



CHINA BRIEFING

A Practical Monthly Guide For Practical China Business

January 2002

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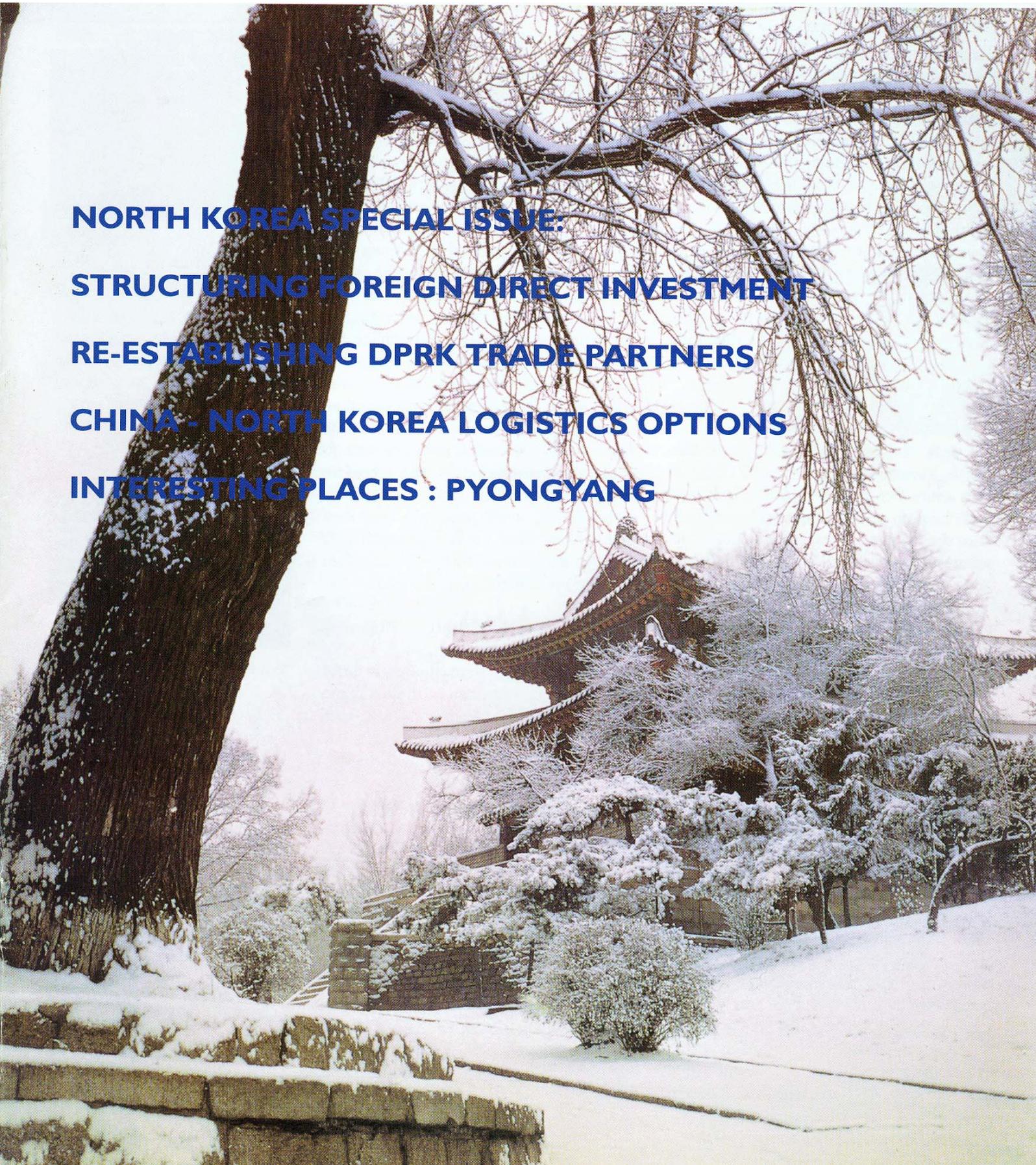
NORTH KOREA SPECIAL ISSUE:

STRUCTURING FOREIGN DIRECT INVESTMENT

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CHINA - NORTH KOREA LOGISTICS OPTIONS

INTERESTING PLACES : PYONGYANG



THE DEZAN SHIRA CHINA GROUP

WE GET OUT THERE

Happy New Year?

Welcome to this special North Korean January issue of "China Briefing". Occasionally we will run articles not entirely concentrated on China just to add a bit of spice and to demonstrate opportunities elsewhere that maybe of interest to China traders - hence the theme -- we hope you find this issue of interest. North Korea of course is right on China's doorstep and shows signs of opening up to foreign investment - and China's savvy foreign business investors may well want to consider a new opportunity on the porch. We are pleased to present therefore the first detailed business and investment overview about the country.

Conducting Business in North Korea

We were invited recently by KOMT, the North Korean version of MOFTEC, to visit senior Government officials involved with the promotion of foreign investment into the country. The idea behind the mission was simple - to introduce to businessmen with some experience of China work to the policies of North Korea, to exchange views on the development of trade and to assist with the gradual reintegration of the country into international society. North Korea during the days of the Eastern bloc enjoyed great trade relations with the Soviet Union and other communist countries, mainly through the time honoured system of barter. However, with the disintegration of Communist Europe and the emergence of a market economy, North Korea got swept away on a tide of capitalism and rather forgotten about. It is, after all, a long way from Europe and is quite small (population 23 million). This led to an unsettling period in North Korea - no trading partners any more and no real mechanism to guide it into the new world's trading regime. I will be bold here and say that a heavy-handed US approach did not exactly help matters, and the country went into serious decline with no friends (a US embargo scared off US trade partners) and no money. Hence

the difficulties. For those of you that would describe the DPRK as a terrorist nation I would point out that if you deny a country the basic ability to even trade - as the US did - then it is hardly a surprise then that in order to obtain foreign currency that governments under such situations will conduct themselves in a manner not entirely in accordance with good behaviour. Starve a man and soon enough he will break the law in order to eat. Hopefully the lessons of September 11 as relating to greater regional understanding and tolerance, and engagement via trade rather than isolationism will start to be applied to North Korea as much as they are to Afghanistan. Contained within therefore is probably the first guide to business in the DPRK - we hope you find it of interest. The front cover, incidentally, is of a traditional wooden Korean house in Daidong Prefecture, close to Russia.

Meetings with State Planning Commission

Back to China, we were pleased to meet with Bai Hejin, President of the Academy of Micro-Economic Research, of the State Planning Commission in Chongqing last month. We attended a seminar on the development of Chinese SME's in the Western Regions, providing training to local Government officials as regards soft investment facilities in the area. SME's are seen as a crucial factor in the development of the West - we reported a few months ago on the World Banks IFC branch establishing loan operations to Chinese SME's in Chengdu & working with local banks to better identify SME credit risks against loans. We regularly attend planning meetings with Chinese Government officials as part of our overall policy of understanding China's development.

Congratulations to Dynasty Marketing, Guangzhou

Back in China Briefing about two years ago we ran a photo of Dezan Shira & Associates client Dynasty Marketing, from Thailand, establishing their



Meeting with Mun Il Bong, the Finance Minister of North Korea at Government House in Pyongyang.



Bai Hejin; President, Academy of Micro-Economic Research, State Development Council, Beijing.



Congratulations to Fastnet Asia Ltd - new RO in Shenzhen.

first China Representative Office in Shenzhen. Since then they have been a long-term retained client of Dezan Shira & Associates Shenzhen office, who continued to handle Dynasty's on-going tax and accounting work. We are very pleased therefore to see them open a second office in Guangzhou, also handled by Dezan Shira & Associates in Shenzhen. Dynasty is a trading company purchasing fabrics and textiles from China for re-sale to South-East Asia and the Middle East, great to see this typical small business doing well in the PRC. Congratulations to all concerned and proof that even the little guys can do well in China provided the business is managed well. Dezan Shira & Associates Shenzhen office can be contacted at (0755) 366 4120 or email to shenzhen@dezshira.com if you are looking at setting up in Shenzhen, Guangzhou or elsewhere in South China. Well done also to Fastnet Asia Ltd, who have set up purchasing operations augmented by their Hong Kong office to source and ship a variety of product to Spain and other parts of Europe and the U.S. Fastnet applied for their China licence using their Hong Kong Limited Company and liaising with our Hong Kong office which can be reached at (852) 2376 0339, or via email at info@dezshira.com.

Group Asia Ltd Extend Their Operations in Beijing
 Group Asia Ltd, the promotional company who hold external activities

to advertise brands, has recently extended their operations in Beijing for a further three years. Dezan Shira & Associates Beijing office assisted with all the paperwork as required to extend and amend the business licence having originally been responsible for their application back in 1998. Group Asia handle some innovative projects in advertising and promotions - check out their website at www.groupasia.com.cn for more info on their areas of China expertise.

Market Research & Logistics

If expanding operations in China, it is important to evaluate beforehand the logistics infrastructure of the local area to ensure the great site you have chosen is supported by decent infrastructure. Our China Logistics company handles local evaluations, identification of local suppliers as well as strategy planning to cater for domestic shipment issues. All important information and crucial to get this independently and third party verified. For info on the services they provide, please call them on (021) 6279 7330 or view their website at www.PRCLogisties.com.

With best wishes for a great 2002!

Chris

Chris Devonshire-Ellis
 Group Chairman



Well done to Dynasty Marketing of Thailand -- new Guangzhou RO - Dezan Shira & Associates Alberto Vettoretti (left) pictured with Dynasty's Afif Abdo & Mazen Shahin.



Group Asia Ltd staff show off the coolest t-shirt design in the world - the only Zulu-influenced promotional company in China, so give them a call if in need of funky ways to promote your brands.

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To demonstrate our commitment to the development of international trade and business with China, the Dezan Shira China Group produces "China Briefing" as a free monthly advisory service, for all companies and individuals interested in or actively participating in China commerce. With a print run of some 25 000, and significant costs in production and mailing, this is our way of putting something back into the China International business community. All that we ask is that our company services are considered when you are in need of China business assistance or advice. Ok, that is the deal - now how to get this free: if you are in Hong Kong or China, please just fill in the form and fax it to us, we will update our records and send it you free via post every month. For international (i.e. non-China or Hong Kong addresses) sorry, we will have to send you our email issue instead - send your details to us at publication@dezshira.com.

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STRUCTURING FOREIGN INVESTMENT INTO NORTH KOREA

by *Chris Devonshire-Ellis, Managing Director, Dezan Shira & Associates Ltd*

Despite the Western International press describing North Korea in somewhat unflattering terms, the country has been encouraging international foreign direct investment to the country since 1992, due mainly to the collapse of its previous alliance with the Soviet Union and the Government trade/barter arrangements that were in place prior to then. Its basic legal structure for Foreign Trade dates back to 1984. As it's long term stand off with the United States over numerous matters continues, effectively barring the country from any North American trade, the Democratic People's Republic of Korea (DPRK) remains a mysterious, much maligned nation with well-publicized problems. However, the Government is now looking both to ASEAN and Europe in increasing trade and political ties, but what rules are in force? What are the investment incentives? How can one trade with the DPRK? This article then takes a rare look at one of the most interesting and fascinating neighbours of China and provides background details on trade and business opportunities in the DPRK.

Foreign Investment Law

Promulgated in 1991, the DPRK foreign economic and investment law is based on the Chinese model with many similarities in the structuring of Wholly Foreign Owned Enterprises and Joint Ventures. These are early days

however, and the basic rules and regulations still need fleshing out to reach those of Chinese and international standards. This is a natural process of legal evolution and development, but still carries risk for the foreign investor. This means two criteria come into play, firstly, the flexibility of the DPRK to enter into contractually binding agreements beyond the boundary of their own laws, and secondly, the position as regards arbitration in the event of dispute. Interestingly, dispute resolution is referred to the International Court of Arbitration, with the DPRK also making progress in applying for membership of the various International trade agreements surrounding copyright protection - signs are there that the Government is now getting serious about encouraging International Trade and is taking the steps to provide a level platform to do so. In the meantime, the Ministry of Finance, will, in the event of concerns over lack of legal depth, provide Government backed guarantees to foreign investors ploughing money or assets into the country. Such steps require personal introductions in the DPRK with full assessment and examination of risk required. This can be achieved, and the DPRK need the currency.

Basic Policies - Domestic Sales

Like China, the DPRK encourages manufacturing and export, specifically in the Rajin-Sonbong Economic & Trade Zone. Sale of



Foreign Ministry, Pyongyang



The Dear Great Leaders



Jim Jing Gi, Vice President, KOMT

products into DPRK is controlled by State organised trading companies, responsible for distribution of goods onto the local market. These will purchase goods in Korean won, withhold tax at rates of between 2 - 20% (depending upon the commodity), then remit money, in won, back to the supplier. Upon payment of Profits tax (nationally, 20%) this is then free to be converted to Foreign currency and repatriated, via the Foreign Trade Bank or one of the other licenced banks, including, interestingly, the Foreign licenced Banks, of which there is one Korea Joint Bank, the Hua Li (Chinese) Bank and ING Peregrine of Holland.

Manufacturing & Export Operations

Preferential policies exist in the Rajin-Sonbong Economic & Trade Zone, where Tax exemption from Foreign Enterprise Income Tax can reach 100% for the initial four years with a further 50% for the next three. Given that in the zone this is levied at 14% (25% nationally) that is quite a good deal. HiTech companies also qualify for an additional reduction to just 10%. Foreign Enterprise Income Tax includes Profits Tax which means you can establish operations in the DPRK for a minimal tax overhead. The Government are quite blunt and honest about their needs and problems. Food and fuel are top of the agenda. As at present the country is still subject to food shortages and brownouts, for all FIE's all imports of fuel, food or materials needed to keep the plant operational are duty free - meaning you can bring in back up generators and fuel to run your operation at zero duty.

Minimum Investment

Requirements

Unlike China, there are no minimum levels of investment required - the legal position states "Capital required to run the operation independently". That is open to interpretation and is thus a matter of negotiation, provision and agreement of a feasibility report (sound familiar?) with the Committee of External Economic Co-Operation, part of the Ministry of Foreign Trade.

Restricted Industries

Officially there are no areas of investment off-limits, although we feel that practically this may not be the case and in some areas barriers will be erected. However, with the likes of ING Peregrine establishing banking operations, accounting firms such as KMPG setting up shop, the international Koryo Tours being effectively a DPRK-Foreign Joint venture and DPRK national insurance (aircraft etc) being booked through London, it is all really a matter of getting out there and seeing what can be achieved. These are very early days indeed, which is part of the challenge, and your ability to get in amongst the initial players really depends on the amount of balls you have.

Operational Trends

Most of the Foreign Ventures, be they JV's or WFOE's tend to be processing operations, handling imported materials, adding value then re-exporting with some domestic sales via the trading companies. The benefits are obvious, to take advantage of the far lower labour costs, dedication to work (DPRK nationals are very disciplined and organised), and the low tax situation. The DPRK borders of course Russia, China and South Korea (there is inter-



Paek Hyon Bong, Director, Approval Authority, Foreign Investment Bureau



DPRK Hong Kong Consular Officials - very helpful.



Pyeongyang - a city full of symbolism

Korea trade with some direct cargo & shipping links) and access to markets such as Taiwan, Japan, and other Asian countries and Europe. What is interesting to evaluate, given the (decreasing) sanctions and (increasing) quota systems countries have in place as regards the DPRK, is the percentage amount of foreign (ie DPRK) parts allowed as part of a complete product and still able to bear a “Made in Japan” or “Made in Germany” label. As an example, clothing bearing the “Made in Hong Kong” label may still legally be allowed to possess up to 70% of the component parts (ie: the fabric) from China, with just the finishing being conducted in Hong Kong which is why all the fabric processing factories are located in South China. Apply the same scenario to the DPRK and the benefits of locating there start to become more understandable. If China is starting to get a bit expensive, or if you want to access

other markets, the DPRK may well be worth looking at.

Summary

The DPRK is slowly starting to develop it’s international trade after the disaster it faced after the collapse of all it’s trade agreements with it’s Eastern Bloc Trading Partners, although it should be treated with care and attention to detail. We found the DPRK Government open, pragmatic and serious about attracting foreign investment and we believe they do want to adopt international standards to their trade agreements and structure. All this will take time to develop and mature. But, if you want to consider an option to China, then the equation becomes a balance of risk between the lower operational and tax costs in the DPRK against the political and developing legal system in the country



Chris Devonshire-Ellis pictured in front of the State Ministries Building.



Pyongyang Library & Theatre - built and donated by Beijing



Dezan Shira & Associates can advise on matters of investment into North Korea and China. Please contact us at:



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RE-DEVELOPING TRADE PARTNERS

North Korea Re-Establishes International Trade

An overview from DSMR Ltd

With the collapse of the Soviet bloc, the entire trade partner base for North Korea was lost. It has taken some ten years for the country to be able to pick up the pieces and begin to re-establish itself - a position made all the more daunting by the long term sanctions, some of which still remains in place today. This has meant that the odds have been stacked against North Korea as surviving - but these are tough, resourceful people who have been in resistance economically and militarily for much of the past 200 years. The impasse from Cold War politics to modern economic globalization is beginning to be bridged now in North Korea. Yes, this has been a long time coming, but things are moving - albeit at a pace that suits the DPRK and its larger neighbor, China.

At the recent APEC meeting in Shanghai our group chairman, Chris Devonshire-Ellis, learned first hand an interesting perspective from the Russian President Vladimir Putin. Discussing the state visit to Moscow by Kim Jong Il, Mr. Putin was asked, whether in his opinion, North Korea would develop and begin to open up its doors to international trade. Mr. Putin's response was quite specific. To summarize his words, "Russia has always conducted trade with North Korea and has for centuries shared a common border. Yes, the North Korean leadership is serious about pursuing this policy of opening up - it is the mechanism and timetable for change that needs to be worked on." President Putin's views echo ours - North Korea is finally opening and will integrate, gradually, into the international business community. What then, are the opportunities?

Opportunities

At present, most international investors view North Korea as an interesting, enigmatic nation but one that has had an uneven history and an uncertain future. This is enough to scare people away - in particular when more sizable markets such as China are more easily accessible and stable with far higher potential for sales in terms of volume. So why consider the DPRK? By most accounts the market is a restrictive one with limited market size and spending power; not to mention state-controlled distribution & pricing controls and a tarnished image in world affairs. Workers are in need of technical training and poor infrastructure requires rebuilding. However, in this chaos some see opportunities. Not so long ago the same was said of China and today she is a member of the WTO, future Olympic host and recent organizer of the APEC conference. North Korea is not the next hot investment opportunity. Quite to the contrary, it is has a long road ahead to economic development but that should not keep the bold and well informed from capitalizing on legitimate international business opportunities as and when they arise - because arising they most certainly are.

DPRK Demographics

You have probably heard in the news that North Korea is one of the poorest nations in the world, but beyond that there is not much information available. Understandably so, as the secretive nature of the DPRK government and lack of reliable statistical information do not allow for a very transparent reading of North Korea's current trade situation. The government has never published demographic statistics officially, and their

figures regarding international trade are open to interpretation. However, some data is available from limited surveys and from North Korea's trading partners. Based on available information the following estimates of DPRK trade can be drawn:

Exports: Japan 28%, South Korea 21%, China 5%, Germany 4%, Russia 1%

Major Products: Estimated at USD \$520 million; Minerals, Metallurgical Products, Agricultural & Fishery Products, Heavy Industrial Goods

Imports: China 33%, Japan 17%, Russia 5%, South Korea 4%, Germany 3%

Major Products Estimated at USD \$960 million; Petroleum, Grain, Coal, Machinery & Equipment, Basic Consumer Goods

Population: 21 million

GDP Breakdown: *Agriculture* 30% of GDP, Principal crops being rice, corn, potatoes & soybeans.

Industry 42% of GDP, Concentrated in heavy industry. Main sectors include chemicals, mining, textiles, metallurgy, military products, construction and food processing. *Services* 28% of GDP

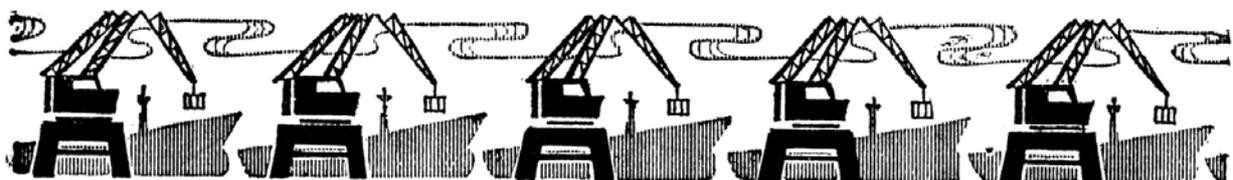
Sector Share of Energy Consumption: Industrial 71%, Transportation 28.5%, Residential 5%

The Times They Are A Changin' - Developing Diplomatic & Trade Relations

Indicating Kim Jong Il's willingness to open up, in the last year he has toured Russia and China, even spending time at the Shanghai Stock Exchange. This year, North Korea has also hosted major trade delegations from Hong Kong and Singapore, and opened a new consulate in business-oriented Hong Kong. According to the North Korean Trade Promotion Agency, international trade figures jumped last year were up by over 30%. North Korea has a long path ahead, but at least it is taking the first steps. Since January 2000, the following countries have quietly established diplomatic ties with Pyongyang:

Italy * Philippines * United Kingdom * Holland * Canada * Germany * Greece Belgium * Spain * New Zealand * Luxembourg * Brazil * Kuwait * Bahrain * Turkey. European Union

This has been augmented by several other Diplomatic visits and overtures - Jiang Zemin visited Pyongyang late 2001, Kim Jong Il undertook his train journey across Russia to meet with Vladimir Putin in Moscow, several other European countries have sent senators to Pyongyang including Sweden, Australia & Denmark. Things are moving. Our Group chairman, Chris Devonshire-Ellis tells the story of hearing distinctly British accents in the International Departure Hall of Pyongyang Airport a couple of months ago. "Turns out" he recalls "they were City of London insurance brokers, and that they had been underwriting the insurance of certain North



Korean state assets for the past two years and were over on a refresher trip to re-acquaint themselves with their clients.” Chris also recalls the story of Vlad, the Russian Tractor manufacturer. “This guy was sitting in the bar of the Koryo Hotel having a beer. He’d been selling tractors to one of the North Korean State Companies. I asked him how doing business was with the North Koreans. “Very Good” he says; “They pay me cash in US dollars.”

Examples of What They Want

Investments into hi-tech internal organs & soft tissue medical scanning equipment. North Korea is a world leader in this technology, but needs R&D and production funding;

- **Agriculture technology** - everything from fertilizer to irrigation and water management;
- **Power technology** - serious shortage of power. Anything that will generate electricity;
- **Infrastructure Developments** - road and rail. Rail is antiquated in particular.

Examples of What They Can Sell

- **Graphite** - North Korea is a major producer;
- **Rare Earths & Minerals** - a whole variety, DPRK is rich in natural mineral resources;
- **Heavy Duty Vehicles**;
- **Shipping**;
- **Cement**;
- **Sea Food** - a wide range of produce including abalone, prawns and other sea produce.

How To Go About It

The Dezan Shira China Group will be organizing a series of trade missions to Pyongyang during the course of 2002, and can provide market research regarding the North Korean market. If you have specific enquiries or wish to participate please contact us directly to the Chairman’s Office at the **Dezan Shira China Group** in Beijing.

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North Korea - Door to Door from China

By Jamie Gwynn, China Logistics Ltd

So you have been challenged with the project of getting your product to your customer in North Korea? Congratulations. You are about to embark on a mission that separates the men from the boys. If successful, you will be able to laugh in the faces of those who moan and groan about the Logistics issues that they are having in Western China. But relax; it's not all that bad...

Logistical infrastructure in North Korea:

The total railway track is about 5,000 km. Of the total amount, 4,100 km in standard gauge track with about 85% of this is electrified. The remainder is narrow or dual gauge track.

There is about 31,200 km of highways all together. Until recently, only about 7% of this total highway figure contained roads that were paved. Most of these paved roads are plagued with many potholes and repair crews are not able to keep up with the repairs, so use a bit of caution when traveling about. One exception to the poor road infrastructure is the newly opened highway linking the nation's capital city of Pyongyang to the port city of Nampo. Truck drivers from around the world would probably vote this 50 km highway as one of the best. The highway boasts five lanes, not in total, but five in each direction. Grossly overbuilt, this stretch has very little traffic and would not have a congestion issue if it were 2 lanes in each direction. So get out your 1973 Chrysler and enjoy cruising down this baby or perhaps use it as a training course to teach your spouse how to drive...

The following are the ports located in North Korea: Ch'ongjin, Haeju, Hungnam, Kimch'aek, Kosong, Najin, Namp'o, Sinuiju, Songnim, Sonbong, Ungsang, and Wonsan. Inland waterways are very limited. They have about 2,200 km that can only be navigated by small craft. Surprisingly enough, North Korea is estimated to have about 87 airports. 39 of these now have paved runways!!!!

As you can see, the Logistical infrastructure in North Korea is still basic. The government acknowledges that this fact is impeding their growth, therefore they have set aside specific investments made to expand and renovate certain port facilities in order to reduce handling delays and smooth the cargo congestion.

Getting your cargo there

From most places in the world, cargo can first be delivered to Pusan, South Korea where it is then relayed up to North Korea. The easiest way to do this would be to route the shipment up via the Rajin-Sonbong free trade zone.

There is however a more direct method. The Kookyang Shipping Co. has a virtual monopoly on shipping goods via the shortest water route between North and South Korea. The route is from Inchon, South Korea to Nampo, North Korea and is responsible for over 90% of the trade between the two countries. Although the distance between these two points is only about 100 km, the cost to ship is quite expensive. Shipping prices range to as high as USD 800 per TEU due to the delays incurred. Normal port-to-port transit time is about one day.

Should you be interested in shipping goods into North Korea from overseas, I would suggest that you contact the Dalian office of P&O Nedlloyd (China) Ltd. An alternative contact is Silk Road Cargo in Beijing. Both companies have experience in these types of transactions and are quite helpful.

If shipping from China, rail is the most frequently used choice. It is customary to arrange the shipment via way of Dalian, but bring your wallet. Rates from Dalian may average about USD 1,650 per wagon to Pyongyang and USD 1,700 to Nampo inclusive of customs formalities, and loading fees.

The cost is partly due to the fact that the MOR has extreme difficulty in recovering the wagons back into China after they enter North Korea. It is advisable too that you book these wagons about a month in advance, however certain provisions

may be able to be made for shorter lead times.

There is also extreme variance in transportation time for rail shipments from Dalian to North Korea. Transportation to Pyongyang could take between 8 and 15 days, whereas transportation to Nampo could range anywhere from 10 to 17 days.

If you are shipping cargo from China by which the rail transportation times would be unacceptable, there are options by air. Air Koryo, the national airline of North Korea, has service from Beijing to Pyongyang. Seasonally, China Northern runs some routes to Pyongyang out of Dalian. Check for further details on dates and times.

From Point of Entry to the Customer

As is common with ports, be expecting higher than normal pricing for warehousing and Logistical related services. Because most of the cargo entering North Korea has a high % of its value tied up in the costs of Logistics, saving every penny is absolutely critical. As an example, in order to minimize costs, grain brought into North Korea for human relief efforts are directly taken from the bulk container and bagged at the port, thus eliminating the need for port adjacent warehousing.

Trucking from the port to the customer's door is a bit tricky. There is only a limited supply of equipment that has the ability to haul the 40' and 20' containers. Obviously the road infrastructure also contributes to the difficulty in maneuvering containers of this size. Most companies opt to unload the containers at the port and then ship them down the road in several smaller trucks.

Trucks are commonly booked for round trip passage. There is heavier volume coming into North Korea in the way of humanitarian aid of food and clothing than is going out so filling those empty miles may be a bit tough. North Korea does have some light manufacturing and some exporting of machinery, which may be viable sources to obtain cargo heading the opposite direction.

Final Words

Shipping to North Korea is not the easiest thing in the world, however it can be done. Certain companies, like the ones mentioned above, are developing skills and knowledge in handling your cargo. DHL also operates a JV office in Pyongyang. As with most pioneers they may consider deviating from their traditional global core competency should you need assistance with something more than a small parcel.

China Logistics Ltd can advise on domestic shipment issues throughout China. Please contact them for practical advise on distribution, transportation and warehousing issues throughout the PRC.



For information and advise on matters of distribution, transportation and warehousing in China, please contact our Shanghai Head Office:

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INTERESTING PLACES: PYONGYANG, NORTH KOREA

In this special issue of “China Briefing” we explain about what to expect if visiting the city and provide tips as how to get there. Flying is easiest from Beijing or Shenyang, your tour operator will sort all this out for you. Your best bet is to try Koryo Tours (website: www.koryogroup.com, email northkorea@hotmail.com) or try the North Korean Consulate in Hong Kong (tel: +852 2529 4141) for advise on obtaining visas. From Beijing or Shenyang it is about an hours flight east, probably in a Russian Tuplov. Pyongyang Airport is surprisingly large, although immigration is somewhat haphazard your luggage may well be searched. Mobile phones and passports may be retained while you are in the country - you will get a receipt - and these will be returned when you leave.

Once through immigration you will be whisked off in a large, aircon bus to the huge bronze statue of Kim Il-Sung, the Father of North Korea, to pay your respects - usually the placing of flowers and/or a sensible bow of the head. The statue is in the city centre and affords great views over Pyongyang itself, you will be allowed to wander about a bit and take photos.

Sited either side of Kim’s statue are two massive war memorials to the Korean & Japanese Wars reminiscent of the Monument to the People’s Heroes at Tiananmen. From there you will be driven to your hotel, probably the Koryo Hotel, a rather grand 5 star soviet style edifice with some charm. The facilities are clean and warm, although there is some petty pilfering on occasion so keep valuables safe. IDD connections are difficult, but there is a good bar with great local draft beer on the ground floor to keep you entertained.

You will be allowed to wander the streets of Pyongyang without a guide as long as you are back before 12

midnight, however your tour operator will probably arrange an itinerary for your convenience. You will find Pyongyang an attractive city, built on the banks of the Taedong River, green in the summer, with many war memorials and commemorations to “juche” the North Korean brand of Communism. With no consumerism to speak of, the city remains refreshingly untainted by neon adverts or McDonalds everywhere, and retains an air of tranquility about it. You’ll begin to relax and feel the effects of a different set of ideals at play.

With few cars, and no centralized heavy industry or advertising light pollution, it is possible to see the Milky Way from the city centre at night -- probably the only capital city in the world that this is possible. Just one, rather odd eye sore -the 100 storey pyramid shaped hotel complex that was abandoned due to lack of funds and remains unfinished - but even that has a certain melancholy beauty. The locals you will find friendly, smart and disciplined, (schoolkids sweep the streets after school) and you will likely as not be treated to a cheery wave - even by soldiers.

For sure North Korea has its problems and has sometimes been ill-advised, but there is a certain purity to their ideology still very much alive that has a place in the world and should not be overrun by the rampant consumerism we have in the West. You are unlikely to see any evidence of North Korea’s problems, and in any event these are well documented elsewhere. However, as a destination that is charming, polite and very capable of giving you food for thought, Pyongyang is well worth visiting and is a truly unique experience in culture, intrigue and intellect.

Enjoy!



Statue of Kim Il-Sung, Father of North Korea and a revered icon.



Memorial to Japanese War



Agitprop posters everywhere in the streets reminiscent of China in the 1950’s.