

DPRK Business Monthly

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As a rich man is likely to be a better customer to the industrious people in his neighbourhood than a poor, so is likewise a rich nation. [Trade embargoes] by aiming at the impoverishment of our neighbours, tend to render that very commerce insignificant and contemptible.

Adam Smith, Wealth Of Nations

International

Offshore NK Oil Probe On Track

The head of a London-based energy firm that signed a deal to search for oil off North Korea says he hopes to start exploring within a year.

Aminex PLC executive chairman Brian Hall told AFP he expects "field work in about a year" off the DPRK's east coast, and hopes to find "substantial reserves."

Aminex announced in early June that an associate company had signed a ten-year contract with North Korea to search for oil in an area of about 50,681 sq km (20,272 sq miles) in the Korean East Sea.

The contract was signed by Korex, a 50-50 venture between Aminex and Singapore-registered Chosun Energy.

The contract was awarded by the Korean Oil Exploration Company, North Korea's state oil firm.

Aminex, with listings on the London and Irish stock exchanges, describes itself as an upstream oil and gas company with concessions in several countries including the United States, Kenya and Egypt.



A severe shortage of fuel and a lack of hard currency to purchase it from abroad hampers transportation in the DPRK. A local source of oil could solve that problem. [Photo: Asia Times]

According to a filing with Singapore's Accounting and Corporate Regulatory Authority obtained by AFP, Chosun Energy is an investment holding company with a paid-up capital of US\$1.2 million.

According to the Financial Times of London, there is little data on the block, which includes both deepwater and shallow areas.

More is known about the waters west of North Korea: Bohai Bay, for example, is among China's biggest sources of offshore oil, and has been the subject of exploration and production efforts by China's CNOOC in recent years, apparently with some success. There has long been speculation that North Korea's western waters could also have recoverable reserves.

But the east, Aminex says, is politically easier than dealing with potential territorial disputes with China to the west.

The company acknowledges that it is "a lightly explored area," but says there is "potential for large oil-bearing structures which may involve introducing larger companies as partners at a later date if it is to be explored comprehensively."

The company told the FT it is already examining seismic data, and may bring in a ship to take more data off the east coast as early as next year.

It says the work doesn't contravene United States or UN sanctions, and that it is protected by a force majeure clause if tighter sanctions are applied.

Hall said Pyongyang's oil sector had recently undergone a huge transformation, and is now run by "highly organized technocrats who supply seismic data quickly."

Victor Shum, an analyst with energy consultancy Purvin and Gertz, said there was every chance that oil would be found in the area, but stressed the reserves must be of a significant size in order for exploration to progress further.

“The question is whether any oil reserves that may be discovered there are going to be economically viable to extract,” Singapore-based Shum told AFP.

Officials from North Korea’s state oil company traveled to London in May this year to conclude the contract. Lord Alton, chairman of Britain’s parliamentary North Korea group, told the FT that he showed the officials around parliament.

Correction

It was erroneously reported in the last issue of DPRK Business Monthly that Chosun Energy is connected with Mr Colin McAskill.

“China to Boost Cooperation with NK”



Li Yuanchao (R), head of the Organization Department of the Central Committee of the Communist Party of China (CPC) and a member of the Political Bureau of the CPC Central Committee, meets Kim Chang Ryong, the Democratic People's Republic of Korea's minister of land and environment protection, in Beijing, June 12, 2010. [Photo: Xinhua]

A senior Communist Party of China official has said that China is ready to enhance cooperation with the Democratic People's Republic of Korea (DPRK), according to China's Xinhua News Agency.

Li Yuanchao, head of the Organization Department of the CPC Central Committee, made the remark when meeting a delegation of the Workers' Party of Korea, led by Kim Chang Ryong, the DPRK's minister of land and environmental protection, in Beijing June 12.

Hailing the constant growth of China-DPRK relations, Li, a member of the Political Bureau of the CPC Central Committee and the Secretariat of the CPC Central Committee, reviewed the successful visit by DPRK top leader Kim Jong Il in May. Chinese President Hu Jintao and Kim Jong Il reached important consensus on promoting bilateral pragmatic cooperation during that visit.

China will work with the DPRK to fulfill the consensus and expand bilateral cooperation to push forward China-DPRK relations, Li said.

Kim Chang Ryong said the DPRK held the unswerving policy of cementing and promoting friendship with China. The DPRK will work with China to enhance ties in accordance with the will of the top leaders of both sides, he added.

The DPRK delegation was in China on a visit from June 12 to 22 at the invitation of the CPC. Besides Beijing, they also visited north China's Tianjin Municipality, and Dalian and Shenyang, both cities in Northeast China's Liaoning Province.

Wang Jiarui, head of the International Department of the CPC Central Committee, also met the delegation.

``DPRK Has IT Outsourcing Potential''

With a few exceptions, such as India, outsourcing companies in developing nations tend to be small, with fewer than 100 employees, said Paul Tjia, a Rotterdam-based

consultant on offshoring and outsourcing. But North Korea already has several outsourcers with more than 1,000 employees, he noted.

"The DPRK government is putting emphasis on building the IT industry," he added. "The availability of staff is quite large."

At present, the country's outsourcers appear to be targeting several niche areas, including computer animation, data input and software design for mobile phones. US government restrictions prevent American companies from working with North Korean companies, but most other nations don't have such restrictions.

The path to IT modernization began in the 1990s, but was cemented in the early 2000s when Kim Jong Il, the de-facto leader of the country, declared anyone who couldn't use a computer to be one of the "three fools of the 21st century." (The others, he said, are smokers and those ignorant of music.)

But outsourcing in North Korea isn't always easy.

Language can be a problem, and a lack of experience dealing with foreign companies can sometimes slow business dealings, said Tjia. But the country has one big advantage: It is one of the most competitive places in the world. There are not many other countries where you can find the same level of knowledge for the price," said Tjia.

The outsourcer with the highest profile is probably Nosotek. The company, established in 2007, is also one of the few Western IT ventures in Pyongyang, the North Korean capital.

"I understood that the North Korean IT industry had good potential because of their skilled software engineers, but due to the lack of communication it was almost impossible to work with them productively from outside," said Volker Eloesser, president of Nosotek. "So I took the next logical step, and started a company there."

Nosotek uses foreign expats as project managers to provide an interface between customers and local workers. In doing so it can deliver the level of communication and service its customers expect, Eloesser said.

On its website the company boasts access to the best programmers in Pyongyang.

"You find experts in all major programming languages, 3D software development, 3D modelling and design, various kinds of server technologies, Linux, Windows and Mac," Eloesser said.

Nosotek's main work revolves around development of Flash games and games for mobile phones. It's had some success, and claims that one iPhone title made the Apple Store Germany's top 10 for at least a week, though it wouldn't say which one.

Several Nosotek-developed games are distributed by Germany's Exonet Games, including one block-based game called "Bobby's Blocks."

"They did a great job with their latest games, and the communication was always smooth," said Marc Busse, manager of digital distribution at the Leipzig-based company. "There's no doubt I would recommend Nosotek if someone wants to outsource their game development to them."

Eloesser admits there are some challenges to doing business in North Korea.

"The normal engineer has no direct access to the Internet due to government restrictions. This is one of the main obstacles when doing IT business there," he said. Development work that requires an Internet connection is transferred across the border to China.

But perhaps the biggest problem faced by North Korea's nascent outsourcing industry is politics.

Sanctions imposed on the country by the United States make it all but impossible for American companies to trade with North Korea.

"I know several American companies that would love to start doing IT outsourcing in North Korea, but because of political reasons and trade embargoes they can't," Tjia said.

Introduction to Nosotek

Nosotek, which is located in North Korea's capital Pyongyang, has been offering its software development skills to Western and Chinese companies since 2007. Nosotek concentrates on database development, 3D-Technology, and developing and programming computer games for different platforms. IT specialist Volker Eloesser, vice-president of the European Business Association in Pyongyang, was first introduced to the idea of joint ventures with North Korean companies in 2005, when he was invited to be a guest lecturer at the Pyongyang Business School. Eloesser was convinced that the potential existed for North Korea to develop in the IT industry, and he saw North Korea as a viable competitor to the Chinese and Indian outsourcing markets.

In a summer 2008 interview, Eloesser explained that the Korean specialists are not only as well trained or experienced as their Chinese and Indian counterparts, he also sees other advantages that the Koreans have that will allow them to maintain an edge over their competitors. One such advantage is their business acumen, which he equates to that of the Japanese. Koreans maintain a large amount of loyalty to their employer and integrity in their work, which makes them an attractive partner to international companies.

Nosotek has already enjoyed some successes in its young company history of supporting programming for companies in Europe and China. There are currently 35 employees located at the company's headquarters, with an additional ten employees working regionally and another ten in China. With Western working conditions deteriorating and the increase of Internet outsourcing, Nosotek is in a position to present itself as an attractive and expanding employer. The company also maintains a relationship with the universities of North Korea so that it can recruit newly trained graduates in the field.

In May 2010 a delegation from the German Bundestag visited the company. Included in the delegation were former Federal Secretary of Justice Professor Dr. Herta Däubler Gmelin and Vice-Chairman of the SPD Parliamentary Group Ulrich Kelber. They were accompanied by representatives of the Friedrich Ebert Foundation Frank Hantke and Dr. Werner Kampeter, as well as media representatives.

Volker Eloesser welcomed the delegation together with Nosotek Vice-President Ju Jong Chol and Chinese Director Zhang Xiao. Among the products shown to the guests were applications developed for such venues as Facebook, mobile phones, iPhone, and Nintendo Wii. Many of the programs shown were developed for Nosotek's Western customers.



Choson Exchange Students to Visit DPRK

[The following is an edited version of an interview with the Singapore publication Youth.SG]



At the mention of North Korea, many negative perceptions come to mind. But a group of students at our local universities are planning an academic-cum-cultural exchange with North Korea (DPRK) for a first-hand look at that country's education system.

Youth.SG spoke with Mah Yixin, a political science undergraduate at the National University of Singapore. She is also the coordinator in Singapore and Southeast Asia for Choson Exchange, an international non-profit organization dedicated to economics, business and legal training in North Korea. The Singapore-SEA chapter has brought undergraduates together through their interest in the DPRK's culture.

Youth.SG: What kick-started this initiative and what does the exchange program entail?

Yixin: The initiative was part of a larger organization, Choson Exchange—founded by a Singaporean, Geoffrey See, a Yale and Wharton alumnus actively engaged in North Korean issues—to provide training in business, economics and law in North Korea. For the Singapore-SEA charter flight we are currently looking at the possibility of engaging students of the various universities in knowledge exchange. Our inaugural visit this September will include participation in the PISTF (Pyongyang International Science and Trade Fair) fair, for which the team has compiled economics, business and information technology textbooks, and in-house publications. They will meet various participants who might be from Syria, Cuba, Iran, etc. Education and pedagogy-exchange is the current priority of the team, which will consist mostly of students. As there are teachers-to be on board, we look forward to sending our first batch of teachers in a follow-up visit.

Youth.SG: Personally, how did you become interested in this cause?

Yixin: Political scientists and politicians do not go beyond politics. Academic research, as well as cultural exchange can take us deeper into the DPRK psyche, and allow us to engage them on a personal basis, and not at the sensitive foreign policy level.

Youth.SG: How has the reception been?

Yixin: It has been very encouraging. We have gathered 15 members for the inaugural exchange, and we are currently in discussion with many more students from various clubs.

Youth.SG: What can other people do to help you out?

Yixin: Through funding and future collaboration with business firms who wish to explore the possibility of tapping into the DPRK market. They are encouraged to contact us. Professionals who are interested in lecturing in economics at DPRK universities are particularly welcome.

Youth.SR: How are you going to measure the impact of your trip?

Yixin: The sharing of materials (photographs, write-ups and blogs) with the public after our visit will help us better understand the DPRK, beyond politics. This is a part of DPRK culture that can be unveiled. Stereotypes of DPRK's civilians, beyond its politics, can be broken down, and new perspectives can be created. Also, we hope that the establishment of a pedagogy centre in the DPRK facilitated by Singaporeans can take DPRK-Singapore educational ties to new heights. This has positive implications in the long run. Hopefully, our work will also support Singaporean businessmen currently engaged in the DPRK through developing human capital and supporting knowledge transfers. Most importantly, this exchange program will provide a platform for the team to shed light on the DPRK.

UNICEF Plans US\$130 Million for NK

The United Nations Children's Fund (UNICEF) has announced plans to spend close to US\$130 million to support children and pregnant and nursing mothers in the DPRK from 2011 to 2015. According to Yonhap News, UNICEF has submitted a proposal to its board of directors outlining plans to provide some US\$128 million-worth of humanitarian assistance to DPRK mothers and children. Some 66 percent is expected to be spent on improving health and nutrition, while the rest will be used to finance

medication for malaria and tuberculosis as well as lowering the mortality rate of newborns and mothers.

Meanwhile, Dr. Stephen Linton, who started the Eugene Bell Foundation, told National Public Radio of the US that tuberculosis is by far North Korea's most serious medical problem, and it's getting worse. A strain of tuberculosis known as multi-drug-resistant TB is spreading rapidly.

Linton's family traces its connection to Korea back to the 1890s. For the past 13 years, Linton has been working exclusively on combating tuberculosis. Over that time, he reckons he and his teams have diagnosed and treated a quarter of a million tuberculosis patients in North Korea.

Three years ago, doctors in North Korea began to notice that first and even second-line drugs were failing to control the epidemic. A strain of tuberculosis known as multi-drug resistant TB had appeared

Linton said, "It took us several years to win the confidence of the care givers and of the patients in the program itself." He expressed worry that the South Korean government's recent sanctions against the North could have a serious impact on the campaign to combat multi-drug resistant TB: "The sad thing about this is that once you develop the resistance, you can pass that resistance on to other people. So obviously, we need to make sure that there's a constant flow of medication, whatever the political and diplomatic situation is at the time, and we're just hopeful we can continue to do this."

Inter-Korean

ROK Aid Groups Urge Seoul to Lift Ban

An association of South Korea's 56 civic aid groups has urged the South Korean government to lift restrictions on humanitarian aid to the DPRK.

The Council for Cooperation with the DPRK, a non-governmental organization in South Korea, said at a press conference that humanitarian aid to the DPRK should not be affected by political factors.

The council described the government's measures on blocking delivery of aid supplies to the DPRK as "unhumanitarian actions," and the ban on all visits by South Korean citizens to the DPRK as "hard to understand" because it ignored South Korean donors' legal right to ensure the distribution of the donations.

The council called on Seoul and Pyongyang to approve its plan to set up a permanent office in Pyongyang to secure transparency in distributing aid shipments in the DPRK. The council also said it will raise money for humanitarian aid to the DPRK via private channels in the future, instead of applying for government inter-Korean cooperation funds, noting the possibility of arranging its own aid projects if the government continues to restrict humanitarian aid to the DPRK.

South Korea's punitive measures against the DPRK include downsizing the operation of the Kaesong Industrial Park, suspending all inter-Korean cooperation apart from the Kaesong program, and re-launching psychological warfare against Pyongyang. The ROK government also said humanitarian aid to the DPRK will be suspended in principle, apart from "purely humanitarian aid" for vulnerable groups of people such as infants and young children.

Inter-Korean Trade Shrinks in May

The volume of inter-Korean trade amounted to US\$156.53 million-worth in May, down 17.6 percent from US\$189.98 million-worth in April, according to the ROK Ministry of Unification.

Outbound shipments from South Korea declined 30.8 percent in May compared with the previous month, to register US\$59.35 million-worth. Meanwhile, inbound shipments from the DPRK shrank 6.8 percent to US\$97.17 million-worth over the same period.

At the same time, the number of South Korean visitors to the DPRK saw a 3.7 percent drop to 10,188 in May compared with the previous month.

Some ROK Companies Allowed to Send Money to NK

Yonhap reported that Seoul is allowing some companies to send money to Pyongyang if they have products to be delivered from the DPRK, according to Unification Ministry spokesman Chun Hae-sung. The exemption applies to 38 companies that sent raw materials to the DPRK before the ROK announced the ban on most forms of inter-Korean trade May 24.

About 2.1 billion won (about US\$1.7 million)-worth of shipments are waiting to be delivered to the ROK from the North, and Chun said the firms owe the DPRK about 10-15 percent of the amount.

Domestic

NK Embracing CNC Machine Tool Era

CNC (Computer Numerical Control) machine tools, which are said to have been developed in the DPRK, have revolutionized the design process and are already exported to China. The enthusiasm for CNC is plain from the many billboards Pyongyang encouraging citizens to become CNC-minded. There is even a pop song extolling the merits of CNC.

CNC was first first mentioned on January 15, 2002, according to KCNA. The DPRK media insists that, thanks to innovations like CNC, the DPRK is “Pushing back the frontiers of science.”

CNC machines are produced by the Ryonha Machine Tool Factory and the Taean Heavy Machine Complex. Ryonha has formed a JV which focuses on international trade, the Ryonha Machinery Joint Venture Corporation.



CNC machine on display at Pyongyang's Three Revolutions Museum [Photo: Asia Times]

DPRK Economy Contracts 0.9%: BOK

North Korea's economy shrank last year amid poor harvests, a slump in manufacturing and the weight of strengthened international sanctions, according to the Bank of Korea (BOK), South Korea's central bank. The BOK estimated that North Korea's economy contracted 0.9 percent. It grew 3.1 percent in 2008.

"It is believed that North Korea's economy in 2009, which was already in a poor food situation due to reduced farm output, experienced many difficulties both internally

and externally, as international sanctions were strengthened, aid was stopped and market activities were restricted," the bank said.

The size of the North's economy was estimated at 28.6 trillion South Korean won (about US\$24.2 billion), or just 2.7 percent that of the South's.

Inter-Korean trade shrank 7.8 percent last year, the BOK said.

“The negative economic growth in 2009 was mainly attributable to decreased agricultural production due to damage from particularly severe cold weather and sluggish manufacturing production owing to a lack of raw materials and electricity,” according to the BOK.

North Korea, with its weak infrastructure, is highly dependent on the whims of Nature. Good weather can boost agricultural output, as it did in 2008, and contribute to growth. Bad weather, however, in the form of heavy rains and flooding, can prove disastrous.

Agriculture, forestry and fisheries contracted by one percent in 2009, primarily because of the cold weather, the BOK said. Mining output declined 0.9 percent, while manufacturing shrank three percent. Heavy industry output declined 3.5 percent.

On the positive side, construction increased 0.8 percent, led by housing and civil engineering, according to the BOK.

North Korea Moving Into Internet World

The DPRK has taken the first step toward a fully fledged connection to the Internet, IDG News Service reported.

In the past few months, a block of 1,024 Internet addresses, reserved for many years for North Korea but never touched, has been registered to a company with links to the government in Pyongyang.

The numeric IP addresses lie at the heart of communication on the Internet. Every computer connected to the network needs its own address so that data can be sent and received by the correct servers and computers. Without them, communication would fall apart.

It is unclear how the country plans to make use of the addresses.

The North Korean addresses were recently put under the control of Star Joint Venture, a Pyongyang-based company that is partly controlled by Thailand's Loxley Pacific. The Thai company has experience working with North Korea on high-tech projects, having built North Korea's first cellular telephone network, Sunnet, in 2002.

Loxley acknowledged that it is working on a project with Pyongyang, but Sahayod Chiradejsakulwong, a manager at the company, wouldn't elaborate on plans for the addresses.

A connection to the Internet would represent a significant upgrading of the North's place in cyberspace, but it's starting from a very low base.

At present the country relies on servers in other countries to disseminate information. The Web site of the official Korea Central News Agency runs on a server in Japan, while Uriminzokkiri, the closest thing the country has to an official website, runs from a server in China.

North Korean citizens have access to a nationwide intranet system called Kwangmyong, which was established around 2000 by the Pyongyang-based Korea Computer Center. It connects universities, libraries, cyber cafes and other institutions with websites and e-mail, but offers no links to the outside world.

Estimates suggest that at present no more than a few thousand North Koreans have access to the Internet, via a cross-border hook-up to China Netcom. A second connection exists, via satellite to Germany, and is used by diplomats and companies.

Environmental Protection High Priority: KCNA

The DPRK "is directing great efforts" to research into environmental protection, the official news agency KCNA reported.

"Researchers have developed a new material for removing exhaust fumes from automobiles so as to cut greenhouse gas emissions and reduce air pollution by 35-40%," it said.

It also said that units in the capital, Pyongyang, that caused pollution had been registered, suggesting that dirty industries were under pressure to get clean.

"They are now developing a gas and dust arrester necessary in production processes and new materials needed to secure environmental safety of products," it said.

North Korean scientists have also invented a device using "locally available materials" to incinerate hospital waste, KCNA reported, and the Environmental Protection Institute of the Ministry of Land and Environmental Conservation has intensified research into pollution-free vegetable production.

More Efficient Sterilizer for Seeds

DPRK researchers have developed an effective agro-sterilizer using nanotechnology, according to KCNA.

The sterilizer was developed by the Academy of Agricultural Science and used bactericidal elements that were nanoprocessed separately and mixed before use.

It is effective when sprayed mainly on seeds and crops during the growing period to prevent diseases.

Farmers said that the effect of a small amount of the new sterilizer was higher than that of kilograms of iron sulphate, according to the Central Information Agency for Science and Technology.

The sterilizer has been used to kill harmful insects during the cultivation of rice, beans, cucumbers and red peppers.

Pyongyang Has Over 150 Pubs

Asia Pulse News reported that there are more than 150 pubs in Pyongyang, which provide customers with a variety of draft and bottled beers. "More than 150 beer parlors in different parts of Pyongyang are alive with customers every day," said KCNA. It explained that, to meet the increasing demand, the Taedong River Brewery has recently modernized its production and management system, which are now totally computer-controlled, and has also set up new facilities.

``New Beverage Multiplies Brain Cells''

A new ``anti-oxidation" drink is being produced by the Moranbong Carbonated Fruit Juice Venture Company.

The drink contains 60 different kinds of micro-elements taken from over 30 plant species.

According to KCNA, "With both preventive and curative effects, the drink helps to improve the mental and retentive faculties by multiplying brain cells. It also protects skin from wrinkles and black spots, and prevents such geriatric diseases as cerebral hemorrhage, and myocardial and brain infarction by removing effete acid matter in time. It can also make the skin soft, and fair."

The manager of the Moranbong Carbonated Fruit Juice Venture Company, Jong Song Ho, told the news agency that the drink was popular among thermal power station and smelter workers.

The drink is reported to have no side effects.

NK Promoting Rice Wine Exports

As part of the DPRK's efforts to expand overseas markets for its products, Uriminzokkiri (Amongst Our People), a website managed by the North Korean Committee for the Peaceful Reunification of the Fatherland, is carrying an advertisement for Rakbaek Makkoli.

Makkoli is a traditional Korean drink made from fermented rice which has its roots in agricultural areas. The ad claims that it is a `` healthy beverage and good to drink. It is consumed internationally as well as domestically. ”

Rakbaek Makkoli is available from Pyongyang's Rakwon Department Store

NK Researchers Develop ``Stone Paper’’

Scientists in the DPRK have developed the technology of making a type of paper with plastic and limestone, called ``stone paper,’’ KCNA reported.

Stone paper, much stronger than ordinary pulp paper and able to keep its color unchanged for a long time, can be remanufactured, KCNA said.

It can be used in producing vellum, inflammables, disposable food containers, and billboards in particular because it is little affected by climate.

Researchers at Pyongyang’s Han Tok Su University of Light Industry are working on commercial production of the stone paper.

Comment

The fact that the government of the DPRK is pushing ahead with the development of environmentally-friendly policies and technology is an indication that it may be using the present economic downturn to good effect by laying the groundwork for a leap into the post-smokestack future. Unlike China at a similar stage of development, North Korea does not have huge outdated industries and the millions of workers who depend on them to prop up while struggling to switch to a high-tech economy. To be frank, the DPRK’s traditional manufacturing industries are in the doldrums, and there will be little resistance to scrapping them and replacing them with modern, clean factories. In this regard, the above report on the North’s potential for IT outsourcing is interesting. But an even more significant indicator that Pyongyang is looking to leap-frog into high-tech is the current craze for CNC. This, of course, requires foreign investment, and an example of what can be done can be seen in the Tae-an Friendship Glass Factory near Nampo. A gift from the Chinese government, the plant is equipped with state-of-the-art machinery.

Economic Zones

ROK Kaesong Firms Slam Seoul's Restrictions

South Korean companies at the Kaesong joint industrial complex in North Korea said on June 3 they will ask their government to provide emergency funds, as business conditions worsened amid heightened cross-border tensions triggered by the mysterious sinking of a southern warship in March. The companies are "facing a chain of bankruptcies," one of the businessmen involved said following a meeting in Seoul, asking not to be identified. He said the Unification Ministry, which handles inter-Korean exchanges, should suspend the ban so the companies can fulfill their existing contracts with local business partners.

In the industrial park 110 South Korean factories operate with some 44,000 North Korean workers. It is the last-remaining inter-Korean business project, and its future is in doubt as the government of ROK President Lee Myung-bak has imposed a series of bans on inter-Korean trade and travel.

The South Korean government has issued a circular to those companies who have business contacts in the Kaesong Industrial Complex instructing them to stop trading as well as delay payments for goods received from the complex.

South Korean companies at the joint complex report a sharp drop in orders amid cross-border tensions. Bae Hae-dong, head of an umbrella association representing 110 businesses operating in Kaesong, called on Seoul to allow ROK workers to visit their factories freely and discontinue placing a quota on employees who can stay at the complex. The government, however, said it will maintain the travel restrictions because they are "designed to protect ROK nationals."

Separately, 40-50 representatives from South Korean textile and clothing firms who have operations in Kaesong called upon their government to lift the ban on trade with North Korea, in a meeting at the office of the Korea Federation of Textile Industries.

Yonhap News reported that, bowing to the pressure from the business community, Seoul is considering providing about 100 billion won (about US\$84 million) of rescue funds to hundreds of its companies hamstrung by the ban on cross-border trade with the DPRK. Many of them are unable to send payments to the DPRK and retrieve their products. Unification Minister Hyun In-taek told a parliamentary hearing that the ROK is considering aiding the companies by offering a government loan of up to 60 billion won plus another 50 billion won from the ministry's own Inter-Korean Cooperation Fund.

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Korea Compass

[The purpose of this section is to provide some background knowledge, especially for people making their first trip to the DPRK. If you know something about what you are going to see beforehand you will greatly impress your hosts, not to mention other foreign visitors, and save yourself having to listen to long-winded explanations when you really want to get down to business. Proverbs have the handy function of offering a quick insight into the thinking and attitudes inherent in a different culture.]

Rygangang Province

Rygangang (Two Rivers) Province was founded in 1954 on the upper reaches of the Amnok and Tuman rivers, which form the northern border of the Korean peninsula. The provincial capital is Hyesan.

Traditionally the wildest and most backward area of Korea, the average altitude is over 1,000 meters. In the long winters, the temperature can fall as low as minus 43 degrees. The province is home to the highest mountain in Korea, Mount Paekdu (rising 2,750 meters above sea level). The mountain, which is an extinct volcano with a crater lake, is said to be the ancestral home of the Korean people. The anti-Japanese guerrillas led by Kim Il Sung operated from hidden camps in the local dense forests, and Chairman Kim Jong Il is said to have been born in one of them.

Tourism in this area has been given a boost in recent years. A ski resort has been set up at Samjiyon, where an annual skiing contest is held.

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Hyesan, capital city of Rygangang Province [Photo: El Generalissimo]

Korean Proverb

Phari anero kupji, pakkerō kuberya

("The arm bends inwards; how can it bend outwards?")

Charity begins at home.