

-----Original Message-----

From: CanKor2000@cs.com [mailto:CanKor2000@cs.com]
Sent: April 19, 2001 1:49 PM
To: CanKor2000@cs.com
Subject: 01 04 18 CanKor # 36

CANADA-DPR KOREA E-CLIPPING SERVICE

CanKor # 36

Wednesday, 18 April 2001

Although inter-Korean relationships have slowed in the wake of the US administration's changing regional relationships, South Korean and overseas (particularly EU) business interests continue to test the DPRK waters. This week's FOCUS is on the not-so-subtle infiltration of Western advertisement into a landscape previously monopolized by Juche slogans and Kim family images. Don't miss the list of practical advice on doing business in DPRK.

Contents:

1. DPRK ACCEPTS VISIT BY JAPANESE NGO
2. VIETNAM OFFERS 5,000 TONS OF RICE IN AID TO DPRK
3. DPRK COMPLAINS ABOUT ROK MISSIONARY WORK
4. 90 FOREIGN RELIEF WORKERS IN PYONGYANG
5. UNHCR OPENS SEOUL OFFICE
6. PRESIDENT KIM'S INTERVIEW WITH NEWSWEEK MAGAZINE

FOCUS: Foreign Investment Ventures into DPRK

7. DPRK RUNS INTO THE ARMS OF WESTERN ADS
8. SPONSORS TO AID DPRK CELEBRATION
9. EU BUSINESSMEN READY TO ENGAGE DPRK
10. PRACTICAL TIPS ON DOING BUSINESS IN DPRK

1. DPRK ACCEPTS VISIT BY JAPANESE NGO

Japan Economic Newswire via Dow Jones, Tokyo, 10 April 2001

At a time when Japan and North Korea remain deadlocked in their normalization

talks, Pyongyang has accepted a visit by a civic group praised by a senior diplomat for its "activities for justice." The group, led by Koken Tsuchiya,

a former president of the Japan Federation of Bar Associations, visited the North Korean capital in March to interview North Korean women allegedly forced to serve as sex slaves for the defunct Imperial Japanese Army during World War II.

The delegation was dispatched by the nongovernmental Citizens' Fund for Redress, Network for Redress of War Victims by Japan, which is looking into ways for Japan to settle compensation issues related to its 1910-1945 colonial rule of the Korean Peninsula. The visit to Pyongyang was the first by such a Japanese group in eight and a half years. A similar organization made a trip in 1992, when Tokyo and Pyongyang were deadlocked in their normalization negotiations kicked off the year before.

Ambassador Jong Thae Hwa, North Korea's top negotiator in the normalization talks with Japan, received Tsuchiya and members of his delegation at the People's Cultural Palace and talked fervently with them for an hour and a half.

"Your actions are activities for justice-activities that will go down in history," he said. "Japan has not settled its militarism. There are growing voices in the United States and Asian countries demanding that Japan settle its past (deeds)," he added. Jong expressed hope the network will remain active to "improve Japan's image."

The delegation's trip to North Korea took place against the backdrop of the impasse in the normalization negotiations, which resumed last year. No breakthrough in the deadlock appears to be in sight. The talks are stalled over such issues as the settlement of Japan's colonial rule of the Korean Peninsula and Japan's demand for action on its allegation that North Korean agents abducted Japanese nationals. (...)

2. VIETNAM OFFERS 5,000 TONS OF RICE IN AID TO DPRK Agence France-Presse (AFP), Seoul, 12 April 2001

Vietnam donated 5,000 tons of rice and other humanitarian aid to famine-stricken North Korea Thursday, the North's official media said monitored here. The donation ceremony was held at the People's Palace of Culture in Pyongyang with Vietnamese vice minister of culture and information

Vo Hong Quang attending, the Korean Central News Agency said.

Vo Hong Quang was leading a cultural delegation to attend the North's festival to mark founder Kim Il-Sung's birthday on April 15. Kim died in 1994, and his son Kim Jong-Il has since ruled the North.

The communist North has suffered from chronic food shortages due to a series of natural disasters and failures in centralized economic policies, heavily relying on outside aid to feed its people.

3. DPRK COMPLAINS ABOUT ROK MISSIONARY WORK Yonhap News Service, Seoul, 13 April 2001

North Korea has complained about South Korean evangelists' work in the communist country in connection with a recent South Korean radio report of these evangelists' increased activities in North Korea's underground churches.

In a letter sent to the (South) Korean National Council of Churches (KNCC) Thursday, the (North) Korea Christians Federation (KCF) said if the report was true, the South Korean evangelists' activities would pour cold water upon

the inter-Korean Christian exchange program and defame the KCF, the KNCC said

Friday.

Link to article:

<http://www.yonhapnews.co.kr/news/20010413/2000000000200104131911170.html>

4. 90 FOREIGN RELIEF WORKERS IN PYONGYANG The Korea Times, 15 April 2001

A total of 90 foreigners from 18 international agencies are currently engaged

in relief work in North Korea, according to a United Nations report released last week. In an updated appeal released by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) April 12, 90 foreigners were confirmed to be presently working for humanitarian assistance programs in

North Korea.

Among the 18 international groups are the World Food Program (WFP), Food and Agriculture Organization (FAO), World Health Organization (WHO), International Federation of Red Cross and Red Crescent Societies (IFRC) and the Swiss Agency for Development and Cooperation (SDC). Non-governmental agencies of Switzerland, Ireland and Germany are also confirmed to be operating there.

By number, WFP tops the list of representatives, with 39 personnel working in

various parts of North Korea, followed by United Nations Children's Fund with

10 and the IFRC with 9. North Korea is currently allowing foreign officials to monitor distribution of food aid in all but 44 of the total 211 counties. International organizations, however, have called for access to all the counties.

The OCHA appeal, in the meantime, called for increased assistance to North Korea totaling at \$383.9 million, up 15.8 percent from last year, noting that

the change in the political climate on the Korean peninsula has not led to much improvement in the humanitarian conditions there.

Link to article:

<http://www.hankooki.com/times/200104/t2001041517292240110.htm>

5. UNHCR OPENS SEOUL OFFICE

The Korea Times, 15 April 2001

The Seoul liaison office of the United Nations High Commissioner for Refugees

(UNHCR) began operations here, a Foreign Affairs-Trade Ministry official said

Saturday. James Kobar, a UNHCR senior liaison officer, will be the first head of the office, the official said. Until now, the UNHCR has dealt with refugee affairs involving South Korea by assigning an officer from its Tokyo office.

The government notified the UNHCR headquarters on Dec. 28 on its decision to agree to the establishment of a UNHCR office in Seoul, the official said.

The government made the decision in a bid to further strengthen cooperative relations with the UN body, he noted, adding that the Seoul office will serve

as a standing channel of dialogue between the government and the UN body.

In particular, Seoul hopes to strengthen cooperation in resolving humanitarian issues, including assistance to refugees from North Korea and other countries. In 1992, Korea joined the UN Convention Relating to the Status of Refugees, while the UNHCR was founded in 1951. The office is accommodated in a building owned by the Anglican Church of Korea in downtown Seoul. It will officially open in early June.

Link to article:

<http://www.hankooki.com/times/200104/t2001041518492040110.htm>

6. PRESIDENT KIM'S INTERVIEW WITH NEWSWEEK MAGAZINE

Korean Information Service, 17 April 2001

Recently, President Kim Dae-jung sat down with Newsweek's Chairman and Editor-in-Chief Richard M. Smith at the Blue House in Seoul to discuss the latest developments on the Korean Peninsula. In the interview Kim discusses

his thoughts on the Bush administration's hard-line stance against Pyongyang, the economy and the importance of North Korean-US relations to continuing rapprochement with the North. The following are excerpts from Newsweek's interview conducted on April 12:

SMITH: Is there a fundamental difference of opinion between yourself and the Bush administration about the nature of the regime in North Korea?

KIM: I don't think there is any difference in opinion as far as our appreciation of the positive developments between South and North Korea. The US administration wonders whether we can trust Chairman Kim and demands reciprocity and verification for agreements made with him. My response to those doubts is that we should continue to engage North Korea in dialogue not

because we trust the North, but because we see in their current situation room for us to induce them to follow the road of positive change.

SMITH: One concern of the Bush administration is that in its view, the relationship with North Korea has so far been a lopsided one. In return for halting somewhat aggressive actions, the North has always received some kind of payment. The second concern is that with your time in office coming into its last year and a half, you might be so eager to announce a major step forward in relations with the North that you might not push hard for reciprocity and verification.

KIM: To address your second question, I am not eager for achievements at this

point. I believe I already have made my mark in terms of South-North relations. The sheer fact that I opened serious dialogue between the two Koreas after 50 years of confrontation is already a great achievement. The point that we have given too much to the North is not true. At the summit, the North agreed that US troops should stay in South Korea not just for now, but even after unification. Secondly, they had demanded a US-style

federation system. I pointed out to Chairman Kim that a more realistic and achievable formula would be a confederation in which two independent governments

consult each other as needs arise and implement agreements that are reached by both sides. After the explanation, the chairman called for a looser form of federation that more closely resembles our idea.

SMITH: What concrete steps do you think North Korea can take in the next three to six months to make the point that this relationship has tangible benefits?

KIM: It is not true the North hasn't done anything. They have agreed not to use force to resolve issues on the Korea Peninsula. We agreed to reconnect the inter-Korean railway, and the construction work has already begun. We agreed to establish an industrial complex in Kaesong, just north of the DMZ, and many Korean companies have already committed to setting up production facilities there. And we agreed to reunite separated families and open up routine channels of communication between these people. But the North has halted these types of things since the arrival of the Bush administration.

We believe future inter-Korean relations will depend very much on how the US sets its North Korean policy and how its relations with Pyongyang develop. South-North relations are very much related to North Korea-US relations. (...)

SMITH: Have you seen any military benefits from the sunshine policy? Some say

there are more North Korean forces closer to the DMZ than before.

KIM: I have also received such reports, but there are many different views

on

that. Since the June 15 declaration, the North has not made any broadcasts against the South. Nor have there been any military provocations. Although there has not been remarkable progress, the military atmosphere is somewhat calmer.

SMITH: What odds would you put on the likelihood that Kim Jong-Il will visit the South before your term ends?

KIM: Northern leaders, including Chairman Kim, repeatedly promise the return visit. We believe he will visit Seoul within this year. But the variable is North Korea-US relations, and that remains uncertain. (...)

Link to article:

http://www.korea.net/menu/government/focus.asp?cate=01&serial_no=688

FOCUS: Foreign Investment Ventures into DPRK

7. DPRK RUNS INTO THE ARMS OF WESTERN ADS

by Doug Struck, Washington Post Foreign Service, Tokyo, 12 April 2001

Say what you will, holding an international sporting event in what may be the

world's most reclusive, repressive dictatorship has some advantages.

For one thing, you can guarantee a crowd. At the Pyongyang International Marathon to be held April 15, North Korea promises to have 1 million people line the route to cheer on the runners. Boston, for all its hype, gets half that.

And there won't be any trouble clearing the streets for the race: "They've got eight-lane highways and maybe 300 cars. I don't think there will be a big

traffic problem," says Guy Horne, who is helping organize the event.

And you don't have to spend a lot to accommodate out-of-town reporters.

There

will be -- count 'em -- two. No more are welcome. And one of them has to run in the race.

Such are the oddities of organizing an open-to-the-world marathon in a country that definitely is not, according to Horne. He is the man on the spot

for International Sports and Leisure (ISL), a Swiss-based sports marketing company, which was asked by North Korea to coordinate the race.

The event will be -- as its communist-genre, heroic-art advertisements

promise -- an "unparalleled spectacle." There will be 600 North Korean

runners, ranging from bus drivers to world-class marathoners, and 45

foreigners -- including six American expatriates drawn from around Asia and a

few African championship contenders.

They will race on a route in ailing North Korea's showcase capital, carefully

scrubbed of any signs of the food shortages and economic collapse affecting the country. Their course is studded with monuments to the country's late founder, "Great Leader" Kim Il Sung. At midpoint they will circle what is billed as the cabin birthplace of Kim Il Sung, and -- suitably inspired -- stride back to a finish in Kim Il Sung stadium on the birthday of, yes, Kim Il Sung.

The marathon comes as part of the cautious expansion of contacts by the North

Korean regime outside its borders. As it has begun new diplomatic relations with a bevy of countries, it has also begun dispatching athletic competitors around the world in an echo of the "ping-pong diplomacy" that served its mentor China in the 1970s.

Horne's company helped coordinate participation by North Korean athletes in such things as table tennis competition and the Sydney Olympics. A year ago, Pyongyang resurrected a marathon that had, by all accounts from the secretive

country, last been held in 1987 with an assortment of competitors from the Soviet bloc, which at the time was North Korea's chief patron. This time, they approached ISL.

"They came to us and said, 'We need help. We need funding. Our sports infrastructure is crumbling unless we can generate revenues,' " says Horne, who represents the company in Hong Kong.

"We said, 'Okay, to get revenues you have to have advertising.' "

" 'What's advertising?' " they replied, according to Horne.

" 'Well, things like displaying brand names,' " Horne answered.

"They said, 'What are brand names?' "

ISL cautiously eased the communist country into the world of sports commercialization, fabricating some ISL logos to be worn by the competitors last year to show the North Koreans. In February, the Italian sportswear company Fila helped sponsor a women's ice skating competition in Pyongyang, and the shock of seeing Fila's logos on the otherwise blank rink boards made international news.

This year North Korea threw the event open to the world. At least, sort of:

"The Foreign Ministry refused Americans who aren't competing," Horne says.

They have signed up several sponsors for the marathon, including Fila, Heineken beer, a dot-com data processor that uses North Korean labor, and the

Financial Times newspaper.

"It's an unprecedented opportunity to make inroads into what is otherwise an impenetrable country," the Financial Times marketing manager in Tokyo, Trish Pepper, explained of the paper's sponsorship. She wouldn't say how much the London-based paper is paying, but the opportunities for dramatic results are great. The Times could double its circulation in the country -- by selling one newspaper. There is one subscriber in North Korea, an anonymous official at the central bank, according to Horne, though Pepper is uncertain how he gets it.

"We sure don't deliver there," she says. But sponsorship has other benefits.

Pepper and seven other staffers will run, even though she acknowledged she's not a regular on the jogging track. "I couldn't pass it up," she says.

And, oh yes, one of two reporters allowed into the media-phobic country works

for the Financial Times. "They had an inside track," acknowledged Horne. But reporter John Burton will pay for the assignment: He's an American, so the only way he was allowed into North Korea to cover the race was to run in it, too.

"He's being a good sport about it," says Horne. The other reporter is Tim Witcher, who covers Asian sports for Agence France-Presse. He's not American,

so he doesn't have to race.

The event will of course include some serious runners. Jillo Dube, the "flying policeman" from Ethiopia and a winner of three international marathons, plans to be there. He will be challenged by two record-holding Kenyans. And Horne insists the local talent is awesome.

"They love marathon running with a passion there," he says. "They've got 20

men with times under 2 hours 20 minutes, and 20 women under 2 hours 40 minutes. That is seriously fast." The "elite" runners will swiftly leave the amateurs behind. But Alice Rosen hopes to be at least in the middle of the pack. The 26-year-old American plays the viola in the Hong Kong Philharmonic Orchestra. When she heard about the race, she jumped to pay her \$1,000 for the charter flight from Beijing and three nights in a Pyongyang hotel. "I figure it will be my only chance to see the country," she says. Runners have been promised a day of touring around Pyongyang after the marathon, though she conceded, "Obviously, we won't be seeing things off the beaten path." The race itself will likely be unforgettable. Energy-crippled North Korea may not be able to keep the lights on in the countryside, but it can put on a show. "You'll have a million people lining the streets, and an encore of 70,000 in the stadium" for the race, Horne says. "We don't think there's any other marathon that has that kind of setting. Imagine running to the finish into an arena with a wall of people in the stadium going up 300 feet." Sure, participation of the audience may be mandatory, he says. But he has little doubt the enthusiasm will be genuine. "After all, there are not a lot of entertainment options in Pyongyang."

Link to article:
<http://www.washingtonpost.com/wp-dyn/articles/A8238-2001Apr11.html>

8. SPONSORS TO AID DPRK CELEBRATION by Christopher Torchia, Associated Press, Seoul, 15 April 2001

Happy birthday, Great Leader! Brought to you by Heineken. Our passion is your perfect beer. And by Fila. Outfits a little easier, a little quicker. For the first time Sunday, communist North Korea marked its biggest national holiday - the birthday of late national founder Kim Il Sung - with the help of sponsorship from Western companies. About 500 North Korean runners and 50 from nearly two dozen other countries including the United States raced along the wide boulevards of the capital, Pyongyang, in a marathon that was coordinated by ISL, a Swiss-based sports marketing firm. Some wore corporate logos. North Korea's state-run media made no mention of the foreign companies' role in the race, which started and ended in the monolithic, 70,000-seat Kim Il Sung stadium. "It is sponsored by the (North Korean) Athletic Association on the principle of the International Amateur Athletic Federation," reported KCNA, North Korea's foreign news outlet. North Korea's decision to allow foreign companies to get involved in an event held in honor of its revered late president, known as Great Leader, contradicted its espousal of a philosophy of self-reliance, called "juche," as well as longtime condemnation of Western capitalism. However, the move was in line with the isolated nation's efforts last year to engage South Korea, launch diplomatic ties with European and other nations and adopt what North Korean leader Kim Jong Il termed "new thinking." (...)
Prize money awaited the winners, including \$3,000 for North Korean Kim Jung

Won, who finished the men's race in two hours, 11 minutes and eight seconds. Jong Yong Ok, also from North Korea, was awarded \$2,000 after winning the women's contest in two hours, 28 minutes and 32 seconds. (...)

Link to article:

http://www.washingtonpost.com/wp-srv/aponline/20010415/aponline194202_000.htm

9. EU BUSINESSMEN READY TO ENGAGE DPRK

by Gregory C. Eaves, The Korea Times, 15 April 2001

People tend to forget about North Korea when it comes to business. Certainly, if we're discussing war, famine, dictatorships or peace brokering,

the country is prominent in all discussions. But when there is talk about business and investment, it ranks well below Myanmar and Afghanistan. However, European businessmen in Korea are trying to change that. The European Union Chamber of Commerce in Korea (EUCCK) has a whole committee dedicated to North Korean affairs, just as they have, say, a Food & Beverage committee and a Pharmaceuticals committee. The EUCCK has published a list of

recommendations, aimed not at military overthrow of the North or at taking away from the Kim Jong-il clique's power, but aimed at working with the powers that be.

Their recommendations are aimed at the "brisk development of business exchanges between North Korea and EU companies." They call for easier access to the North Korean market, more business data about the North Korean market and less discrimination, as they feel that business benefits extended to South Korean companies should be equally extended to EU companies that operate in the South.

This is in stark contrast to the American Chamber of Commerce in Korea, AmCham, which seems to concentrate solely on business south of the DMZ, certainly the larger and the more wealthy market, and which seems to ignore the entire nation of some 24 million, albeit poor, people.

The executive message in AmCham's "Improving Korea's Business Climate" has one brief paragraph on North Korea. It supports President Kim Dae-jung's Sunshine Policy, of course, and follows with a statement that, "a US business

presence will be beneficial in establishing closer ties, improving mutual understanding and opening channels of communication between North Korea and the US." AmCham does not explain how it plans to help US businesses that hope to open channels into the reclusive dictatorship.

The EUCCK approaches its goal, that of promoting business, in a much more humane manner than AmCham. As the EUCCK says in its recent report, "the role of European entities is not just and should not be limited to the one of a mere economic agent. European investors are fully part of the society at large and in this respect show their concern about the current social issues prevailing on the Korean peninsula." This characterizes EU support for social

measures, whether famine relief or opening embassies.

European nations were some of the first Western countries to open embassies in Pyongyang late last year. Indeed, the Swiss have had an embassy there since the 1970s. Fila, an Italian sports and fashion house, is a sponsor of the North Korean Olympic team. ISL, a Swiss company and one of the world's largest sports marketing firms, organized the Pyongyang International Marathon held yesterday. Heineken, a Dutch brewery co-sponsored the marathon.

Perhaps because of the EUCCK's more engaging policy towards Pyongyang, European activity seems to be much more pronounced than US activity in North Korea. Or, this heavier European presence in the North may be due to more active engagement by EU governments. Or perhaps, due to the US military presence in the South, Pyongyang is less than keen on receiving businesses from the United States.

But the result is that European businesses are getting a step ahead of American ones when it comes to Northern investments. The EUCCK report shows that they are already looking at serious business with North Korea. "The rapid expansion of EU-North Korea business ties should be envisaged, for example, on tariffs and quotas in North Korea's key export, raw materials, and manufacturing sectors like the textile industry." The EU is already looking at exporting from the North. We will soon be buying Filas with "Made in North Korea" labels.

Link to article:

http://www.hankooki.com/kt_biz/200104/t2001041517441143110.htm

10. PRACTICAL TIPS ON DOING BUSINESS IN DPRK

Korea Trade-Investment Promotion Agency (KOTRA)

- * Throw out any comparison with Vietnam, Thailand, or others before even thinking about doing business with North Korea.
- * Electrical voltage is 220 volts; blackouts and brownouts are common, so common sense dictates investing in a flashlight.
- * Bring along a portable printer with your notebook computer, plus appropriate adapters and plugs.
- * Leave your cellular phone at home. Otherwise you will be required to surrender it for the duration of your stay.
- * Do not expect to be able to stay in daily contact with your head office while in the DPRK.
- * Exercise great discretion with respect to photography; if in doubt, ask, everytime.
- * Try not to ruffle feathers; it is far better to start one's visit on a high than on a hiccup.
- * Do not confuse South Korean won currency for North Korean won. The official exchange rate of the DPRK won is about 2.13 to the dollar; then again, expect to chop off zeros on price tags in Pyongyang.
- * Expect to be pleasantly surprised by Pyongyang. Close scrutiny will indeed reveal some serious blemishes, but, overall, the city is attractive and well laid out. The capital boasts two luxury hotels, the more established Koryo and the newer Yanggakdo, the latter on an islet in the middle of the Taedong River, which cuts through the city.
- * Excellent Kaesung ginseng products and domestically produced cosmetics and spirits make good souvenirs. The Koryo Hotel in particular has a well-stocked gift market.
- * If you are not going in with a specific business purpose, do not try to suggest otherwise to your hosts. DPRK officials have had years of experience of foreign corporations signing meaningless "agreements" which ultimately led to nothing. "MOU fatigue" is very much in evidence among DPRK officials, and they do not enjoy the symptoms.
- * Your hosts will have gone to great lengths to arrange meeting. Reciprocate these efforts and courtesy by turning up on time and being well-prepared.

They will be.

* Expect an excellent command of English among your DPRK counterparts. This applies both in negotiations and document review. Expect draft contracts to be dissected in detail.

* Remember that your behavior in the DPRK will weigh heavily in any decision as to whether you get back in. This advice may also apply to what you say, do, or write publicly after you have left.

* Discretion is the key, both in your preparations for entry and once you are there. Avoid fanfare.

(Source : Korea's Economy 2001, Volume 17 (The Korea Economic Institute and the Korea Institute of International Economic Policy, www.keia.org)

Link to article:

http://www.kotra.or.kr/main/common_bbs/notice_read.php3?board_id=21&pnum=89997

6&cnum=0

End CanKor # 36

CanKor is an electronic news clipping service for Canadians interested in the

Democratic People's Republic of Korea (DPRK). Financial support is received from the Northeast Asia Cooperation Project based in the Programme on Canada-Asia Policy Studies at the University of British Columbia.

Copyright of all items listed or reprinted rests with the original publishers. CanKor accepts no liability for inaccuracies, errors or omissions. Those wishing to publish material presented here must consult original copyright holders. CanKor welcomes contributions of Canadian news items, commentaries, papers, and book reviews.

To subscribe or unsubscribe, and for all other communication, please address the CanKor editorial team by e-mail at CanKor2000@cs.com. Editor: Erich Weingartner; Research: Miranda Weingartner and Marion Current.
