

The Foreign Business Development Association (for the DPRK)

Roger Barrett
Chief Representative, FBDA

Background

The name of our organisation was carefully chosen to reflect what we do. Many people are curious to know why we exist – people do not associate “Business” with the Democratic People’s Republic of Korea (DPRK), or North Korea as it is known to many foreigners. They only read about food shortages or bad weather or the political things that newspapers around the world like to write about. So, when people hear about the FBDA they immediately think about “business” and opportunities to do business in the DPRK – and that is an important step forward in the mindset of people from around the world.

So, why do we exist? Who set us up? Actually, it was a group of 10 companies from around the world based in Asia that came together in 1998 and said “let’s set up a kind of ‘club’, or ‘network’ for those who are doing business in DPRK”. We agreed to meet regularly for lunch and to share relevant information and contacts. We set up an office in Beijing and now have approximately 45 members-companies / organisations, large and small, all focussed on their area of trade, industry or other activities. See attached “tables of member countries”

Objective

The objective of the FBDA as a bridge between the DPRK and the business world is two-fold:

- to assist, encourage and promote the development of successful business with the DPRK;
- to help the DPRK to get involved in the world business community.

The FBDA is a strictly non-political and non-partisan membership based business organisation funded solely by membership subscriptions and members’ activities.

Set-up

The FBDA is run from Beijing by a team that includes Roger Barrett-Chief Representative from Britain, Rachel Ma-Sales Manager in Marketing from Harbin, Tina Wu-Marketing & Media Manager from the U.S.A., and Maxim Kozlov-Marketing Support Manager from Vladivostok.

Activities

By guiding regular groups of businessmen in our country, we started to attract the interest of those who were interested in the DPRK market but did not know how to go about making a trip. We offer to arrange visas and make all the appropriate arrangements for a visit to Pyongyang or Rajin-Sonbong (now called RaSon City). Most important of all, the FBDA makes introductions to the appropriate contacts in the DPRK – from the relevant business units in Pyongyang or other cities. This is done through the Ministry of Foreign Trade (MFT) with whom

the FBDA has built up a good working relationship. The FBDA has taken 7 “Business & Economic Delegations (B&ED’s)” to Pyongyang and two to RaSon City.

In addition to taking the ‘B&EDs’, the FBDA has regular get-togethers for those members based in Beijing. One favourite activity is the FBDA luncheon, where interested parties gather together to meet each other and exchange information and contacts. A guest speaker is sometimes invited to talk about his or her success in the DPRK and to share the experience with the audience.

Information on commercial and business activity in the DPRK is often not so easy to obtain, so we promote trading opportunities and project opportunities through our newsletter. We even have companies from Europe, Asia and Australia looking for partners – and to have a suitable Japanese partner would be welcomed by some of our members in industries such as textiles, road building (bitumen or brick roads) and other areas.

Expectations & Accomplishments

The FBDA has become a valuable source of information and contacts for members and for friends and other interested parties. The FBDA is always positive about the opportunity to do business in the DPRK, but must set expectation levels correctly; this is an integral part of successful business.

It is early days in the successful rehabilitation of agriculture and industrial redevelopment in Korea. However, the recent successful diplomatic initiative by the DPRK has seen Italy, the Philippines, Australia, Great Britain, Germany, Canada and others build ties to develop business and trade, apart from the fundamental improvement in friendly ties within the Korean peninsula. This all improves the business and investment climate and the FBDA is pleased to say that we have had an increased interest from companies around the world in our activities. We are in the process of expanding staff levels at the FBDA in Beijing.

Current Perspective

It is perhaps worthwhile making a few general comments to place in perspective the current climate for doing business in the DPRK.

Firstly, in Pyongyang and other parts of this beautiful country, visitors are pleasantly surprised by the high level of spoken and written English, French, Japanese, Russian and Chinese.

Secondly, it is a common, but very inaccurate, misconception that the development of business in the DPRK is the prerogative of South Korean companies; no country in the world would want to limit itself to one trading partner. The DPRK has identified the need for expertise and a variety of trading partners to reflect its diverse industries and opportunities.

Thirdly, Korean people are very focused on helping develop business and trading links with countries from all around the world. That there are fewer companies in Korea competing than in China may make the DPRK less complicated in many ways.

Future Perspective

There are many opportunities in different industries to develop business. The DPRK has mineral wealth, other natural resources and a highly trained, motivated workforce. Their ability to succeed in the more favourable trading and business environment created by the diplomatic initiatives and by an increased number of trading partners and the investment that follows is not in doubt.

This will take time. The FBDA believes that a steady improvement will take place with an increase in funding from different countries, from world organisations and the private sector all working together. The UNDP has such a scheme to help "Export Earning Industries" by combining private sector expertise, some external government funding and UNDP / UNIDO assistance in such areas as training and facilitation. The prospects for such steady progress and development are greatly enhanced by the recent indications that several major public funding bodies, including the World Bank and the Asian Development Bank, are in principle receptive to considering the eventual membership of, and / or cooperation with, the DPRK.

Invitation to the Japanese Business Community

The FBDA has companies from around the world. However, 50% of our members are from Europe and one third from Asia. The FBDA welcomes companies from Japan as members and welcomes the closer involvement of the Japanese business community. Currently, there is Japanese involvement in hotel joint ventures in Pyongyang, trading, clothing manufacture and seafood developments. Some FBDA members have interest in finding partners from Japan or other Asian countries for the development of their business in the DPRK. Many Koreans can speak Japanese and many Japanese can speak Korean this all helps in the development of successful enterprise.

One particular FBDA member seeks the active involvement of a Japanese partner. This is a company developing an air service to connect Rajin-Sonbong with Yanji in China and Vladivostok in Russia. The establishment of this air service would significantly improve access from Japan not only to the Rajin-Sonbong Economic & Trade Zone but also to the beautiful and famous Mt. Paekdu.

Air Service for Rajin-Sonbong Economic & Trade Zone (ETZ)

The ETZ is located in an area of outstanding natural beauty at the intersection of three countries; Korea, China and Russia ('KCR'). However, the development of both trade and tourism have been held back by the lack of transportation infrastructure.

For the last three years I have coordinated the

establishment of this Joint Venture air service to connect Rajin-Sonbong with neighbouring China and Russia. The establishment of this service is planned in two stages: see attached flowchart on Rajin Heliservices.

1. Firstly, a helicopter service using Rajin-Sonbong's existing Heliport to ferry passengers to Yanji (35 minutes) and Vladivostok (60 minutes). This service is planned to start in Summer 2001.
2. Secondly, a light aircraft service using a small airstrip and airport is planned for completion in Spring 2002.

This aviation enterprise is set up as a joint venture with Air Koryo, the National Airline of the DPRK. The benefits that accrue to the Japanese business tourism market are plentiful: the journey time to Rajin-Sonbong and to nearby Mt. Paekdu and Mt. Chilbo (both 45 minutes flying time from Rajin-Sonbong) are a fraction of the time taken by existing routings. It is therefore expected to greatly assist in the development of the RaSon City ETZ.

The active participation in the development of both the air service and the flow of passengers (both businessmen and tourists) by Japanese investors and travel organisations are welcome.

This is a rare investment opportunity which involves both challenges as well as potential rewards. It is the pioneering nature of the project which makes it so interesting and unusual. The unique and special nature of the project includes;

- the fact that this air service will operate in an area which is a meeting point of three fascinating countries; Korea, China and Russia. This is the reason for the name of the foreign partner in the JV ("KCR-J Aviation") and Japan is a key market for the JV service
- the project is set to start at a time when these countries are approaching harmony
- the venture will be launched at a time of peace and reconciliation on the Korean peninsula. Within the last year both Korean people, and the world as a whole, have been heartened by the meetings of the leaders on Korean soil in Pyongyang
- the chance to have the National Airline of the DPRK as a partner
- the chance to start with charters and develop the service in virgin territory
- the introduction of the service will greatly reduce journey times;
- * from Yanji (China) to Rajin from 5 hours by road to 35 minutes by air
- * from Vladivostok (Russia) to Rajin from over 12 hours by road / train to just one hour by air
- * and brings the wonderfully scenic unspoilt areas of Mt. Paekdu and Mt. Chilbo within 45 minutes' flying time of Rajin.

Note; Mt. Paekdu is a 'Mecca' (or sacred place) for Koreans from all over the world (and S.Koreans will be able to travel there sometime in the future too) major tourist attractions include many beautiful beaches and the recently opened 5 star hotel and casino near

Rajin

many of the 60million people living in the Chinese North-East land-locked provinces of Jilin and Heilongjiang have never even seen the sea or been abroad. The development of the Chinese economy and the development of travel and tourism are significant opportunity for this venture

the rich seafood and wild mushrooms and ginseng of the area

the chance to fly passengers, courier and cargo including live and fresh seafood

Japan is a key market for passengers and cargo. The existing connections to Vladivostok offer an extra interesting and convenient port of call (which was a secret and closed city in Pacific Russia until only 12 years ago).

In addition to facilitating the development of tourism, the venture would greatly enhance Rajin-Sonbong's attraction to the development of other businesses and light

industry in the area. The Zone has seen a steady upsurge of interest in the last two years, and the stabilising of relations with neighbours and on the Korean peninsula in general, have set the scene for the steady and significant emergence of this area as a tourist destination and a draw for businesses.

Let us all wait for the spring and summer to see things really take off. The timely and popular Korean expression to support this view is " Seeing is believing. "

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別紙資料

Membership by Company Nationality
(会員企業の国籍)

	Share
Europe (ヨーロッパ)	52%
Asia (アジア)	32%
USA (アメリカ)	10%
International (多国籍)	6%

Members Location (会員所在地)
(Decision Members Location (政策決定会員の所在地))

	Members
H.K. (香港)	5
Bangkok (バンコク)	2
Beijing (北京)	15
Japan (日本)	1
USA (アメリカ)	2
Seoul (ソウル)	4
Pyongyang (ピョンヤン)	1
Shanghai (上海)	2
Singapore (シンガポール)	1

RAJIN HELISERVICES: FLOWCHART

羅津ヘリサービスフローチャート

