



Submission No 2

Inquiry into Australia's Relations with the Republic of Korea; and Developments on the Korean Peninsula

Organisation: International Crisis Group

**Contact Person: Mr Gareth Evans
President**

**Address: 149 Avenue Louise
1050 Brussels
Belgium**

Submission No. 2

10 May 2005

Mr John Carter
Secretary
Foreign Affairs Sub-Committee
Parliament House
Canberra ACT 2600
AUSTRALIA

Dear Secretary,

Thank you for inviting the International Crisis Group to make a submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry on the Korean Peninsula. Crisis Group has been researching conflict prevention in North East Asia from its research hub in Seoul since July 2004. I have enclosed as part of this submission three recent Crisis Group reports on the nuclear crisis, North Korea's economic reforms, and South Korean attitudes towards North Korea, which are pertinent to the Committee's work:

- *North Korea: Where Next for the Nuclear Talks?*, Asia Report N°87, 15 November 2004
- *Korea Backgrounder: How the South Views its Brother from Another Planet*, Asia Report N°89, 14 December 2004
- *North Korea: Can the Iron Fist Accept the Invisible Hand?*, Asia Report N°96, 25 April 2005

This is an appropriate time to review Australia's relationship with the Korean Peninsula. Dramatic changes have taken place in both South and North Korea in recent years. North Korea has taken some steps to relax its Stalinist economic model, authorised markets and entrepreneurship, and sought foreign trade and investment. In South Korea a generational shift has transformed the style and substance of politics and foreign policy, especially towards North Korea, but also Korea's alliance partners the United States and Japan, and its largest trade partner, China. These changes have however been overshadowed by the deepening North Korean nuclear crisis, which threatens both internal security and regional economic development.

Australia is well positioned to play a valuable role in securing North Korea's more acceptable international conduct, and a peaceful resolution of the current crisis. The process of economic reform has created new opportunities for engaging North Koreans, even though direct technical and financial assistance is impossible under current circumstances. Providing training programs for North Koreans at Australian academic institutions, promoting trade and investment, and sustaining efforts to engage with North Korea through its Embassy in Canberra, would do little to support the regime now, but would help considerably in strengthening the nascent market mechanism, and building internal pressure for political change.

Board of Trustees

Chair

Lord Patten of Barnes

President and CEO

Gareth Evans

Executive Committee

Morton Abramowitz
Emma Bonino
Cheryl Carolus
Maria Livanos Cattau*
Yoichi Funabashi
William Shawcross
George Soros
Stephen Solarz*
William O. Taylor
* Vice-Chair

Adnan Abu-Odeh
Kenneth Adelman
Ersin Arioglu
Diego Arria
Zbigniew Brzezinski
Victor Chu
Wesley Clark
Pat Cox
Ruth Dreifuss
Uffe Ellemann-Jensen
Mark Eyskens
Leslie H. Gelb
Bronislaw Geremek
I. K. Gujral
Carla Hills
Lena Hjelm-Wallén
James C. F. Huang
Swanee Hunt
Asma Jahangir
Ellen Johnson Sirleaf
Shiv Vikram Khemka
James V. Kimsey
Bethuel Kiplagat
Wim Kok
Trifun Kostovski
Elliott F. Kulick
Joanne Leedom-Ackern
Todung Mulya Lubis
Barbara McDougall
Ayo Obe
Christine Ockrent
Friedbert Pflüger
Victor Pinchuk
Surin Pitsuwan
Itamar Rabinovich
Fidel V. Ramos
Lord Robertson of Port E
Mohamed Sahnoun
Ghassan Salamé
Salim A. Salim
Douglas Schoen
Pär Stenbäck
Thorvald Stoltenberg
Grigory Yavlinsky
Uta Zapf
Ernesto Zedillo

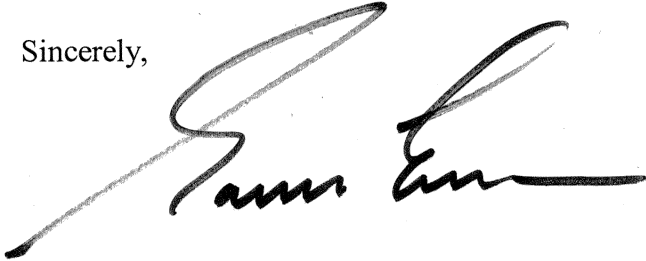
Chairmen Emeritus

Martti Ahtisaari
George J. Mitchell

It would also be prudent to begin coordinating with other like minded countries, and especially South Korea, on the technical and financial requirements that will have to be met after the nuclear crisis is resolved.

I wish you success with the Committee's inquiry.

Sincerely,

A handwritten signature in black ink, appearing to read "Gareth Evans". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

GARETH EVANS
President