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Pyongyang woos foreign investors

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THE harsh conditions under which most North Koreans live - brought about by sanctions imposed by the West and boycott of its products - have affected Pyongyang's plans to introduce measures to improve production processes and become self sufficient.

However, this is only temporary, said a senior trade official in the Pyongyang government who stressed that despite the difficult conditions, new approaches were being constantly implemented.

Chang Rak Jun, the secretary-general for the committee to promote international trade, said one of North Korean leader Kim Jong-il's first decrees was to use the army to improve the infrastructure around the country and also to ensure that research and development continue unabated.

"This meant improving roads, bridges, irrigation systems, repairing buildings and other work which would ensure economic activities continue. Certain fields were deemed to be priority sectors and these include scientific research and development including coming up with improved seedlings, production processes and studying new markets for our products.

"We are happy to say many countries have shown new interest in our economy and despite the pressures from certain powers, trade delegations from several countries have visited us recently including a high-level group from the European Union," he said.

Chang said the government's main target for the year was to strengthen the foundation of the economy by adopting modules that have been found to be successful and also focus on upgrading and modernising the production processes.

He admitted that many of the factories were running below capacity because of lack of raw materials and also due to the use of old machinery and parts.

"We are looking at foreign investments as a way of overcoming these problems. We have a special interest in developing relations with Asian countries and we are looking at Malaysia as a friendly nation which can help us in our times of need," he said.

He said that under the leadership of Prime Minister Datuk Seri Dr Mahathir Mohamad, Malaysia has seen a successful industrial revolution and is experiencing economic buoyancy.

He added that the North Korean leadership has very high regard for Malaysia's commitment in helping developing nations and fighting for the rights of countries which are unfairly treated by so-called "world powers".

Previously Pyongyang had exported steel, tooling machines and other products and imported palm oil, rubber, tin and other commodities from Malaysia.

Chang said the Asian financial crisis of 1997 has reduced trade between the two nations and he hoped that Malaysian investors would view his country as having good investment potential especially since Pyongyang and Kuala Lumpur have signed the Investment Protection and Encouragement Agreement in 1998.

"We have very favourable conditions and Malaysian businessmen travelling to Pyongyang need not have to apply for a visa. Our government is more than happy to brief and accommodate requests from Malaysian entrepreneurs," he said.

The Three-Revolution Exhibition Centre on the outskirts of Pyongyang has a year-round display of the agriculture and industrial activities of North Korea.

Among the exhibits are the small and medium-sized lorries produced at the Sungri General Motorworks assembly plant, tractors produced at the Kum Song General Works, and heavy machinery manufactured at the Taeon Heavy Machine Complex.

Also on display are locally-produced train coaches, buses and a variety of machinery and parts. Industrial activities are depicted in pictures and models with numerous end products on display.

Among those featured are coal-mining activities in the South Phyongan province which accounts for 70 per cent of anthracite deposits in the country and thermal power generation throughout the country including in Pukchang, Chongchongan and Sunchon.

The Sunchon Cement Complex is said to produce three million tonnes of cement, while granite from Onchon, slate from Songchon and asbestos from Sunchon contribute to the construction industry.

Large chemical factories including the Sunchon Vinalon Complex and the Namhung Youth Chemical Complex produce vinalon, synthetic fibres, urea fertiliser, carbide, nitrolime fertiliser and medicines.

Nampho city, on the lower reach of the Taedong, is a major port which can accommodate 50,000-tonne-class ships while heavy industries such as the General Smelting Enterprise, the ship building complex and the Glass Corporation are situated close by.

In Chongjin, the Kim Chaek Iron and Steel Complex, the Puryong Alloy Steel Complex and other large ferrous metallurgical plants are found. The lack of raw materials has affected the production of pig iron and steel products and Pyongyang hopes that with the assistance from foreign nations, these factories could return to maximum production capacities.

Chang said that in the agriculture field, new technologies and methods are being introduced while research is continuing to have better crops that are more resistant to diseases while irrigation systems are being upgraded.

Medium and large-scale fisheries projects in the shallow sea, on banks of rivers and close to reservoirs have been successfully opened and have become a major food source for the people in the various provinces while steps are being undertaken to have better boats for sea fishing.

Chang said Malaysian businessmen could establish their production base in North Korea and thus tap the markets of nearby China, Russia and even Japan.

"The 21st century could be the century for us. Analysts have predicted that Northeast Asia could play a decisive role in the world's economy during this century and entrepreneurs could become part of this success story by visiting us and finding more about our nation's potential," he added.

His committee has drawn up comprehensive rules and regulations on foreign investments including details about how to go about establishing businesses and joint-ventures in his country and these materials are available on request.