

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

Ground Broken for Yalu Border Free Trade Zone



Scene at the groundbreaking ceremony [Photo: *Hankyoreh*]

North Korea and China celebrated the groundbreaking of a joint free trade zone on an island between the two nations June 8, *International Business Times* reported.

The following day work started on upgrading a road connecting the border city of Hunchun with Rajin port.

A DPRK-China joint-venture cement plant is to be built in Rajin.

The joint industrial complex is located on Hwanggumpyong Island, on the Yalu River, separating North Korea and the Chinese mainland.

This recent development is the fruit of DPRK leader Kim Jong il's low-profile diplomatic visit to Beijing last month. The island will be divided into four separate areas, used for "communications manufacturing, tourism, contemporary farming and industrial processing," according to North Korea's outline as reported in the South Korean paper *Joongang Daily*.

The island is designed to improve the DPRK's ability to become economically independent.

The creation of a free trade zone models the initiatives of former Chinese Chairman Deng Xiaoping's 1978 Reform and Opening-Up policies, which established special economic zones on the South China coast.

The economic zones encouraged the pouring in of foreign direct investment and international business projects, primarily from overseas Chinese, interested in exploiting China's huge manpower resources and low production costs.

``NK to Experiment with Free Market Practices''

North Korea and China recently forged a deal to develop two North Korean border towns into an industrial belt and introduce, in part, free market practices, a North Korean government document shows.

According to the document obtained by the ROK's Yonhap News Agency, Pyongyang and Beijing agreed to foster the development of the North's towns of Rason and Hwanggumpyong into an industrial belt.

With the goal of building a *Kangsong Taeguk* (great, prosperous and powerful nation) by 2012, the North has striven to revitalize the Rason free economic zone in its northeastern region near the border with China and Russia by attracting foreign investment.

Hwanggumpyong is a North Korean island located at the mouth of the Yalu River in the west, near the border with China.

According to Yonhap, North Korea is apparently moving to develop Rason into an all-purpose industrial and technology hub, and Hwanggumpyong into a tourism and information hot spot.

The document envisioned the belt as becoming a “test zone for Choson (North Korea) foreign exchange,” “leading zone for the *Kangsong Taeguk*” and “trial zone for Choson-China economic cooperation.”

“It seems that (the proposal) is a comprehensive package of agreements between North Korea and China made in the past,” said Cho Bong-hyun, a researcher at the Industrial Bank of Korea’s Economic Research Institute in Seoul. “It is aimed at establishing an industrial belt base in Rason and Hwanggumpyong through government-level consultations between North Korea and China.”

According to details in the obtained Pyongyang document, North Korea and China agreed to develop basic infrastructure, logistics, raw materials, light industry and service industries in ten individual complexes in the belt.

Rajin, inside Rason, will see new warehouses, logistics, equipment manufacturing and technological complexes, and Sonbong, also inside Rason, will have four industrial complexes.

The DPRK is also seeking to develop wind, solar and other alternative energy sources, and ramp up telecommunications networks in the zones.

Rason's traffic facilities are also expected to see a major facelift as the plan mandates a revamped transportation and traffic scheme.

The deal comes on the heels of Pyongyang's recent campaign to make Rason a hub for foreign investment.

According to a source familiar with North Korean affairs, the city has seen both new factories built and upgrades of previous ones in recent months.



Workmen set up a billboard for the opening of the new industrial complex at Hwanggumpyong
[Photo: *Hankyoreh*]

Hong Kong Firm to Develop Hwanggumpyong?

Yonhap reported that a Hong Kong conglomerate is likely to be tapped as a developer of Hwanggumpyong Island.

Yonhap cited an article in the *Economic Observer*, one of the leading economy-focused newspapers in China, tipping Sunbase International Holdings Ltd, an investment conglomerate based in Hong Kong, to win exclusive rights to develop the border island.

The group, which reportedly has direct control over total assets of over HK\$60 billion (US\$9.3 billion), is recognized as one of the largest property management companies in Hong Kong and mainland China.

Gunter Gao, chairman of the board of Sunbase International, visited North Korea twice last year and had high-level meetings with North Korean government officials on the economic development of the island, the report said.

The newspaper earlier reported that the 56-year-old Hong Kong tycoon met Kim Yong-nam, president of the Presidium of the North Korean Supreme People's Assembly, before the groundbreaking ceremony of the joint economic zone. Gao is widely considered to have strong ties with politicians in mainland China, as he has long served as one of the Hong Kong members of the National Committee for the Chinese People's Political Consultative Conference, a political advisory body in mainland China.

Singaporean Sees Big Housing Profits on DPRK-China Border

[The following is an edited version of an article carried in *TODAYonline*.]

Few would expect a Singapore developer to be building houses right on China's border with North Korea. But then, Mr Koh Tiak Chye, known to his friends as TC, sees opportunities where others see danger.

In fact, Dandong in Liaoning Province, where Mr Koh's Singapore-listed Brothers (Holdings) has several projects, is a beautiful and bustling little city on the Chinese bank of the Yalu River overlooking the North Korean city of Sinuiju.

"Just imagine how much property values here will shoot up when the North Koreans finally open up!" mused Mr Koh, 57, with a gleam in his eye.

And that may not be that far away, especially with the recent visit to China by North Korean supremo Kim Jong Il.

Mr Koh, who first ventured into China in 1994 with the purchase of a half-completed office building in the Liaoning capital of Shenyang, moved to Dandong just three years ago.

He obtained a 150,000-sq-m site for SingaporeCity@Yalu River, where he is building some 5,000 units of housing, a 200-room four-star hotel and a shopping centre.

Phase 1 and Phase 2 of his Yalu River project, comprising 200 units and 1,800 units, respectively, of apartments have been completed.

Phase 1 is going at an average price of 3,500 yuan a sq m (about S\$62 per sq foot).

Phase 2 is currently selling for 4,200 yuan a sq m, but Mr Koh is planning to raise it to 5,000 yuan or more soon.

"Prices will go up even further once the new bridge, which is just 400 m from our project, linking North Korea is completed," he said. Indeed, in May alone prices of new homes in Dandong rose 9.7 percent -- the most among 70 Chinese cities monitored by China's National Bureau of Statistics, according to a *Bloomberg* report.

Despite the recent crackdown on property speculation by the Chinese authorities,

prospects in Dandong, a city of over two million people, are so strong that Brothers (Holdings) has purchased another plot of land - 89,000 sq m in size - on which it will build its "SingaporeCity@Dandong".

"We are building for the urban middle class, the same target market as our Housing Board. To make the units affordable, there are no frills. Although we provide heating, the units are sold on a bare-wall basis. We don't even provide taps," Mr Koh, who is managing director of Brothers, said.

He added he would also be targeting newly-weds and upgraders from the rural areas who are seeking affordable but not cheap housing.

Mongolia Eyes NK Ports

Mongolia sees North Korea's ports as the gateway for shipping its mineral resources to the outside world, taking advantage of "very good relations" between the two countries, Prime Minister Sukhbaatar Batbold said in an interview with *Bloomberg Television* in Beijing.

Landlocked Mongolia needs to secure access to the sea as it pursues mining projects, he said. Aside from its main exports of coal and copper, the country also has oil, potash, iron ore and uranium resources, as well as rare earths used in electronics, wind turbines and smart bombs.

"Basically we are trying to engage North Korea, keep them engaged with other countries. We don't want them to be isolated," Batbold said, adding that Mongolia is trying to seek a "balance of interests" in its relations with neighbours such as Russia and China, and Western countries.

"This balance has to be kept not by squeezing somebody, but increasing" the opportunities for cooperation, he said, explaining that Mongolia may also supply North Korea with meat and foodstuffs.

Mongolia is opening up its resource riches to mining as prices for coal surge on demand from Asian steelmakers. The nation is seeking to develop the Tavan Tolgoi coal basin, which is one of the world's largest unexploited reserves of coking coal, a key material in making steel.

Peabody Energy Corp., a Shenhua Group Corp.-Mitsui & Co. venture, Vale SA, a Russia-Japan-South Korea group, ArcelorMittal and Xstrata Plc have been shortlisted to develop the basin. Batbold said that three or four bidders may be asked to form a single group to work on the project.

Mongolia aims to quadruple its rail network to send coal, copper and rare earths to nations such as Japan and South Korea, which would make North Korean ports vital links.

AP to Open Bureau in Pyongyang

[The following is an official statement from the Associated Press.]

Associated Press announces agreements to expand access in North Korea

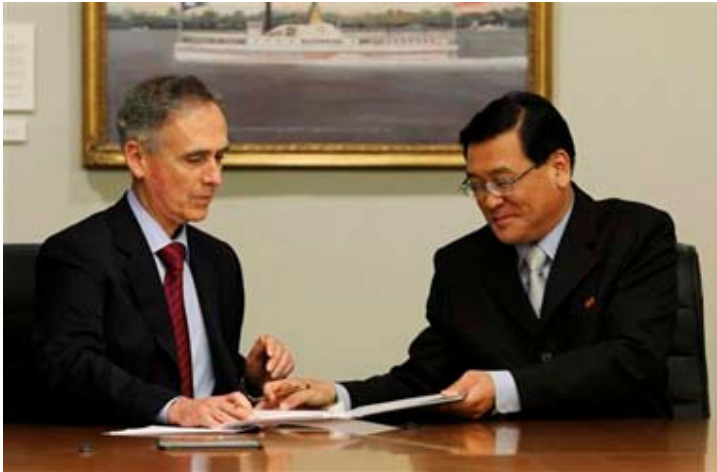
Memos of understanding herald opening of AP bureau in Pyongyang and deeper photo/video cooperation

The Associated Press announces agreements with the Korea Central News Agency, including one to open an AP news bureau in Pyongyang.

Leaders of the two news organizations held discussions during a New York visit by KCNA executives, and this week signed two memos of understanding and a contract.

Under one memo of understanding work begins immediately on discussions aimed at opening an AP bureau in Pyongyang. It would be the first permanent text and photo bureau operated by a Western news organization in the North Korean capital. Five years ago *AP Television News*, headquartered in London, became the first Western news organization to establish an office in North Korea.

The second memo of understanding outlines cooperation on journalistic and photo/video technology issues, including a joint photo exhibition by the two agencies in New York next year.



Kim Pyong Ho, president of Korean Central News Agency, right, exchanges an agreement during an official signing with AP President and CEO Tom Curley Tuesday, June 28, 2011 in New York. The Associated Press and the North Korean state news agency signed a series of agreements including one for the opening of a comprehensive AP news bureau in Pyongyang. (AP Photo/Frank Franklin II)

The contract signed this week designates AP as the exclusive distributor of contemporary and historic video from KCNA's archive, providing a new source of video content from North Korea to AP's members and customers around the world.

"This agreement between AP and KCNA is historic and significant," said AP President and CEO Tom Curley. "AP is once again being trusted to open a door to better understanding between a nation and the world. We are grateful for this opportunity and look forward to providing coverage for AP's global audience in our usually reliable and insightful way."

Kim Pyong Ho, president of KCNA, said, "I hope this agreement contributes not only to the strengthening of relations between our two news agencies but also to the better understanding between the peoples of our two countries and the improvement of the DPRK-US relations."

President Kim led a delegation of KCNA executives on a visit to AP's New York headquarters. Last March, Curley and Senior Vice-President and Executive Editor Kathleen Carroll, along with Senior Managing Editor for International News John Daniszewski, traveled to Pyongyang.

AP Seoul Bureau Chief Jean H. Lee and Chief Asia Photographer David Guttenfelder have made several extensive reporting trips to North Korea in the past several months, resulting in unprecedented coverage of the country and its people.

UN Official Appeals for Food Aid for DPRK

AFP reported that a senior United Nations official has called for urgent aid to North Korea, pleading with international donors to overlook political difficulties in the face of a humanitarian crisis.

Valerie Amos, head of the UN Office of Coordination for Humanitarian Affairs, said of the estimated US\$210 million needed to confront dire food shortages in the DPRK, only about 15 percent had been pledged.

"In North Korea we're facing a situation where about six million people are in danger of not getting enough to eat," Baroness Amos told AFP from Canberra, Australia.

"But because of the political situation in North Korea and because many countries don't feel able to support aid to that country, it means that we are in a situation where people now are only getting about 25 percent of the rations that we think are necessary for survival.

"We are really facing a very, very serious situation."

In Washington, the House of Representatives last week voted to bar US food aid to North Korea, with lawmakers charging that the assistance would prop up the communist regime instead of feeding the hungry.

Amos urged countries to recognize the humanitarian situation in North Korea. "Any donors who would normally support a humanitarian crisis, we are asking all of these to look at this again and see whether or not they can support us here," the British official said.

"Politically it's a very closed society, and we know of problems there in terms of governance, inclusivity and openness. But at the end of the day it is the people who are suffering who matter."

Amos said she had recently agreed to commit an additional US\$7.2 million from the UN's central emergency response fund to North Korea.

``NK-China Joint Venture Doing Well''

A DPRK-China joint venture maker of food additives has been operating smoothly in a display of close ties between the two countries, China's state-run Xinhua News Agency said.

China's Liaoning Wellhope Agri-tech Co. and North Korea's Unpasan General Trading Company set up a joint venture -- Korea Unpung Joint Operating Company -- in 2006 in Pyongyang, the North Korean capital.

Liaoning Wellhope Agri-tech holds a 55 percent stake in the joint venture, while the North Korean trading firm has a 45 percent stake.

In a dispatch from Pyongyang, Xinhua said the total assets of Unpung have now reached 21 million yuan (about US\$3.24 million). During the six-year operation, the firm made a total pre-tax profit of 15.21 million yuan, and its cumulative sales of food additives reached 18,720 tons.

"Unpung aims to become a first-class brand in the North Korean food additive industry," the news agency said in a Chinese-language report. It added, "Recently, demand for food additives has been rapidly rising in North Korea, and many companies need their employees to work overtime to meet the demand."

Air Koryo Starts Regular Flights to Kuwait

According to an online aviation forum, as noted by *North Korea Economy Watch*, Air Koryo, the DPRK's national flag-carrier, has opened a new route to Kuwait City, to operate once a week. An Air Koryo statement says, "We are glad to announce that Air Koryo has started serving Kuwait City, the capital of the Arabic nation of Kuwait, with a weekly Tupolev Tu-204-300 service, leaving Pyongyang on Tuesday and returning on Wednesday. The route offers many connections on to the Middle East, Iran and Africa, and offers business links in the region."

NGO Initiatives in DPRK:



“Politics Should not Impede Food Aid”

South Korean relief groups should find their own ways to give food aid to North Korea if the political climate is not favorable to such humanitarian work, a German aid worker told South Korea's Yonhap News Agency.

"South Korea's relief agencies should seek all possible ways to send food aid to North Korea if it is emergency aid. I feel sorry because they are not making such efforts," said Wolfgang Gerstner, German representative for the international aid group Caritas.

The 54-year-old veteran aid expert was in South Korea after wrapping up his latest visit to North Korea June 6-11. He went on field trips to several cities ahead of beginning a solar energy greenhouse project supported by the German government later this year.

Caritas International launched the first international program from the private sector to aid North Korea in 1995. The group has spent US\$33.8 million on relief efforts there.

"West Germany never stopped humanitarian aid to East Germany even during the time when they had political debates. The South Korean government should allow the private sector to offer relief aid regardless of political disputes," Gerstner said.

[From NK News] Korean-fluent Finance / Fundraising Associate

The Eugene Bell Foundation (www.eugenebell.org) consists of two humanitarian organizations, one in the United States and one in South Korea, whose common mission is to provide humanitarian relief, specifically multi-drug-resistant tuberculosis medication, to the Democratic People's Republic of Korea (North Korea). Since 1995, EugeneBell has consistently been engaged in a variety of projects in North Korea on behalf of both individual and organizational donors. Please see our website for more details. Saemsoori is an American nonprofit organization that began as a project of EugeneBell. However, it serves a different mission, namely, to advocate family reunifications on behalf of Korean-American senior citizens, many of whom have never seen or heard from their relations in North Korea for 60 years, since the beginning of the Korean War. We are currently looking to fill a paid, part-time, entry-level position at our D.C. office. This is a permanent position that may transition into a full-time position, and needs to be filled as soon as possible.

Inter-Korean

“Mount Kumgang Beckons Overseas Investors”



Mount Kumgang resort [Photo: Getty Images]

On June 17 North Korea informed South Korean investors involved in the inter-Korean tourism project at Mount Kumgang to visit the tourism district by June 30 for talks on ways to withdraw all their assets.

Referring to legislation enacted three weeks ago, the state-run Korean Central News Agency reported that the North will soon clear out all real estate and other assets at the mountain resort, stripping the South's Hyundai Asan Company of exclusive rights over tourism management.

Pyongyang declared it would open investment opportunities for both South Korean and overseas corporations and individuals.

Hyundai Asan, which received a formal message from North Korea, says it will need to discuss the matter with over 30 business partners with their own assets at the resort, as well as the South Korean government before deciding on an appropriate response.

The North's state-controlled media also said an increasing number of international investors have shown interest in the tourism site as an investment. "Mount Kumgang tourism has drawn international interest, and several governments and investors have expressed their willingness to invest in the tourism site," it said.

In place of Hyundai Asan's authority, North Korea said it was creating a Special Zone for International Tours, or SZIT, at the resort area. The SZIT will have an international airport, and tourists will be able to fly in without requiring a visa. Investors will be invited to build facilities such as a casino, golf course and night club, according to the statement.

``Good Times Over for ROK Businesses Eyeing North``

[The following is an edited article from the ROK newspaper *Hankyoreh*]
South Koreans doing business with North Korea, or across its border with China are seeing opportunities dry up as Pyongyang gives all the good breaks to Chinese companies.

KCNA, North Korea's official news agency, said the new industrial complex being built on Hwanggumpyong Island would further deepen economic ties between the two countries. The exact reverse is happening to South Korean business people.

“South Korean firms and investors have pretty much let their businesses at the China-North Korea border go since last May,” said a certain Choi, the owner of a restaurant in Dandong, on the China side of the border. Choi, 54, has been running his restaurant for a decade and, according to him, the good times are over. “Most of the manufacturing jobs done inside North Korea have been taken by Chinese investors, and the South Koreans left here in Dandong are mostly contractors for Chinese firms,” Choi said.

Business ties between South and North Korea have run dry due to sanctions ordered by Seoul last year.

“I invested millions of dollars in developing underground natural resources in North Korea before May 2010 [when the sanctions went into effect],” said a certain Park, 56, who was working from Hunchun in Northeast China. “Now that the South Korean government has banned all North Korean goods from entering the South, I'm about to lose all my money.”

Chinese investors -- including ethnic Koreans living in China -- are grabbing the business opportunities forfeited by the Southerners.

“I run short of stock even if I charge 10 RMB [US\$1.54] for an abalone I used to sell for five RMB,” said an ethnic Korean in China who sells abalones caught in North Korea. The trade was formerly done by South Koreans.

“Doing business with Chinese customers is much better because I can earn more, and in cash too,” he said.

“When business was active between South and North Korea there were about 1,000 South Korean businessmen working in Dandong, all doing work related to North Korea,” said Choi. “But now most of them have left.”

The South's sanctions on North Korea have resulted in some other problems as well. Pollack caught in Russian waters have been denied entry to South Korea because they were mistaken for North Korean pollack. In fact, the fish cannot be found in North Korean waters any more due to global warming.

“It was a loss for me when the fish didn't make it through customs after being mistaken for North Korean pollack,” said Lee, 51. “I used to export Russian pollack to South Korea after they were caught and processed in China.”

Jo Dong-ho, a professor of North Korean studies at Ewha Woman's University in Seoul, said, "North Korea is looking for an alternative by doing business with China after trade with the South halted. There is a need for some breathing space when it comes to inter-Korean trade."

Seoul Offered FTA to Pyongyang: ROK Ex-Trade Official

Yonhap reported that South Korea considered proposing a free trade agreement (FTA) with North Korea when they held summit talks in 2007, quoting a former top ROK trade official.

Kim Hyun-chong, who served as Seoul's trade minister from 2004-2007 and ambassador to the United Nations for the next two years, said he made the offer to then President Roh Moo-hyun in light of projected reunification costs.

"Back then, after completing free trade talks with the US, I suggested when the president was about to make his trip to Pyongyang that we do a North-South Korea free trade agreement," he said at a forum June 13 hosted by the Brookings Institution, a Washington-based think tank.

Kim did not elaborate on whether Roh actually proposed the bilateral FTA when he met with the North's leader Kim Jong-il in Pyongyang. The Roh-Kim talks, the second-ever inter-Korean summit, focused on economic cooperation coupled with tension-reducing measures between the two Koreas.

He said that he took into account natural resources in the North valued at some US\$6.5 trillion, pointing out that Germany had spent US\$2 trillion in reunification costs over the previous 20 years.

ROK Catholics Pray for Better Seoul-P'yang Ties

China's Xinhua News Agency reported that some 20,000 South Korean Catholics held a Mass in early June, calling for an end to hostility between the two estranged Koreas as tension remains high on the divided peninsula.

The first of its kind in eight years, the Mass was held at the Imjingak pavilion near the

demilitarized zone separating South Korea and the Democratic People's Republic of Korea (DPRK). Unification Minister Hyun In-tae, Seoul's point man on the DPRK, was among the attendees.

"We are facing the biggest crisis since Korea was divided. With inter-Korean dialogue and exchanges put on hold and mutual aspersions on the rise, we have reached a phase where both Koreas resort to military power," Bishop Luke Kim Woon-hoe of the Catholic Bishops' Conference of Korea said in a statement. "We should now respect each other's different lifestyles and resume exchanges," he added.

The Catholics, urging talks between the leaders of the two Koreas and among regional players, said arms reduction on the Korean peninsula would help build peace in East Asia.

Masses dedicated to inter-Korean reconciliation were held annually from 1987 through 1995.

Swiss Conductor Hopes for NK-ROK Youth Concert

The *Korea Times* reported that Swiss conductor Charles Dutoit is pursuing a peace-making project for the divided Koreas and is currently negotiating the launch of an inter-Korean orchestra with North Korean officials.

The 75-year-old Dutoit has just returned from a five-day stay in North Korea with violinist Chantal Juillet. The two were officially invited by Pyongyang's Chosun Arts Exchange Association.

The musicians discussed the prospects of creating an ensemble made up of young artists from the two Koreas. Foreign artists who previously took part in the Lindenbaum Music Festival in Seoul are also expected to play with the orchestra if the project is finalized.

The Lindenbaum Music Festival debuted in Seoul in 2009. Local children chosen through an audition take part in orchestral music-making under the baton of famed artists, and Dutoit has joined the occasion every summer as its music director.

The orchestra project is propelled by a non-political, peace-making plan, Won Hyung-joon, the executive director of Lindenbaum Music, told *The Korea Times*.

"Today tensions between North and South Korea are high, but this is a non-political agenda that can unite adolescents from the two Koreas in peaceful musical harmony," said Won.

Thomas Kupfer, Swiss ambassador to Seoul, said, "We consider this to be an important initiative, as music has often proved to be a useful bridge to a closer mutual understanding. The Swiss government is willing to support this effort."



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

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Domestic

Air Koryo to Operate Shanghai Flights

The DPRK's national carrier Air Koryo has announced that it will offer twice-weekly flights between Shanghai and Pyongyang starting July 1.

Shanghai joins Beijing and Shenyang in Northeast China as the third city in China to have regular flights to North Korea, Air Koryo said in a statement to AFP.

The Shanghai flights to Pyongyang's Sunan International Airport will serve Chinese tour groups, and are scheduled to run until at least October 25, it added.

NK Invents Energy-saving Furnace Devices

The Democratic People's Republic of Korea (DPRK) has developed high-temperature air combustion technology that saves energy and raises efficiency in industry, KCNA reported.

According to KCNA, scientists at the Heat Engineering Institute of the State Academy of Sciences of the DPRK have invented a high-speed switching device, honeycomb regenerator and other air-preheating equipment and devices after years of research.

The energy-saving technology makes it possible to use anthracite instead of liquid fuel in industrial furnaces, make full use of heat by raising the combustion rate of fuel and reducing fuel consumption, the report said. It added that the technology is already in use in the Kim Chaek Iron and Steel Complex, Hwanghae Iron and Steel Complex and Hoeryong Earthenware Factory

NK Developing Rare Earth Resources

North Korea is showing growing interest in developing rare earth minerals, according to KCNA.

Rare earth minerals are compounds of rare earth metals, including cerium and neodymium, which are used as a crucial element in semiconductors, cars, computers and other advanced technology areas.

Effective utilization of rare earth minerals is of weighty significance for economic

growth," KCNA quoted Kim Hung-ju, deputy department director of the DPRK's Ministry of State Resource Development, as saying.

The report added that there are large deposits of high-grade rare earth minerals in the western and eastern parts of the country, where prospecting work and mining have already begun. It also said the rare earth elements are being studied in scientific institutes, while some of the research findings have already been introduced into economic sectors.

According to Yonhap, until now, North Korea's official media have mostly reported on the use of rare earth minerals in medicines and fertilizers. But its new focus on developing and using the materials appears to stem from the country's interest in selling the metals on the international market.

Rare earth elements are becoming increasingly expensive, as China, the world's largest rare earth supplier, is putting limits on its output and exports.

Economic Zones

Clavis Develops RFID-Enabled Asset Tracking System for Kaesong

MarketWire (via *Comtex*) reported that Clavis Technologies is to apply an RFID-enabled asset tracking system to check the computer assets owned by 122 South Korean manufacturers in the Kaesong Industrial Complex.

Hitherto, the checks have been done manually and irregularly, resulting in instances of theft and administrative errors.

Seoul's Ministry of Unification (MOU) has chosen Clavis to automatically manage and update data, verify the current status of assets entering and exiting the system, and connect the data through the process of registering computer information and confirming RFID data in Seoul and the physical assets in Kaesong's remote locations.

Clavis has focused on convenience for users in the processes of printing RFID labels, correcting data of RFID tags and checking the print history as well as scalability of information that users want to add to RFID tags. "We appreciate the Ministry's trust in our systems and will strive to improve tracking for the government and South Korean manufacturers in such an important economic zone," said CEO Hwan Sup Lee.

The MOU has begun the checking of computer systems and important strategic goods to protect against theft, and plans to expand to other strategic goods, like appliances, machines and gas tanks, by connecting to the (South) Korean Customs Service systems and creating a tracking system to hold the information for all government agencies.

Rason to Hold Int'l Products Fair

North Korea is to hold an international products exhibition for the first time in its special economic zone of Rason City, according to an official publication. Sponsored by the Rason People's Council, the North's Rason Economy Cooperation Company will hold the first Rason International Goods Exhibition August 22-25. The event, to be held annually, is apparently intended to encourage foreign investment in Rason.

To be held at Rason Exhibition House, the exhibition will showcase machinery, electronics and light industry products, according to North Korea's booklet introducing the event.

Rason's agencies in China and Singapore will receive applications through July 15.

NK Leases Rajin Pier to Swiss

North Korea has leased a pier at the Rajin port in its northeastern free trade zone to Switzerland.

South Korea's Yonhap News Agency said Pyongyang had forged the deal to lease one of the piers at Rajin port, in its Rason special economic zone bordering China and Russia. It noted that Pyongyang last year leased two other piers at the port on the Sea of Japan (East Sea) -- one to China for 10 years and the other to Russia for 50 years.

A group of Swiss foreign ministry officials led by Beat Nobs, deputy secretary of state, arrived in Pyongyang early in June, the North's state media said.

Yonhap reported that companies from other parts of Europe also plan to invest in Rason, formerly known as Rajin-Sonbong.

Comment

The groundbreaking on Hwanggumpyong is a sign of the determination of the DPRK government to finally push ahead with building a free trade zone along the whole of its northern border, marked by the Yalu (Amnok) and Tumen (Tuman) rivers. The once-moribund Rajin-Sonbong free trade zone, in the far northeast of the country, is also getting a shake-up. The speculation that Pyongyang has decided to follow the Singapore model for the development of the area and that a Hong Kong company will be put in charge of developing Hwanggumpyong indicates that, after years of dithering, the DPRK has decided to pursue free market experiments, in this part of the country at least. This, incidentally, is how China started its economic take-off.

The signing of an agreement for the Associated Press to open a bureau in Pyongyang is another sign of North Korea's opening to the outside world. It is in the nature of

things that when one independent media organization gets its foot in the door, the others scramble to get in too. The balloonists and defector radio stations in South Korea will soon be able to rest assured that ``news of the outside world'' will be reaching the North Korean people, only this time through responsible channels. No more need for printing millions of leaflets and counterfeit notes, or risking running foul of the ROK's National Security Law.

Touring North Korea

KFA Delegation to North Korea -August 2011- Mass Games ARIRANG

Date: August 11 to 20 2011

Maximum of 20 people

Not open to holders of US, Republic of Korea (South Korea) or Japanese passports. However, there is a trip specially for US passport holders covering roughly the same ground August 11-18.

<http://www.korea-dpr.com/travel.htm>

Presentation, information and pre-inscription form can be found on the following Internet page:

<http://www.korea-dpr.com/travel.htm>

Gallery of previous visits available at:

<http://www.korea-dpr.com/users/thai/trip.htm>

E-mail enquiries: korea@korea-dpr.com

Telephone: +34 697973473

The Korean Friendship Association (KFA) is organizing a trip to the DPRK (North Korea) from August 11 to 20 2011, including a visit to the Mass Games (Arirang Festival), where 100,000 artists will participate in the world's biggest display.

A visitor joining the KFA Delegation is not treated as a tourist but as a friend of the DPRK, having access to places, information, insights and events not available to regular visitors.

NK NEWS: Tour of Chongjin, Mt. Paekdu, Wonsan



The year 2010 saw new destinations in the DPRK like Hamhung opening their doors to foreign tourists, with new regulations giving American visitors far greater access than ever before. But with a wide range of operators now offering packages to travel North Korea, deciding on the right option has become an increasingly difficult choice.

As part of a new and regular feature, *NK News* will survey the options available for prospective tourists and highlight those itineraries that merit particular worth. Tours will be showcased appropriately for the main viewers of the *NK News* website -- serious North Korea watchers. As such, selections will be based on originality, value for money and extent to which they give an impression of the “real” North Korea.

Featured Tour # 1: Chongjin, Paekdu & Wonsan

Dates: August 22 – Tuesday 30 August (8 Days, 7 Nights – excluding all travel time)

Price: 1,695 Euros (inclusive of 100 Euro *NK News* discount)

*Price Includes: Transportation to and from Beijing, all internal flights and transportation, hotels and food.

Americans Accepted? Yes

To start off, we begin by highlighting [Young Pioneer Tours](#)’ forthcoming “[Paekdu, Chongjin & East Coast](#)” tour of North Korea, one of the most unique and best-value itineraries currently available.

Young Pioneer Tours started its North Korea program in 2009, quickly making a name for itself as an operator providing exceptionally good value. Several friends have gone on tours with YPT, and all have reported good service, hence we are happy to recommend this company to visitors to *NK News*.

Please mention NK News for a 100 Euro discount from [Young Pioneer Tours](#).



100 YEARS OF KOREA★

Find out what is happening in 2012 and don't miss the special offer!

CHECK OUT Tours and itineraries **2012**

Koryo Tours is proud to be able to announce that we have now posted dates, prices, and itineraries for our tours in the first half of 2012 on our website and they are all available for booking! Read also more about the latest news and interesting updates!

1. Looking ahead to the year 2012

April 15th 2012 is a very significant day in the DPRK- it's the **100th anniversary** of the birth of eternal President Kim Il Sung and as such will be marked by large-scale celebrations and events as well as the usual festive merry-making that goes on in Pyongyang during national holidays. Although the details are not yet confirmed we expect a **Mass Games** to take place at that time, most likely something new and never-seen-before so we're very excited about it. As well as this we will attend some local football matches next April (having just become the first and only company ever to take tourists to see a local league match - a blog posting about this has just been made at LINK), and whatever else will be going on at the time we will get you right in the thick of it.

There are not many chances to be in a country on a day as significant as this so if you're interested in coming along please have a look at what we have to offer and drop us a line with any questions at all. Also if you'd like to book early we have a **gift-pack**

especially for those who sign up before July 1st for tours next year.

2011 and **2012 Tours** with dates prices and itineraries can be found [here](#)

or:

http://www.koryogroup.com/travel_groupTours.php

If you cannot access our website, you can view the 2011 tour itineraries here:

<http://www.slideshare.net/KoryoTours/koryo-tours-scheduled-group-tours-for-2011>

2. Koryo Tours 20 years!

With ever more news coming out of North Korea and ever more people looking to visit we continue to use our **2 decades of experience** to offer the very best tours available. As the only company whose staff actually make monthly visits to North Korea we're ideally placed to make this a holiday that you will never forget, and 2012 is the biggest occasion in the DPRK calendar for the last few decades, if you've been thinking about going then this could be time to get it done, with tours from 3 - 18 days we should have something for everyone, so tell your friends and we hope to see you in Pyongyang!



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The following itinerary is the perfect trip for those wanting a more detailed, pioneering and adventurous tour to North Korea. Most persons who venture to the DPRK spend a week or less in the country, whereas this escorted sixteen day itinerary will afford the visitor with a much more rewarding and in depth experience. This journey of course takes in the absolute “must sees” of the country, but focuses primarily on exploring the rarely visited areas of the east coast, with visits to North Korea’s 2nd and 3rd largest cities, Hamhung and Chongjin, the port city of Wonsan and the stunning Chilbo, Okryon and Kumgang mountains – a unique itinerary in a unique country! Just to access some of these regions we have to charter our own aircraft – this really is a once in a lifetime experience into unknown pockets of an unknown country.

About this Tour This tour is scheduled to be escorted to Carl Meadows, a leading expert on travel to the country. The tour will be open to a maximum of 14 persons looking for a unique and adventurous experience. Our tours to North Korea include all guiding, meals, transport, transfers and accommodation within the country. In addition, we include the North Korean Visa fee and a full visa service – making the visa process as straightforward and simple as possible.

Regent Holidays and North Korea Regent Holidays sent its first tourists to North Korea in 1985, and sends more tourists to the DPRK than any other UK based operator. We are the recommended UK booking agent for tourists visiting the DPRK through KITC (Korea International Travel Company), the state-run body within North Korea that handles the vast majority of incoming tourists. We are also the recommended UK tour operator for British Citizens to North Korea by the Embassy of the DPRK in the UK. Our knowledge of this destination is the best in the country, with regular staff visits and escorted tours throughout the country. Should you have any questions regarding any aspects of this tour please do not hesitate to contact us.

Additional Services We can also arrange hotels and transfers for our clients in Beijing, book extended itineraries in China and also arrange travel to South Korea and elsewhere in Asia at the beginning or end of our tours. As an ATOL holder you can also book your international air tickets from the UK to China, and onward air, train and ferry tickets to other destinations in Asia and beyond at highly competitive rates.

Tour Type	Tour Dates	Price
EAST COAST EXPLORER	1 st – 16 th October	£2220
Single Room Supplement Price	N/A	£480



Mezzanine Suite, Froomsgate House, Rupert Street, Bristol BS1 2QJ
www.regent-holidays.co.uk Email: regent@regent-holidays.co.uk
Tel: 0117 921 1711

Regent Holidays, part of Western & Oriental Travel Ltd, Welby House, 96 Wilton Road, London, SW1V 1DW.
 Registered in England No. 4438143

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.]

Ginseng

Ginseng, a medicinal root, has been one of Korea's most famous products since ancient times, having been a treasured tribute item sent to the Chinese court. The best *Panax schinseng*, to give it its Latin name, is found in the Kaesong area of the DPRK. Ginseng is also native to some parts of northeast China, and an odd variety has been spotted in North America. Vaguely resembling the shape of a human being, wild ginseng roots, some of which may be hundreds of years old, are called *sansam*, the cultivated variety being known as *insam*.

Ginseng is supposed to benefit the vital organs and promote blood circulation. Its special property is said to be the promotion of longevity. More recent claims are that it protects against radiation and the growth of cancer cells. Kaesong's factories and wineries turn out a bewildering range of ginseng products, in pill, powder and jelly form, in addition to ginseng-and-chicken broth, liquor, toothpaste and even cigarettes.



Korean Proverb

Chung nyombul oedut.

("Like a monk chanting the scriptures")

Mindless mumbling.