

Exploring new business opportunities



Short impression of a trade & investment mission to North Korea (May 2017)



Pyongyang: a floating restaurant, building activities

Rotterdam, 21 June 2017

At a time when tensions with DPRK (North Korea) are running high, a European delegation explored business and investment opportunities in Pyongyang. With the view that especially in the current 'Cold War' situation more economic and personal engagement can have a positive impact, various visits and meetings took place from 16 – 23 May.

In recent years, the North Korean economy did show growth, due to several pragmatic policies. The country has improved its agricultural production, experimented with reforms, transferred some decision-making responsibility from the state to the firm level, and has stopped opposing private market transactions. There is a growth in the number of special economic zones in order to attract foreign investors. The North Korean economy is reported to have grown by one or two percent per year, with the Hyundai Research Institute reporting that the annual GDP growth may have reached as high as seven percent. Changes are especially visible in the capital Pyongyang, where several complete new streets have been developed, with many modern and high-rise buildings ('Pyonghattan').





We also noticed the number of cars and buses continues to increase. There are now several taxi companies, and an indication of the expanding business activities within the country is the fact that Air Koryo, the national airline, is now also operating its own fleet of taxi's and vans (see picture). In addition, it is diversifying into the production of food, such as canned meat and softdrinks. As a matter of fact, much more products 'Made in DPRK' are now available in the shops than in the past.



picture: softdrink of Air Koryo



Korean products in a supermarket

Another example of the business climate is shown by the well-known Koryo Hotel in Pyongyang, which is extending its activities also as tourist agency. Its 'Pyongyang Koryo International Travel Company' is offering trips around the country to locals and to foreigners.



picture: the high-rise Koryo Hotel



and their travel brochure

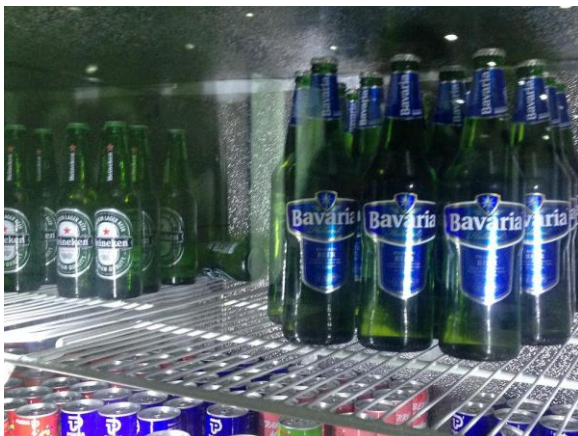
More money is available in Pyongyang as well, and a rise of consumerism is visible, which can be illustrated in the growth of restaurants, and of places where people can eat outside.



North Korea now finds itself at a new era of international economic cooperation, and it especially welcomes business with Europe. There are export opportunities, and DPRK is also offering various products and services to foreign markets. There are several sectors, including renewable energy, garments, shipbuilding, agro business, fishing, horticulture, logistics, restaurants and Information Technology, that can be considered for trade and investment.

Export opportunities

The country is interested in a range of foreign products. For example, the Dutch have been exporting to North Korea for many years. Philips Electronics, or beer brands such as Heineken and Bavaria, are now very visible in DPRK.



Foreign companies interested in exporting to North Korea can use the Pyongyang International Trade Fair, in order to meet potential buyers. The PITF takes place twice a year, and the 20th Spring Fair which we visited in May was very busy with consumers. More than 200 local and foreign participants showed their products and services.





picture: traffic jam at the trade fair



electric bicycles on sale

Producing in North Korea

North Korea is competing with other Asian countries by offering skilled labour at low monthly wages. In particular firms with production facilities in China, where the wages have been rising fast, are currently investigating alternative options in North Korea.

For example in the field of **garments**: companies in Europe, China, and South Korea are producing various kinds of clothing in North Korea and some of the local factories have become very large and experienced exporters. With a highly skilled labour force and with the lowest wages in Asia, a growing number of foreign garment firms are currently operating in-country.



For more information about garments: www.gpic.nl/Making-garments-in-North-Korea.pdf

Also the production of **software, computer games and animation** can be outsourced. Having access to a pool of highly technically skilled labour is a key rationale behind the growth of ICT outsourcing to North Korea, and where the rates low.



For more information about software and ICT: [www.gpic.nl/outsourcingInNorthKorea\(CACM\).pdf](http://www.gpic.nl/outsourcingInNorthKorea(CACM).pdf)
Some examples of Korean animation (video): www.youtube.com/watch?v=ihaRfjbKvF4

Investing in North Korea

During our mission, we were shown various investment proposals, for example in the field of renewable energy (e.g. bus transportation on solar energy), software (e.g. Origami software, anti-virus software), new tools, new materials, etc.

The following sectors for investment are described in more detail:

- Flower sector: www.gpic.nl/North-Korea-flower.pdf.
- Tourism (investment project for the Wonsan-Kumgang International Tourist Zone): www.gpic.nl/investment-projects-in-North-Korea.pdf
- Floriculture project: www.gpic.nl/DPRK-Floriculture.pdf
- Options inside EDZ's (Economic Development Zones): www.gpic.nl/Economic-Development-Zones-North-Korea.pdf.

There are also options for academic collaboration, such as launching joint research projects or setting up start-up firms with the Kim Il Sung University. An example of educational exchange:

- Summer Language Program (study Korean in the summer of 2017 in Pyongyang): www.gpic.nl/Study-Korean-in-Pyongyang.pdf.

Interested in exploring business options?

Despite a number of sanctions, there are many business options to explore. For companies interested in working with North Korea, one of the immediate challenges is collecting detailed information and finding suitable business partners. Local enterprises mostly do not have a presence on the Internet, and access to them is not easy. The solution: join one of our business missions! On a regular basis, we organize general trade & investment missions in order to explore business and investment opportunities. Participants from various sectors are welcome to join.

Our previous economic missions to Pyongyang were informative and successful. The participants found the program, with general and tailor made business meetings and company visits, interesting and well-varied. In addition, there were opportunities for informal meetings. Before the start of the tour, in Beijing, the plan is to take part in the seminar: "Doing business with DPRK". Information about the international and EU sanctions related to North Korea will be provided as well. After the trip to North Korea, we will return to Beijing, where you can extend your stay in China, or fly back to your destination.

It is also possible for us to arrange participation at the Pyongyang International Trade Fair (spring and autumn sessions). We offer separate economy-related missions for journalists.



North Korean buyers, visiting the Netherlands (agriculture and renewable energy delegations)

As was case the case in China in the past, economic liberalization is now also taking place in North Korea. These internal changes should be supported, and especially at a time when tensions

are running high. More economic and personal engagement with North Koreans can have a positive impact, and we are always willing to assist in this matter.

For information



GPI Consultancy, the Netherlands

Established in 1995, GPI Consultancy is a specialized Dutch consultancy firm in the field of offshore sourcing. We arrange general business missions for groups of companies to various Asian countries, including DPRK.

It is also possible for us to organize individual business missions, with a focus on just one specific sector (e.g. garments, ICT, agriculture), with participants of a single company only, and with tailor made visits. For detailed information about such a mission, please contact Mr. Paul Tjia, founder and director of GPI Consultancy (info@gpic.nl).

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), available at Amazon: www.amazon.com/dp/0521876223. It contains a section on North Korea.

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Pyongyang: one of the newly built streets