



Exploring business opportunities

Report of a Dutch trade mission to North-Korea (September 2009)

Rotterdam, October

In the current financial and economic situation, companies face many challenges. They must cut costs, develop new products and find new markets. In these fields, the Democratic People's Republic of Korea (DPRK, also known as North-Korea) is an interesting option.

North-Korea is opening its doors to foreign enterprises. It established free trade zones to attract foreign investors and there are several sectors, including textile industry, shipbuilding, agro business, logistics, renewable energy, mining and Information Technology, that can be considered for trade and investment.

North-Korea is competing with other Asian countries by offering skilled labor for low monthly wages and by offering tax incentives. Last year, North-Korea's exports rose with 23 percent and its imports with 32 percent. Although China is a main partner, trade with Singapore grew with 116 percent. Foreign investors are now involved in large projects, such as in mobile communications and the completion of the Ryugyong Hotel (see photo), which is to become one of the largest hotels in Asia.



GPI Consultancy organises economic missions in order to investigate the business opportunities in this country. Our last group tour to North-Korea took place from 22 to 26 September 2009. The participants found the program, with tailor-made business meetings and company visits, interesting and well-varied. In addition, there were opportunities for informal meetings as well.

Short overview of the program

Tuesday 22 September 2009

Departure from Beijing to Pyongyang, using the North-Korean national airline Air Koryo. Due to a large number of foreign tourists and travellers (also because of the International Trade Fair), several flights from Beijing to Pyongyang were scheduled during the day.

Upon arrival, our delegation was welcomed by representatives of the DPRK Chamber of Commerce in Pyongyang. Transport was arranged to the Koryo Hotel, which appeared to be a centrally located, and excellent business hotel. After check-in, schedules of business meetings were handed out to the participants, after which the group was taken to a restaurant for an informative welcome dinner, hosted by the Chamber of Commerce.



Photo: one of the new planes of Air Koryo

Later that night, the delegation attended the weekly gathering of Europeans residing in Pyongyang. With music, drinks and snacks, this informal event was a pleasant way to meet Europeans from different walks of life.

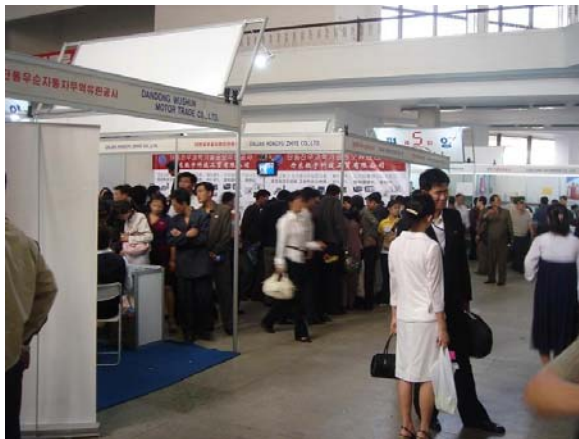
Wednesday 22 – Saturday 26 September

From Wednesday to Friday, business meetings with representatives of North-Korean companies took place in the Koryo Hotel. These meetings were arranged, on request by the participants, by the DPRK Chamber of Commerce. In addition, the delegates visited firms in Pyongyang in different fields, including agriculture, textiles and garments, metal production, ceramics, computer software, art, animation and cartoons.

Departure from Pyongyang to Beijing was on Saturday. Because of the morning arrival in Beijing, some of the participants were able to take the connecting flight to Amsterdam and to other destinations. Other participants decided to spend a few more days in China.

Pyongyang International Trade Fair

We also went to the 5th Pyongyang Autumn International Trade Fair. This annual fair took place from 21 – 24 September 2009 and was organized by the Korea International Exhibition Corporation. There were booths with companies from various countries (e.g. North-Korea, China, the Netherlands, Germany, Sweden, UK, Australia, Austria, Italy, Indonesia, Vietnam, France, Finland, Poland and Taiwan). At the booth of EBA (European Business Association), we had discussions with European business people working and living in DPRK.



General impression of the Trade Fair



On the right: booth of a company from Sweden



Booth of the European Business Association



A view of the fairgrounds

Some examples of the company visits



Visit to an electronics company



Visit to a software company



Visit to a garments factory



Visit to a garments factory



Visit to a greenhouse



Visit to a farm



Visit to an animation company



Visit to a company in the field of digitisation

Informal activities

There was also some time scheduled for informal activities, such as a citytour of Pyongyang and attending the spectacular Arirang Massgame.



Delegates attending the Arirang Massgame, held at the May Day Stadium



Different scenes during the citytour



Citytour: the outskirts of Pyongyang



Examples of Dutch exports to North-Korea



Philips computer monitor, used in an IT-company



At a local restaurant: Dutch Heineken beer



Revolving entrance door, made by Boon Edam

Interesting trade and investment opportunities!

The delegation identified and discussed trade and investment opportunities in several areas, such as:

- Production of garments
- Agro business (e.g. export of vegetables, fruit and flowers to South-Korea)
- Mining (e.g. zinc, mica, tungsten, rare metals)
- Real estate (e.g. office buildings, hotels, shopping malls)
- Renewable energy (e.g. windenergy, batteries)
- Software development, production of computer games and animation, digitisation
- Electronics
- Chemicals
- Tourism, etc.

The members of the delegation experienced that taking part in a business mission is a very informative way to explore business opportunities in North-Korea in detail, and to meet new potential business partners. Taking part in a mission is also useful for those European companies already doing business with North-Korea, since it gives them an easy option to meet their Korean trade partners personally.

Forthcoming economic missions (group tours and individual tours)

Because of the success of the previous missions, it is our intention to organise more trade / investment missions to North-Korea. The next group tour will take place in May 2010 and participants from other countries are welcome to join this mission. The program will be available at a later stage, but registration is already possible. Trade Promotion Organizations from other European countries are invited to join us in co-organizing this mission.

We also organize individual business missions to North-Korea (with participants from a single company only, with tailor-made visits).

Pyongyang Spring International Trade Fair 2010

The Pyongyang Spring International Trade Fair will also take place in May 2010. European companies can use this fair to come in contact with both potential buyers and suppliers in North-Korea. An easy option is to use a poster at the booth of EBA ([European Business Association](#)); these costs are low (and even free of charge when becoming a non-resident member of EBA). A group of companies can also decide to use a dedicated country booth (e.g. a Dutch booth). Please contact us for details.



Organizers of the 2009 Dutch business mission

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The delegation leader was Mr. Paul Tjia, founder and director of GPI Consultancy. His report of one of his previous visits to Pyongyang is available at www.gpic.nl/IT_in_NKorea.pdf. Established in 1995, GPI Consultancy is a specialized Dutch consultancy firm in the field of offshore sourcing. It is regularly involved in study tours to various countries.

Mr. Tjia took part in several missions to North-Korea. He also speaks about doing business with North-Korea (e.g. at seminars in The Hague in March 2009 and in Beijing in September 2009). On request, he can give presentations at business seminars.

Paul Tjia (together with American professor Erran Carmel) is the author of the handbook: "Offshoring Information Technology - Sourcing and Outsourcing to a Global Workforce" (Cambridge University Press, reprinted in 2007). The Table of Contents can be found at www.gpic.nl/bookTOC.pdf



Example of a trade zone: Kaesong Industrial Zone

