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VICE CHAIRMAN JIM SAXTON

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POTENTIAL IMF LENDING TO NORTH KOREA RAISES NEW QUESTIONS

– New IMF Foreign Aid Controversy Sparked by Official’s Remarks –

WASHINGTON, D.C. – International Monetary Fund (IMF) lending to North Korea in the foreseeable future would be inappropriate and spark intense opposition in Congress, Vice Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Saxton’s comments came in response to a wire story from Seoul quoting IMF official David T. Coe saying of IMF lending to North Korea, “It could be possible in the short run if there was a desire by North Korea first of all and equally by the key donor countries, the United States, Japan, South Korea and European countries.”

“Raising the prospect of IMF lending to North Korea at this juncture raises a number of questions about IMF lending policies,” Saxton said. “Presumably, the IMF would wait at least until the question of North Korean membership in the IMF was resolved at some point in the future. Any attempt to extend IMF credit until this question is settled would be sure to spark a controversy over a range of issues related to foreign policy, foreign aid, and the appropriate role of the IMF.

“Furthermore, full consultation between the Administration and the Congress would be necessary to address the issue of North Korean membership in the IMF or any use of IMF credit to benefit North Korea. As a member of the House Armed Services Committee, I can say that there would be quite a negative response to the prospect of IMF lending to North Korea for the foreseeable future.

“This may be an IMF trial balloon similar to the statement of a Fund official in 1998 that the IMF was ‘moving towards a form of normalization’ with Iraq. In this case, my drawing public attention to this statement worked to cancel this ‘movement,’ including a proposed mission to Iraq. I hope that once policy makers have a chance to consider the prospect of IMF loans to North Korea, this idea will also be shelved. While we are all sympathetic with the plight of the people of North Korea, the provision of IMF resources to the dictatorship of that nation would not benefit ordinary citizens,” Saxton concluded.

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