

# DPRK Business Monthly

Volume II, No. 11, December 2011

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

### DHL Pyongyang Office Bustling

DHL's Pyongyang office opened in 1997, engaged in transportation business as an agency of DHL Global Forwarding (DGF).

With branches in more than 150 countries around the globe, DGF specializes in transportation of containers and general cargoes, and integrated road-rail-air-water transportation.

The DHL Pyongyang office renders such services as direct consignment, processing of documents, freight consignment and the packing and forwarding of import/export cargoes weighing over 50kg. The number of its clients is increasing rapidly. The office plays a pivotal role in express forwarding and international cargo transportation for both local and overseas business people.



### Chinese Company Sets Up Car Wash in NK

The PRC company Autobase installed its latest-model car wash facility, the Tepo-UTO Tunnel Car Wash Machine, in the DPRK capital of Pyongyang in November 2011.

Autobase is China's largest car wash manufacturer, with 12 different models for cleaning different types of vehicles. It has customers in 60 countries, doing US\$1 million-worth of business a month. It has 26 branches in various parts of the world, dealing with pre- and after-sales services. Its R&D teams are composed of engineers from both China and Germany.

Autobase's machines range from 12 m to 20 m long.

## NGO Initiatives in DPRK:



Sixty prayer shawls will soon arrive in North Korea to warm the body and spirit of those with tuberculosis and hepatitis.

Hubbard United Methodist Church members, of Park Rapids, Minnesota, have been at the core of operations, but the shawls are a non-denominational effort, Genell Poitras providing the impetus.

Husband Dr. Ed Poitras, a Yale Divinity School graduate, arrived in South Korea just after the war had ended in 1953 to conduct missionary work. He returned to the US three years later, married Genell and they headed back in 1959, the country undergoing “a time of great transition.”

The couple and their daughter Catherine would live in South Korea until 1989, when they returned to the United States.

The opportunity to travel to North Korea arose for Genell in 2010 when she accompanied a delegation sponsored by the Christian Friends of Korea.

She would travel into the mountains of North Korea in April to visit rest homes and hospitals receiving assistance from CFK, accessed by dirt roads and fording streams.

There she would discover the rooms for patients being treated for TB have no heat, children and adults battling the contagious bacterial infection live in rooms with no central heating system.

CFK originated in 1995, during a period of famine caused by floods and inclement weather in North Korea. Since then, the CFK focus has shifted to treating and eradicating tuberculosis. Working under the auspices of the DPRK's Ministry of Public Health, the group provides medicine, medical equipment, blankets and food supplements. In partnership with Stanford University, CFK has equipped a lab in the capital city of Pyongyang to assist in the identification and treatment of tuberculosis.

In an effort to help the North Koreans become self-sustaining, CFK builds greenhouses and provides tractors. The organization also imports doors and windows to bolster heat retention in structures.

Genell would discover aid arrives from other US organizations, one working to create a bakery in a remote area of the mountains, and from Germany and Switzerland, who are promoting modern agricultural practices.

About 80 percent of land area is moderately high mountains separated by deep, narrow valleys and small, cultivated plains. The mountains preclude the country from being food sufficient, Ed said.

At the end of November Ed went to North Korea to monitor distribution of emergency medical supplies, backed by five US non-governmental agencies. There he oversaw the distribution of nearly US\$3 million-worth of medications and concentrated emergency food, peanut-based, high-nutrient provisions for children in orphanages and pediatric wards. Next year, at Pastor Laurie Kantonen's good-natured decree, another shipment of shawls will depart for CFK headquarters in North Carolina, bound for North Korea.

“I feel assured that each person who receives a shawl will be blessed by the hands that reached across the ocean to warm them when they recover,” Genell tells the congregation in the newsletter. “God truly works in mysterious and unexpected ways.”

## Inter-Korean

### P'yang Asks Seoul to Restore Economic Ties

North Korea has appealed to the South for a restoration of the agreements entered into by the two sides that had started to channel extensive investments from the South into the North and provide the South with much-needed mineral wealth.

The request was conveyed in the first official interaction with visitors from the South since the death of the North's leader, Kim Jong Il, when Kim Yong-nam, president of the North Korean parliament and ceremonial head of state, met Lee Hee-ho, widow of late South Korean President Kim Dae-jung, and Hyon Jeong-eun, widow of a former chairman of Hyundai Asan and now head of the group. Hyundai Asan has close business ties with the DPRK.

The two had traveled to Pyongyang for the state funeral for Kim Jong Il in recognition of North Korea's delegations that had attended their husbands' funerals.

Kim Jong Il held summit meetings with Kim Dae-jung in 2000 and with his successor, Roh Moo-hyun, in 2007. Both meetings produced promises of large South Korean investments. Both South Korean leaders believed that boosting economic exchanges would ease military tensions on the divided Korean Peninsula, which has been in a technical state of war for more than six decades, and reduce the cost of the eventual reunification of Korea.

But that approach was reversed when Lee Myung-bak took office in early 2008, and relations between the two sides have worsened considerably over the last few years.

Ms. Lee said that she wished that her husband's biggest legacy — the “sunshine policy” of bolstering economic exchanges with the North — would be revived. Ms. Hyun, too, has reasons to hope for better ties; Hyundai Asan has suffered heavy losses from its investments in the North's Kumgangsan resort, tours from the South to which were halted by Lee Myung-bak after the shooting death of an ROK visitor in 2008.

In the last years of Kim Jong Il North Korea had shown interest in attracting foreign investment. It opened a couple of special economic zones along the border with China. Despite worsening ties with the South, it did not close the Kaesong joint industrial park on that border. It also agreed in principle to let a pipeline pass through its territory so Russia could sell natural gas to South Korea.



Korea Business Consultants logo (The pieces are falling into place): “Building Your Success”

Suite 20-06, Building no.1, Sun City, No.18, Xin Zhong Jie, Dong Cheng District, Beijing, 100027, China

北京市 东城区 新中街18号 阳光都市, 1号楼 20-06 邮编: 100027

Tel: (8610) 6599 5273, (8610) 6553 2600, (8610) 8447 2425.

Roger BARRETT  
Managing Director



Andrews & Wykeham is a traditional British company offering customised security printing solutions. We implement cutting edge security printing, holography, laser marking, and microtaggant technologies to create a range of security products for the ID card, passport, banknote, document security, revenue protection and brand protection markets.

The company has long been active in Asia-Pacific markets, and is interested in business opportunities in the DPRK.

Our contact details are :

Andrews & Wykeham  
Lutyens Building  
Kingsland Business Park  
Bilton Road  
Basingstoke  
RG24 8LJ UK  
Tel +44 1256 477372  
Fax +44 1256 400180  
[www.andrews-wykeham.co.uk](http://www.andrews-wykeham.co.uk)

[jamie.willis@andrews-wykeham.co.uk](mailto:jamie.willis@andrews-wykeham.co.uk)

## Domestic

### Joint New Year Editorial (Analysis)

The traditional New Year editorial published jointly by the DPRK's three leading newspapers this year (January 1, 2012) stressed the legitimacy of the new leadership, with the words "Kim Jong Un equals our great leader Kim Jong Il." It mentioned Kim Jong Un 16 times.

The three newspapers are *Rodong Shinmun* (Workers' Daily) organ of the ruling Workers' Party of Korea, *Joson Inmingun* (Korean People's Army), organ of the North Korean military, and *Chongnyon Jonwi* (Youth Vanguard), organ of the Youth League

South Korea's state-run Korea Institute for National Unification commented that the editorial's message is "Expect no policy changes." Moreover, unlike the editorials in 2010 and 2011, this year's had no soothing words for the South Korean government, instead blasting Lee Myung-bak and his "band of traitors," so a breakthrough in North-South relations this year is most unlikely.

The lengthy title of the editorial is "Let's turn 2012 into a year of pride and victory, when our golden age of becoming a

powerful and revived country begins to unfold by honoring the instructions left by Kim Jong Il"

This year's editorial stressed the fifth anniversary of the 2007 inter-Korean joint declaration, when the previous ROK president Roh Moo-hyun visited Pyongyang. Last year's editorial emphasized the importance of the 2000 joint declaration, when ROK President Kim Dae-jung made a groundbreaking visit to Pyongyang.

This year will launch the DPRK on a "new-century industrial revolution," according to the editorial, to establish a "country powerful in knowledge economy," highlighting the importance of cutting-edge technologies such as information technology, nanotechnology and life sciences. It said, "Based on the innovation of Ryonha Factory, which has made remarkable developments in productivity through cutting-edge computerized numerical control, we should upgrade the level of technology and equipment." Computerized numerical control is said to be of special interest to Kim Jong Un, and so we can expect this and the knowledge economy in general to make great strides in North Korea in the next year.

The food-shortage problem is also given a brief mention, in the slogan, "The fighting power of Party organizations and the revolutionary spirit of the workers can be proved by their ability to resolve food shortages."

## Ragwon Machinery Complex

Situated in Shinuiju, North Pyongan Province, the Ragwon Machinery complex specializes in manufacturing large-sized machines and equipment used in the construction and mining industries. Its products include excavators, rotary drilling machines, truck cranes and oxygen plants.



Its Shinpohyang Cast-Iron Workshop and other workshops, including the Ragwon Oxygen plant, turn out steel castings, hydraulic machines and precision appliances. The company is making efforts to mass-produce more high-performance machines and equipment.



The 5-cu-m Jangbek excavator, designed for open-pit mines, can dig up to several hundred cu m an hour.

## Arirang Trading Corporation

The Arirang Trading Corporation engages in horticulture, cultivation of greenhouse vegetables, cooperation and exchanges of cultivation techniques, and the production and export of embroideries and apricot stone oil and pills. The corporation is expanding the scope of its exchanges and cooperation for vegetable growing and its advanced techniques with partners both at home and abroad.

The Pyongyang Vegetable Institute, under the Corporation, is a comprehensive institute for both research work and vegetable cultivation all year round.

The Pyongyang Horticulture Institute, also under the Corporation, is equipped with computerized processes for the control of temperature and humidity, and produces flowers in many varieties on a scientific and commercial basis.

The Corporation is making special efforts to expand economic and technical exchanges with other countries.

Address: Phyongchon District, Pyongyang, DPR Korea

Fax: 850-2-381-4410

# Economic Zones

## Who Does Business in Rason?

[The following is an edited version of a report written by Andray Abrahamian for *38North*. It is the first part of a series on DPRK companies and organizations.]

### Jilin Tobacco Industry Co. Ltd

When visiting North Korea or China one is struck by the number of men who smoke - the two countries have some of the highest rates in the world. In China, about 53% of men smoke; in North Korea it is a similar figure, despite efforts by both governments to lower the smoking rate. As such, the tobacco industry is of huge significance to both countries, and will undoubtedly play a role in the ever-expanding trade relations between them.

Jilin Tobacco Industry is based in Changchun, capital of China's Jilin Province. It is a private-sector company, but in China the tobacco industry is not so simple. A State Tobacco Monopoly Administration exists, which oversees the China National Tobacco Company. This SOE controls all distribution channels and pricing mechanisms, but allows regional firms to develop regional brands and fill orders, effectively outsourcing production. The two national organizations work closely with regional companies - in the case of Jilin Tobacco helping develop the Changbaishan brand, for example. They take a cut of the locally earned profits in the form of a tax or fee.

In 2008 the State Tobacco Monopoly Administration gave Jilin Tobacco permission to establish a joint venture with North Korea's Taedong River Tobacco Company Ltd and Nason Shinhung Tobacco Co.

They now operate a factory in Rajin, which primarily produces cigarettes for export to countries including Qatar, Japan and Taiwan. The Rajin factory has 100 employees, a small percentage of Jilin's total workforce of 5,000, so it appears that some combination of concerns about infrastructure and political commitment have prevented rapid expansion of the Rajin operation.

The factory also produces cigarettes for the local market. A company representative said that the higher-quality brands are made in China.

He said that labor costs are cheap enough to warrant the current level of commitment. Expansion in the future was a possibility, he said, but did not know of any concrete plans. The imminent completion of the highway to China may facilitate more production of cigarettes for the Chinese market.

## Comment

Pyongyang lost no time following the death of Kim Jong Il and the announcement that his son Kim Jong Un would succeed him in declaring that there would be absolutely no dealing with ROK President Lee Myung-bak under the new leadership. Lee, whose term (ROK presidents are only allowed one) ends next December, has pursued a hard line against the North since coming to office in 2008. Relations in every sphere have plummeted, not least those in the business field. Tension on the Korean peninsula has been ratcheted up so high that the North actually shelled ROK territory in November 2010, in response to a massive ROK-US naval drill. Realizing that his tough approach has backfired, and under pressure from the South Korean people to return to the "sunshine days" of his two predecessors, Lee -- like US President George W. Bush before him -- is desperately offering olive branches to the North to try to salvage something from the failures of his watch. But as the Pyongyang statement -- rushed out only days before the joint New Year editorial, which is the normal channel for policy pronouncements -- made clear, relations on the peninsula will remain in limbo until Lee Myung-bak's successor takes office, and hopefully there is a return to "sunshine."

## Touring North Korea

## Asia Pacific Travel LTD

# North Korea Tours 2012

### Highlights:

\*An April tour that will visit the DPRK during celebrations marking the 100th anniversary of the birth of Kim Il Sung, the eternal President and founder of the DPRK. Not-yet-announced festivities have been in planning for several years and are expected to include an extra spectacular *Arirang* mass performance. These unique synchronized acrobatic displays are listed in the *Guinness Book of Records* as the largest mass performance in the world, featuring over 100,000 performers in the May Day Stadium in Pyongyang, the largest stadium in the world, seating over 150,000 people. The name *Arirang* refers to a Korean folk song about two separated lovers trying to reunite, a reference to the continued division of North and South Korea. The North Koreans believe that the highly synchronized, mass aspect of the performances reflects their national philosophy of the individual being subordinate to the group.

\*An optional 3-4 day post-tours to Mt. Kuwol, Sariwon, Sinchon, Wonsan, and Kumgang. Known as the "Diamond Mountains," Kumgang has been closed to tourists from the North since 1998 and to all tourists since 2008. APTL is able to take tourists to this area of Kumgang using the historic Kungangsan Hotel in the resort development complex. Previously groups from the North only visited the fringes of Kumgang and overnights in Wonsan.

\*A new series of tours for intrepid travelers exploring North Korea's famous scenic mountains. Scheduled from June through September, these special tours include the difficult-to-visit dramatic and historic sites of Mt. Paektu, Mt. Chilbo, Hamhung, Wonsan, and Kumgang. Passengers will travel via charter flights from Pyongyang to the less accessible areas of the DPRK. These more adventurous itineraries will be in addition to the APTL's "standard" offerings of monthly departures from April through November with various pre- and post-tours in China and South Korea.

The North Koreans have reconfirmed that Americans (and nationalities other than South Korean citizens), may tour the DPRK for extended visits. This is unlike past years, when Americans could only visit for 5 days at a time. In addition, North Korea has reconfirmed that these visits may come throughout the year, not just during the annual *Arirang* mass performance period in the fall. Unfortunately, the ban on Americans taking the train in or out of the DPRK to China is still in effect (other nationalities, however, are allowed to take the train), resulting in slightly higher costs for Americans.

All travelers to North Korea must travel in a group – even if it is a "group of one". Normally it is best and more economical to have at least two travelers together so that they can share the costs. All APTL DPRK tours from August through September include the *Arirang* synchronized mass performance.

About Asia Pacific Travel, Ltd.

Asia Pacific Travel, Ltd. is an experienced tour operator specializing in custom first-class and deluxe travel for individuals and small groups to East Asia since 1978. Each year Asia Pacific Travel has arranged custom itineraries for hundreds of outbound passengers for travel to East Asia, particularly China, Japan, North and South Korea, Hong Kong, Macau, Mongolia, and Southeast Asia.

Press Contact: Marian Goldberg, Marian Goldberg Marketing Communications

Tel: 347-559-MGMC; [marian@mariangoldbergcomm.com](mailto:marian@mariangoldbergcomm.com)

Corporate Contact: Asia Pacific Travel, Ltd., P. O. Box 350, Kenilworth, IL 60043-0350 USA (2514 Laurel Lane, Wilmette, IL 60091-2230 USA)

Tel: 1-800-262-6420, or 1-847-251-6400; Fax: 1-847-256-5601; [Info@Asia1on1.com](mailto:Info@Asia1on1.com)





**:: New For 2012: Heavy Metal Tour of North Korea ::**

For the past two decades, Koryo Tours has been opening North Korea to tourism, and in 2012 we are once again breaking new ground. After working closely with our Korean partners, we are proud to offer both our group and independent tourists the chance to go where **no visitor has ever been**, namely factories and similar sites **around Nampo**, the west coast port city not far from Pyongyang. Here's a brief introduction to what is on offer:



**Chollima Steelworks** - A major heavy industry site for the Democratic People's Republic of Korea (DPRK), this place was built by the Japanese and is known to Koreans as the birthplace of the Chollima movement, which even today drives the country. If you've always wanted to witness the making of 'Juche Steel' in a giant facility, come to Nampo with us. This is the DPRK's most famous factory, and as always, Koryo Tours are the first company to be allowed to take tourists inside. But Koryo has its own Chlima connection; we can tell you about the art project we arranged at the steelworks as well as there for our new feature film!



the scenes we shot

**Tae'an Heavy Machine Tool Complex** - This enormous complex boasts a number of hangar-sized buildings; we will see the vast range of machine tools, lathes and so on that the workers use to make shaped steel, turbine components, and other products.



**Tae'an Glass Factory** - This opened in 2005 with heavy Chinese investment, in fact, the Peoples' Republic of China President Hu Jintao attended the opening ceremony along with DPRK leader Kim Jong Il. Tae'an produces glass and glass products for the domestic market. Koryo tourists will be the first visitors ever to watch the

process from smelting to sheet-cutting, and even try to break a sheet of strengthened glass!

**Nampo Taekwondo School** - Many of the DPRK's champion martial artists have been educated at this school, despite looking from the outside like it badly needs some maintenance the demonstration put on by the students here (aged from 6 - 16) is a mind-blowing masterpiece of the indigenous Korean fighting style - it'll make you think twice about arguing with little girls in future!



**Nampo Park** - With a scenic view over the mouth of the Taedong River, as well as a fresh-water swimming area ideal for warmer months, this is a great place to relax or have a picnic. A popular wedding photography site, this picturesque park makes a pleasant diversion after the heat and noise of the factories.

As if factories, martial arts schools and rustic settings aren't enough, we can also take you to a local restaurant in the city centre, an orphanage, and you can cap off the trip by visiting the nearby 8km-long West Sea Barrage and staying overnight at the Ryonggang Hot Spa Guesthouse



Keeping with our tradition of travel innovation, Koryo Tours would love to show you the face of DPRK no visitor has seen before. Come see the world's most mysterious country with the only DPRK specialists around; contact us on [info@koryogroup.com](mailto:info@koryogroup.com) or pop in and see us if you're in Beijing or Shanghai. For anyone planning a DPRK trip, whether it's your first visit or you're coming back for more, Koryo Tours is glad to offer you the chance to do and see more than ever before. We look forward to hearing from you!

We are adding these new attractions to the following tours, so if you've ever wanted to see Juche Steel (it's a real thing!) being made, watch a load of sand turn to glass, see North Koreans operating lathes of all kinds, and see a young child beat up several surly attackers then one of these tours could be perfect for you!



[Kim Il Sung 100th Birthday Long Tour](#)

[Kim Il Sung Birthday Week Tour](#)

[Kim Il Sung Birthday Ultimate Mega Tour Option A](#)

[May Day Long Tour](#)

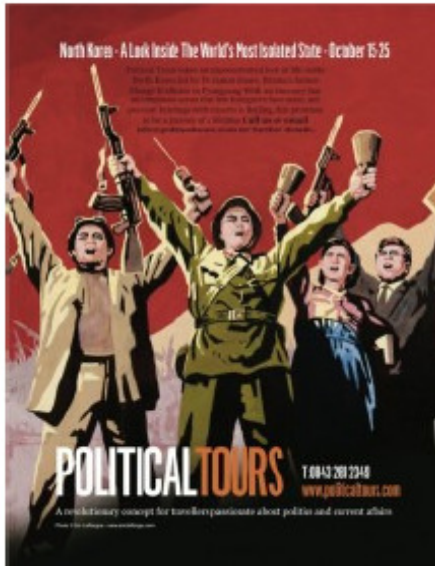
[Late May Tour](#)

[Early August Tour](#)

[Liberation Day Long Tour](#)

## National Day Long Tour

## Political Tours



## 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.]

### Arduous March

The Arduous March is the designation given to the period of severe shortages in the DPRK – especially of food – from the mid-1990s to 2000. Like many modern phenomena in North Korea, a parallel is made with revolutionary history. It is important to become acquainted with this revolutionary history in order to understand the North Korean attitude of “No problem, we’ve been through all this before.” The original Arduous March was undertaken by Kim Il Sung’s guerrillas in the depth of winter 1938-39. Harassed by the Japanese the whole way and with no way to resupply themselves with food, they marched through uninhabited country for over 100 days, and finally shook off their pursuers. In the official words: “The spirit of the Arduous March is a precious asset of the Korean revolution which serves as an ideological and mental power for the army and people to emerge victorious at all times.”

### Korean Proverb

Hohuanul miri almyon sane kalli nui issurya

(Who would go to the mountain if he knew there was a fierce tiger there?)

A danger foreseen is already half-avoided.

