

# North Korean Economy and It's Impacts on Neighboring Regions

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North Korean economy has been continuously deteriorating since 1990s. Although fiscal revenue has increased in 2003, it was due to issuing of public bonds rather than a real recovery of economy. Under the circumstance, how should neighboring countries should deal with North Korea? What can they do to let North Korea achieve a soft-landing? To impose economic sanctions against North Korea would force her to a hard-landing. Massive outflow of refugees from North Korea, as European Picnic, will increase cost of China and South Korea. For North Korea, surrounding with China, Russia, and South Korea, it would be difficult to accept Libyan model. However, for the neighboring countries to suffer least negative impacts would be for North Korea to accept Libyan model, neighboring countries' aid to North Korea for economic recovery and the road to self-sufficiency of North Korean economy itself.