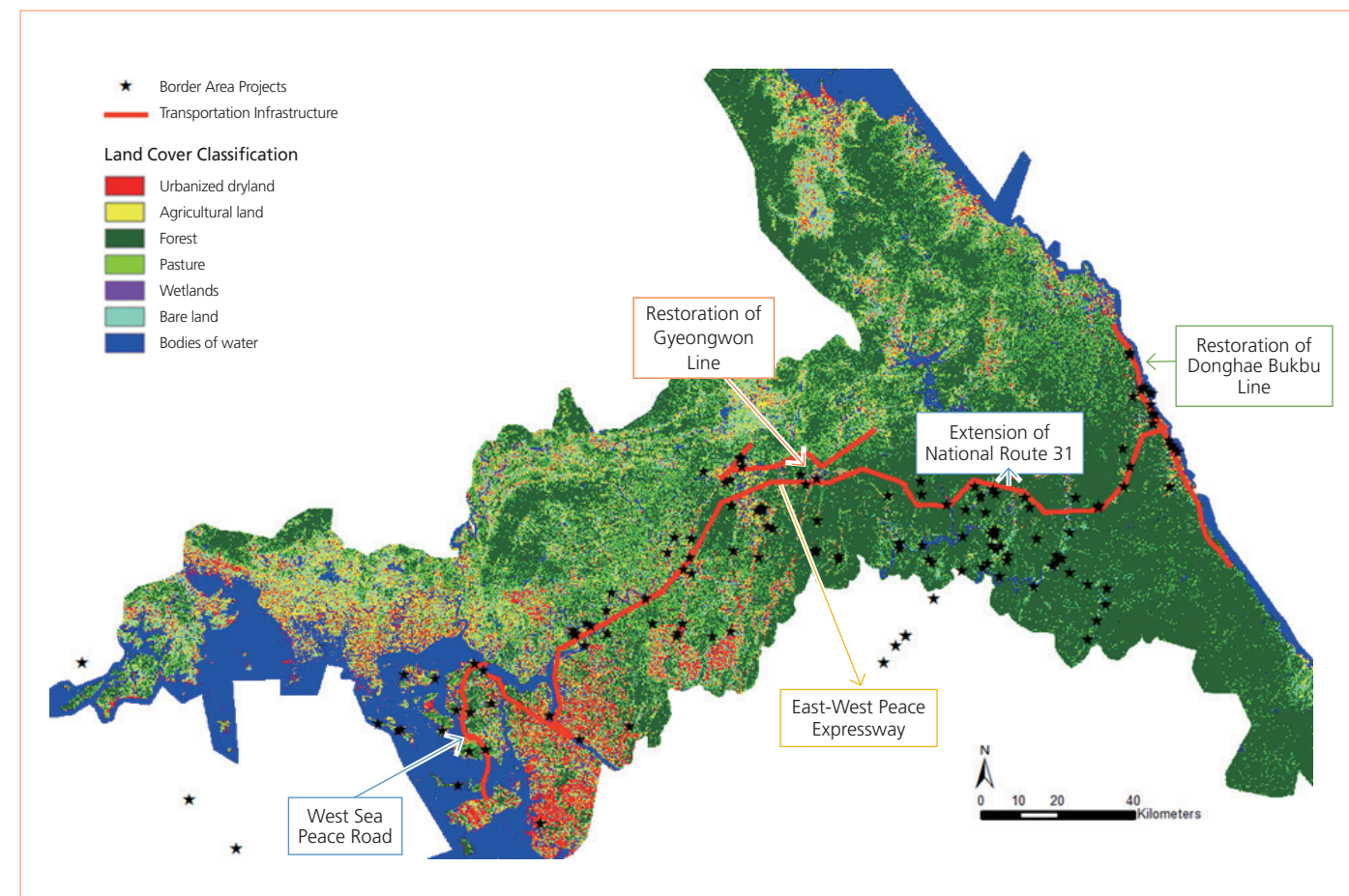
■ Step-by-step implementation plan for linkage projects

The step-by-step implementation plan for inter-Korean linkage projects will be implemented in three stages according to the level of inter-Korean relations from the ① priority development of inter-Korean border areas (initial stage) → ② inter-Korean cooperation between inter-Korean border areas (expansion stage) → ③ expansion of synergies in inter-Korean cooperation across all Korea (deepening stage) (see <Table 3>). **Table 3**

■ Governance establishment plans

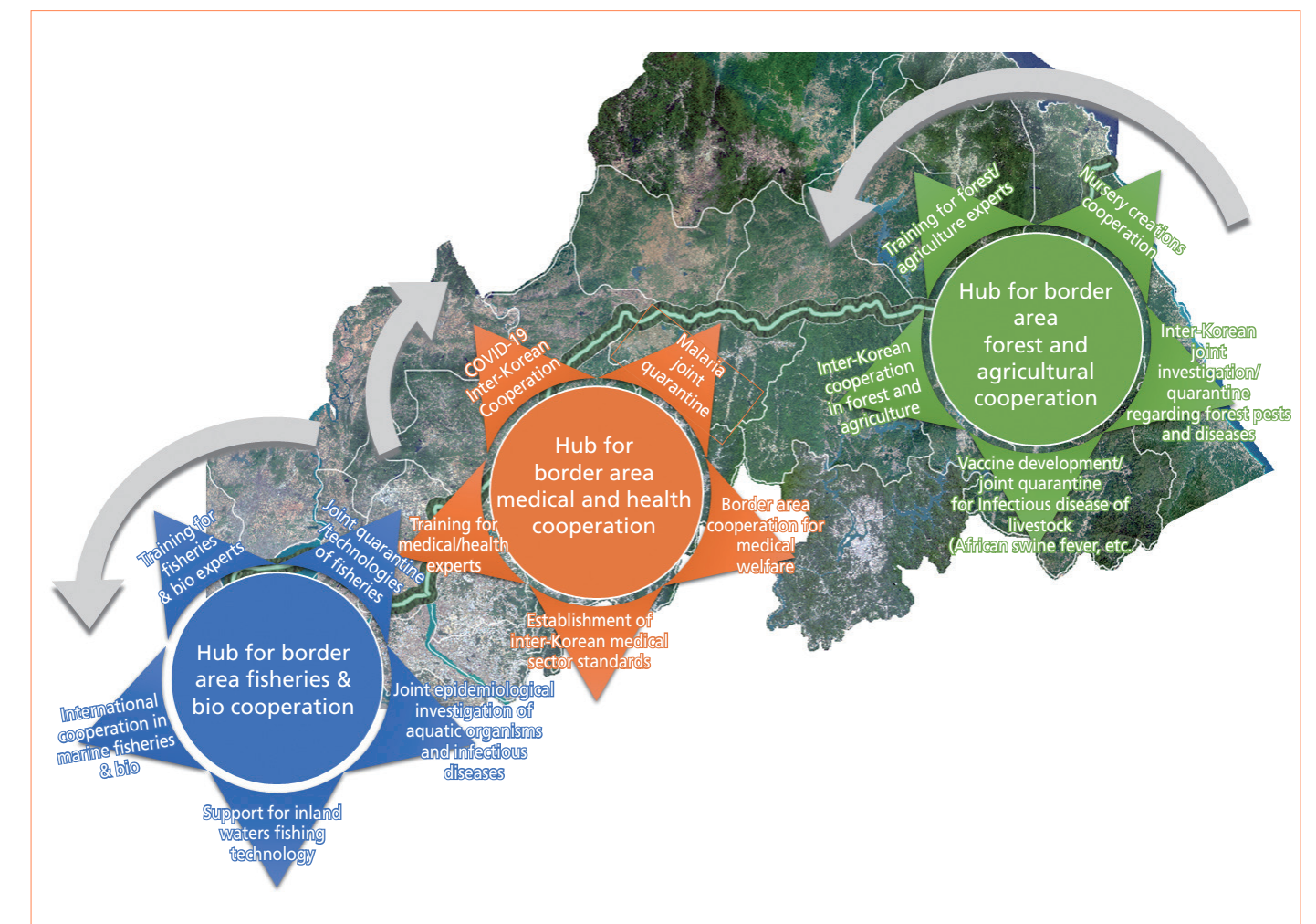
Governance needs to be established at the level of domestic, inter-Korean, and international cooperation for the

Figure 3. Major inter-Korean infrastructure projects that can be linked to major projects in the border areas



Source Kang Min-Jo et al. (2020, 116)

Figure 4. Establishment of a cooperative hub and mutually beneficial development based on the regional characteristics of the inter-Korean border areas



Source Kang Min-Jo et al. (2020, 121)

Table 3. Implementation plans by sector and stage on Inter-Korean cooperation projects between the border areas

Project sector (task)	Early stage of inter-Korean cooperation	Expanding stage of inter-Korean cooperation	Deepening stage of inter-Korean cooperation
Common sector	<ul style="list-style-type: none">• South Korea's formation of a 'Border Area Cooperation Committee (tentative)' (directly under the President)	<ul style="list-style-type: none">• Formation of 'Inter-Korean Border Committee (tentative)' (South Korean and North Korean governments, international organizations, and other countries	<ul style="list-style-type: none">• Establishment and liberalization of a common standard for manufacturing/distribution/finance/service sectors
DMZ Ecological/cultural/peace tourism sectors	<ul style="list-style-type: none">• Development of DMZ tour infrastructure• Construction of ferry waterways and harbors• Joint construction of Han River estuary• Take steps to get the Hantan River jusangjeolli-gil listed as a joint world heritage of the Inter-Korean DMZ	<ul style="list-style-type: none">• Construction of transportation infrastructure such as a North-South connected scenic route, and development of tourism infrastructures within North Korea• North-South port-linked ferry waterway• Inter-Korean joint collection of aggregates from the Han River estuary• Development of Yeoncheon-Pocheon-Cheolwon Jusangjeolli-gil• Sign an 'Inter-Korean Transportation Agreement (tentative)'	<ul style="list-style-type: none">• Development of a super-regional tourism program linking West Sea-Han River estuary-inland• Liberalization of tours between North and South Korea• Diversification of inter-Korean programs into western (Pyeongyang-Shineuiju) and eastern (Baekdu mountain range) programs• Linkage with Northeast Asian international tour
Industrial/economic sector	<ul style="list-style-type: none">• Enactment of laws related to the Special Economic Zone• Main industry and secondary industries• Preparation of legal and institutional support measures, such as tax reduction (state subsidies) and preferential purchase of products• Development of cooperative projects under Joint Inter-Korean Sanctions against North Korea	<ul style="list-style-type: none">• Normalization of the Kaesong Industrial Complex and linkage to the special unification zone• Securing of sustainability and location of forwarding industries (reshoring of overseas production bases)• Creating an inter-regional cluster• Seeking of international organization/ third country participation and preparing incentives	<ul style="list-style-type: none">• Revitalization of industries in border areas through linkage with other industries• Expansion of the synergy of inland industrial complexes in North and South Korea• Establishment of an international industrial hub linked to the Yellow Sea and the East Sea• Enter into a northeast Asia free trade agreement
Inter-Korea connecting roads, railways, and other transportation infrastructure	<ul style="list-style-type: none">• Expansion of east-west wide area transportation and local transportation network• Establishment of smart transportation system• Establishment of big data for border area traffic and linkage with the K-Cloud Project (Chuncheon)• Standardization and expert exchange for inter-Korean transportation network connection	<ul style="list-style-type: none">• Expansion of inter-Korean wide area transportation infrastructure• Inter-Korean large-scale transportation network system• Air traffic cooperation• Joint utilization of inter-Korean traffic data• Promotion of ODA and other international cooperation for the development of transportation infrastructure in North Korea	<ul style="list-style-type: none">• Establishment of Continental Transportation Network to China (One Belt, One Road) and Russia (European Connection)• Strengthening of international cooperation for the creation of international shipping and air logistics hubs• Expansion of North Korea's east-west wide area transportation network
Personnel exchanges, such as inter-Korean education, culture, medical care, and health cooperation	<ul style="list-style-type: none">• Establishment of a personnel exchange and training center for inter-Korean cooperation in connection with local universities and specialized institutions• Establishment of a base for inter-Korean cooperation• Spreading of mutual benefits and synergy through cross-support with other regions• Inter-Korean exchanges of experts in the field of medicine and quarantine	<ul style="list-style-type: none">• Promotion of joint quarantine efforts between North and South Korea• Inter-Korean Fisheries/Bio Cooperation Project• Preparation of laws, systems, and medical facilities related to inter-Korean medical/health cooperation• Joint inter-Korean membership and international conference of international maritime and environmental organizations	<ul style="list-style-type: none">• Expansion of inter-Korean personnel exchanges in all areas of society• Operation of inter-Korean exchange of hubs and school credit transfer system• Spread of health, medical, and quarantine cooperation jointly between the two Koreas (establishment of joint research institutes, etc.)• Establishment of gene banks for forest and livestock in North and South Korea• Establishment of a joint disaster response system between North and South Korea

Project sector (task)	Early stage of inter-Korean cooperation	Expanding stage of inter-Korean cooperation	Deepening stage of inter-Korean cooperation
Utilization of returned districts by the U.S. Armed Forces in Korea and idle land from military base transfer	<ul style="list-style-type: none">• Establishment of a civil, military, and government governance system• Improvement of laws and systems related to idle land• Development of utilization plans and approach strategies covering the entire border area of South Korea• Balanced national development and the promotion of restoration of idle land in conjunction with the Korean New Deal• Removal of land mines and obstacles around military units to utilize idle land	<ul style="list-style-type: none">• Establishment of a joint inter-Korean regional management plan for the expansion and utilization of idle land• Inter-Korean cooperation for the utilization of idle land in North Korea• Activation of the use of idle land through adjustment of civilian control lines, etc.• Development of urban cooperation testbeds by creating an inter-Korean cooperative city on an idle site• Expansion of mine and barrier removal	<ul style="list-style-type: none">• Establishment of idle land management system for dismantling and moving large-scale military facilities• Identifying the actual conditions of environmental pollution in the joint military base of the two Koreas and conducting pollution cleanup• Preservation of facilities and construction of museums, etc.• Creation of visitor shelters, campsites and shelters for DMZ tours, etc.• Expansion of mine and barrier removal

Source Written by the author (In the stage prior to the early stage of inter-Korean cooperation, ① Development of a joint utilization system for research results related to the inter-Korean border areas, ② A joint survey of land resources (including the Han River estuary) to promote inter-Korean cooperation projects ③ Promotion of branding in DMZ border areas, etc. (Results of second annual research results⁰²⁾)

border area linkage projects. First, governance at the domestic level should be established between central ministries related to the border areas and the relevant provincial, municipal, and county governments within each country to efficiently promote eco-friendly and sustainable development and linked projects. To this end, a central government and local governance system related to the border region should be established through the formation of a decision-making body and working groups of the border areas, and the respective roles should be divided between metropolitan governments (selection of large-scale projects, and communication/negotiation with the national government, etc.) and the basic local governments for inter-Korean border cooperation projects. In addition, the establishment of governance at the level of inter-Korean cooperation should first promote cooperation in the areas relating to human security, such as medical, health, quarantine cooperation, and water resources and forests, to the extent they are possible under the North Korea sanctions and in the post-COVID era. By establishing the 'Inter-Korean Border Committee (tentative)' as a permanent organization for inter-Korean dialogue, mutual trust needs to be built between the two countries through humanitarian assistance and inter-Korean cooperation for an effective joint quarantine efforts to fight cross-border diseases such as COVID-19, MERS,

African Swine Fever (ASF), and malaria. Furthermore, there should be mutually beneficial cooperation projects that can encourage North Korea's response and participation, such as such as joint management of shared rivers between the two Koreas and preserving the natural environment including in the DMZ, and other mutually beneficial projects. Finally, in terms of establishing governance at the level of international cooperation, it should be possible to promote cooperation with international organizations such as the UN, UNESCO, and IUCN to jointly register the DMZ as a World Heritage site even under the sanctions against North Korea.

■ Policy proposal

In order to promote linkage projects in the inter-Korean border areas, it is necessary to establish governance, improve laws and systems, prepare effective financing measures, and establish a balanced development monitoring system in the border areas (see <Table 4>). **Table 4**

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02. Kang Min-Jo et al. 2019. *A study on the comprehensive development plan and action plan for balanced development of the northern border areas of Gyeonggi-do, Part II*. Sejong: Korea Research Institute for Human Settlements

A Study on Inter-Korean Cooperation Through the Analysis of Land Development Cases in Vietnam

Sungsu Lee

Table 4. Major policy proposal for the promotion of border area linkage projects

Policy proposals	Content
Improvement of laws and systems to carry out linkage projects	<ul style="list-style-type: none">• The 21st National Assembly pushing for legislation related to the three special zones for peaceful unification• Legal and institutional improvement of related land purchase costs, etc. for the use of idle land returned due to relocation of military bases in border areas and returned districts by the US Armed Forces in Korea pursuant to Defense Reform 2.0.• Implementation of a mosaic package bill that enables customized support for each region in the border areas
Effective procurement of necessary resources	<ul style="list-style-type: none">• Considering the specificity of the border area, comprehensively considering the increase of the share ratio of state funds and the utilization of private resources in the implementation of regional development projects for inter-Korean exchange and cooperation
Establishment of governance at the level of domestic, inter-Korean, and international cooperation	<ul style="list-style-type: none">• Organization of a consultative body in the border area through pluralistic participation of central ministries, local governments, and local residents• Securing the sustainability of inter-Korean border cooperation by the establishment of the Inter-Korean Border Committee (tentative)• Establishment of border cooperation governance with international organizations such as UN, UNESCO, IUCN, etc.
Balanced development of border region Establishment of a monitoring system	<ul style="list-style-type: none">• Establishment of a balanced development monitoring system in the border areas that can continuously monitor and evaluate projects through cooperation between central ministries and local governments

Source
Written by the author

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1. Background and Significance

■ Successful reform and restoration (Doi Moi) of Vietnam and the results of national land development

Vietnam, which was one of the poorest countries in the 1980s, has recently emerged as one of the lower middle-income countries through its continuous economic development, and is evaluated as one of the most successful cases of economic transformation. Its average per capita income increased from 130 dollars in 1990 to 450 dollars in 2000, growing over threefold over the course of only 10 years, and its per capita income, which was lower than that of North Korea until 2006, has increased to 2,160 dollars in 2017, approximately 1.6 times that of North Korea. In terms of overall national economic comparison, Vietnam's GDP was 205.3 billion dollars, 12 times North Korea's GDP of 16.8 billion dollars. The fact that North Korea and Vietnam, which maintain the same socialist political system, show different economic growth paths has great implications for North Korea's economic policy.

■ Continued economic recessions of North Korea and its need to adopt the vietnamese model

North Korea's planned economic system was disrupted as North Korea's economy went through a period of famine known as the 'Arduous March' in 1994, and its economic growth rate has been continuously declining since 2005. As the economic difficulties became more serious, with a -3.5% growth rate in 2017, the difference in economic power between the two Koreas widened in terms of gross national income (GNI), from a difference of 33 times in 2000 to 47 times in 2017.

Even if North Korea continues to cling to its current power succession and socialist political system politically, North Korea has put itself in a situation in which it has no choice but to implement reforms and restoration, like other transition

countries. In fact, Kim Jong-un mentioned the 'Vietnamese model' at the inter-Korean summit held at Panmunjom in April 2018. North Korea's overcoming of economic difficulties and the narrowing of the economic power gap between the two Koreas is a way to establish a system of peace and coexistence on the Korean peninsula, promote coprosperity between the two Koreas, and to ease the social and economic burdens in the long run.

2. The reformation and restoration of Vietnam and the results of international cooperation

■ Phased transition to market economy

Until the mid-1980s, Vietnam was a typical centralized socialist planned economy with wide-spread supply shortages due to inefficient allocation of resources and reduced productivity. Although the agricultural sector accounted for about 40% of the total economy (World Bank 2016, 113), there was a shortage in food supply, and the Vietnamese industrial sector was relatively undeveloped with the typical industrial structure of developing countries. With an annual inflation rate of over 400%, a stagnant real economy, and a chronic trade deficit, Vietnam was in a state of heightened political and economic tension with the majority of people living in extreme poverty. To overcome these economic difficulties, the Vietnamese Communist Party, in the 6th National Convention in December 1986, enacted the Doi Moi policy, which included a policy of economic openness and liberalization.

Through Doi Moi, Vietnam declared a fundamental change in the centrally planned economic system that had been the way of operation since unification in 1975, and while the periodic classification of the current phase of the market economic system since the initial introduction of Doi Moi varies depending on the researcher, it may be classified as one of

the three phases⁰¹ as below based on the degree of market liberalization. <Table 1> below summarizes the changes in major policies and external relations by period after Doi Moi.

The First Phase is from 1986, when Doi Moi policy was first enacted, until 1991, during which period the legal and policy foundations were established pursuant to the transition to the market economy system. During this phase, legal and policy foundations were established through the enhancement of stability, etc., by enacting the Law on Foreign Investment and by guaranteeing extended use of the land.

In addition, the liberalization of domestic and foreign

economic transactions was promoted by abolishing domestic trade checkpoints and easing the government’s monopoly on foreign trade. In particular, Vietnam’s first special economic zone, Tan Thuan, was installed near Ho Chi Minh City in 1991. **Table 1**

The second phase is the period from 1992 to 2005, during which period the amendment of the Constitution explicitly introduced the market economy system, with Vietnam expanding the legal and institutional foundation of the market economy system domestically and entering the global market externally. Laws such as the Law on Enterprises, Law on Competition, and Law on Investment to protect investors and promote free

Table 1. Major policies and external relations by phase after Doi Moi

Category	Major economic policies	Establishment/amendment of laws and systems	External relations
Phase 1 (1986-1991)	<ul style="list-style-type: none">Establishment of Doi Moi (1986)Abolition of large distribution systemsLiberalization of cross-border economic transactions through abolition of domestic trade checkpointsRelaxation of government monopoly on foreign tradeIntegration of multiple exchange rate systemsPermitting of private commercial banks (1990)Installation of first Export Processing Zone near Ho Chi Minh City (1991)	<ul style="list-style-type: none">Approval of the Law on Foreign Investment (1987)Guarantee of long-term land use permits through amendment of the Land Law (1988)Enactment of the Law on Export and Import Duties (1989)Enactment of the Companies Law and Law on Private Enterprises (1990)	
Phase 2 (1992-2005)	<ul style="list-style-type: none">Commencement of privatization of state-owned enterprises (1993)Establishment of the national government’s tax revenue and expenditure responsibility regulations within the Law on State Budget (1996)Significant simplification of corporate establishment proceduresIntroduction of a One-Stop-Shop system: approval of investment projects, issuance of business licenses, and issuance of certificate of land use permits (2003)	<ul style="list-style-type: none">Amendment of the Land Law: Recognition of extension, transaction, transfer, lease, assignment, mortgage, and land use rights (1993)Establishment of courts of economic law, enforcement of Labor CodeContracts and social insurance regulationsIntegration of Companies Law and Law on Private Enterprises into the Law on Enterprises (1999)Adoption of value-added tax and corporate tax, preparation of institutional foundation for economic promotion: Establishment of Law on Competition, Vietnam Competition Authority, and Vietnamese Competition Commission (2004)Amendment of Law on Investment and Law on Enterprises: Integration of legal foundation for investors	<ul style="list-style-type: none">Vietnam-European Economic Commission (EEC) preferential trade agreement (1992)ADB, IMF, and WB resume funding for Vietnam (1993)Joining of ASEAN (1995)US-Vietnam bilateral trade agreement (2000)
Phase 3 (2006 to present)	<ul style="list-style-type: none">Initiation of Masterplan for economic restructuring: focus on banks, SOEs, and Public investment (2013)Initiation of review and simplification programs with respect to administrative procedures (2014)	<ul style="list-style-type: none">Amendment of the new Law on Enterprises and the Law on Investment: Provision of foundation to deregulate business (2014)	<ul style="list-style-type: none">150th official member state of WTO (2007)Trans-Pacific Partnership, EU-Vietnam free trade agreement (2015)Realization of ASEAN Economic Community (2016)

Source World Bank (2016, 81)

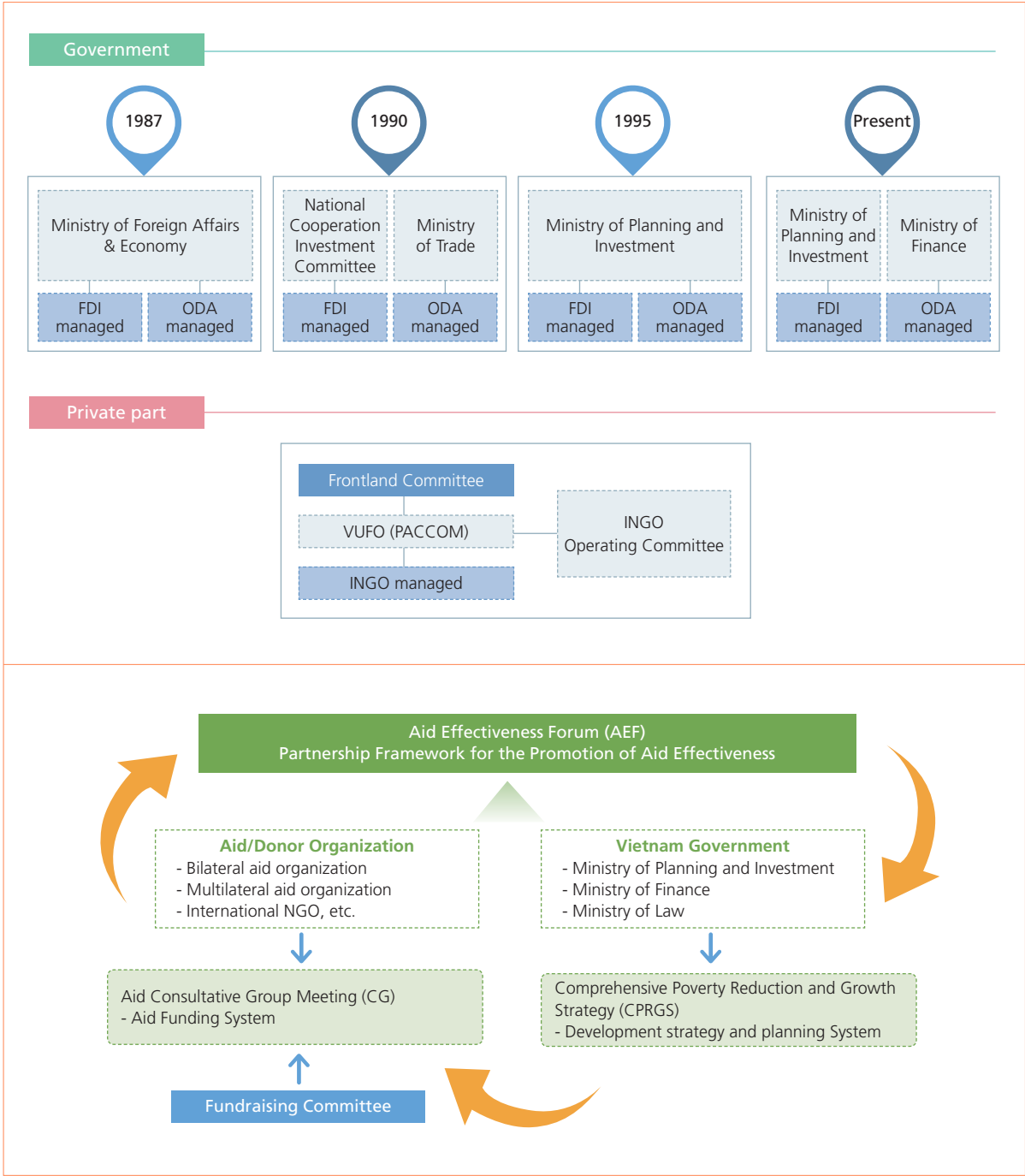
01. With respect to the classification of Doi Moi into three phases, Lim Gang Taeg et al. (2010) classify the Doi Moi phases as the first phase (1986-1993), second phase (1994-1998), and third phase (1998 to present), while Lee Moon-Hyung et al. (2007) classify them as the first phase (1986-1991), second phase (1992-2005), and third phase (2006 to present) (see Lim Gang Taeg et al. 2010, pp. 59-80). This study classifies the Doi Moi phases based on the study results of Lee Moon-Hyung et al. (2007, 5).

competition were revised, and in 1993, funding from the Asian Development Bank (ADB), the International Monetary Fund (IMF), and the World Bank (WB) resumed. With the improvement of relations with the United States, the year 2000 is known as a period during which Vietnam, by signing the bilateral trade agreement with the U.S., made preparations to enter the global market and stabilize the market economy system.

■ **Establishment and development of public and private organization systems to attract official development assistance (ODA) and foreign direct investment (FDI)**

Since the enactment of the Law on Foreign Investment in 1987, Vietnam has reorganized government organizations to meet certain purposes by each phase, starting from the establishment of the Ministry of External Economic Affairs to

Figure 1. Systematic change and international cooperation system—Diagram of international cooperation management organization



Source
(Top): Re-drawn by the Author, referring to Doãn (2019, 2).
(Bottom): Re-drawn by the Author, referring to Kwon Suk-Do (2012, 23-28).

the establishment of the Ministry of Trade in 1990 and the establishment of the Ministry of Planning and Investment, which plays a key role in coordinating international public funds and foreign direct investment activities, in 1995. In addition, active efforts were made to improve efficiency in overseas capital operation and management by establishing a cooperative system with international donor organizations in passive foreign aid adjustment.

As a result of the realignment of Vietnamese government organizations and the establishment of a cooperative system, the bilateral official development assistance (ODA) funds Vietnam procured from 1993 to 2017 exceeded \$49.1 billion, of which \$23.4 billion, or 48% of the amount, was invested in the transportation, communication, and energy sectors. Foreign direct investment (FDI) increased from \$400 million in 1991 to \$319.6 billion (24,803 cases) in accumulated amount in 2017, of which 58.4% of the amount (\$186.5 billion) was invested in the manufacturing industry. **Figure 1**

3. Case of Vietnam's land development and its implications for North Korea

■ Investments focused on infrastructures necessary for economic growth

Most studies conclude that well-planned economic infrastructure investment plays a central role in improving competitiveness for mid-to-long-term economic growth. Investments and increases in the networks of roads, railways, ports, and other such public infrastructures foster economic growth, and most such projects are known to generate economic returns between 5 to 25% (WEF 2012, 2). The development of national infrastructure promoted by Vietnam also seems to have started from the theoretical background of this economic growth. In order to select major land development cases, the transportation, telecommunications, energy, manufacturing, and real estate sectors with high proportions of international cooperation and investment of international public funds were identified, and a consultation process was conducted with experts from the Vietnam Institute for Development Strategies. Through this process, representative success cases by sector such as Hanoi-Haiphong Road, Phumyhung Housing Site Development, Tan Thuan Export Processing Zone, and Phumy Power Plants were analyzed.

First, the Hanoi-Haiphong Route 5 national road development project was conducted to improve the existing

road connecting Hanoi, the capital and economic center of Vietnam, and Hai Phong Port, the largest commercial port in the northern region. The road was expanded from two lanes to four to six lanes, thereby reducing the travel time from Hanoi to Haiphong by about three hours and increasing commercial and industrial production capacity and efficiency of cargo and passenger transportation systems, which are considered to have contributed to the economic development of the areas near the road. In particular, it was found that the gross regional product of the manufacturing sector increased significantly as farmers and migrants from the central region flowed into the newly established factory on the side of the national road.

Second, the Phumy Power Plant power enhancement project, which eliminated the gap in the energy reserves and seasonal variations between different regions, and prepared for the high demand for power supply in the southern region with a high rate of economic development, is considered to have significantly contributed to power supply and economic development, accounting for 11% of Vietnam's electricity production and 26% of the electricity production in the southern region. In addition to power supply, the project was found to have been helpful in the operation and maintenance of power plants and the training of transmission and distribution technology personnel.

Third, the Tan Thuan Export Processing Zone was developed to attract domestic and foreign investment funds, strengthen export capabilities, and expand foreign currency imports, with 200 companies in 21 countries investing \$1.7 billion and creating 65,000 jobs, and since its establishment to 2017, it exported \$24.5 billion, with a surplus of \$4.5 billion. Investing companies are shifting from the early labor-intensive manufacturing industries to the high-tech computer parts and electronic components manufacturing industries.

Fourth, the Phumyhung housing site development project promoted urban development centered on the southeast with the goal of resolving housing supply shortages and improving the living environment following the large population influx from the surrounding regions to Ho Chi Minh City due to the economic development after Doi Moi. The project is considered to have achieved reforms in urban development and housing supply, and developed the southeastern part of Ho Chi Minh City in the areas of finance, commerce, service, industry, science, culture, and education. In addition, Ho Chi Minh City was able to procure about \$70 million (VND 1.523 trillion) in fiscal income over four years through the development of the Phumyhung housing site development.

■ Importance of advance preparations and development prioritization of systems, financial resources, workforce, etc. for national land development

Combining Vietnam's development background, development process, financing, and investment procurement, laws and implementation systems, performance and shortcomings, etc. has significant implications for system establishment, financing, and workforce training.

First, in terms of system establishment, it is necessary to enact the related laws in advance, and to continuously align those laws to reflect the changing internal and external circumstances. In addition, it is necessary to strengthen the link between infrastructure development plans and regional development plans, and to transfer and coordinate appropriate authority allocations between the central and local governments.

Second, in terms of financing, an active international cooperation system is necessary to attract and efficiently utilize overseas capital, and the accumulation of saving, reinvestments, and other such domestic capital is essential.

Third, in terms of workforce training, it is important to cultivate expert personnel with the understanding and knowledge of the market economy system and overseas capital attraction, the business management ability and specialized technical skills for each area of infrastructure.

Next, in terms of the phase of national infrastructure development, it can be seen that there is a significant difference between the development priorities as emphasized by the Vietnamese Communist Party or the government, and the respective timing of the actual development. First, in the case of electricity and roads, the priority of electricity development and that of transportation sector development has each been emphasized since 1975 and 1986, respectively. However, the actual development timing has been delayed to the extent that such developments only started to be pursued in 1995, which seems to be due to the enormous funding and technology required for large scale development, and the limitations inherent in the indirect support of economic development.

In the case of export processing zones, development and profit creation are possible in a short period of time, to the extent that they reached break-even in 1996 after their initial creation in 1992, and can be economically advantageous in terms of employment and exports. Meanwhile, supply of housing in conjunction with economic development has been found to act as a driving force for the completion of infrastructure systems such as transportation and

communication in the region.

4. Policy recommendations for inter-Korean cooperation policy measures

■ Reviewing and supplementing laws and systems through organizations with the requisite authority and functions

First, through the joint control tower of the two Koreas, they should jointly review the various laws and systems that North Korea has been independently pursuing. Second, it would be necessary to jointly establish a comprehensive national land plan and regional development plan for North Korea. A development plan would need to be established not based on individual law, like the Law on Economic Development Zones, but rather on a comprehensive plan for the entire North Korean region, which should be linked to the regional development plans. In the long run, the two Koreas would need to jointly establish a development plan for the entire Korean Peninsula so that South Korea's comprehensive land development plan can be concretely applied in North Korea.

■ Joining international financial organizations and establishing an international financial system

In order to attract overseas capital and benefit from international public funds, joining international financial institutions is urgently required, and to do this, it would be necessary to establish a physical and institutional foundation, and prepare for an official investment path for the inflow of investment funds. It is important for the two Koreas to jointly form the 'International Public Fund Investment and Management Committee (tentative)' to secure the trust of overseas investors.

In order to reorganize North Korea's financial system to suit that of market economy countries, not only are legal and institutional foundations necessary, but the technical and physical foundations must also be established. In the short term, it is necessary to review the improvements necessary for the overall North Korean financial market through South Korean technology and workforce support, and in the long term, it is necessary to establish a technical system for the establishment of a common financial system between the two Koreas.

■ **Development of technical personnel for the operation of national infrastructure and expert personnel for international cooperation**

Based on a joint investigation between the two Koreas, new technologies necessary for infrastructure renovation, establishment, management, and operation should be enumerated, and existing outstanding human resources in North Korea should be secured. In addition, training institutions such as ‘New Technology Human Resources Training Centers (tentative)’ should be established for each infrastructure to train the necessary workforce.

Next, it is necessary to foster management personnel for international cooperation and the operation of the market economy system. Long-term domestic and foreign training would be required to cultivate such human resources, and South Korea can expand opportunities for indirect support through other countries. South Korea will be able to support the establishment or expansion of professional manager training conducted in countries friendly to North Korea, and to allow certain outstanding personnel in North Korea to participate in the overseas training programs. It may also be possible to procure professionals educated in other countries to be sent to North Korea through South Korean financial support.

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