



Business and Innovation in Asia's Last Frontier

*Turning Science and
Technology to Viable Businesses
at the Unjong Start-Up Festival*

*Pyongsong, D.P.R Korea
Geneva, Switzerland*

NOVA



Report by Ugo Ikpeazu
Based on the 2019 Unjong Start-Up Conference
Pyongsong, North Korea

Published February 2020
Geneva, Switzerland

The Unjong Start-Up Conference is the product of more than a decade of dedication to the promotion of civil society and positive change through entrepreneurship in the Democratic People's Republic of Korea (or North Korea). The conference, which is an evolution from previous workshops and conferences which have been running since 2009, is run by Singapore based NGO Choson Exchange. Choson Exchange's work in North Korea is built on three key pillars; leveraging the network of the business leaders it engages to deliver the educational workshops; empowering exceptional North Koreans with cutting edge business knowledge; and influencing the development of North Korean economic policies towards greater socio-economic development.

“The Unjong Start-Up Conference is growing quicker than non-Koreans can come up with facial expressions to show their surprise at the idea of start-ups and entrepreneurship in North Korea”

Ugo

With 110 participants, the 2019 edition of this 4-day business conference was a testament to the growing interest for innovation within the DPRK. In addition, the 2019 edition highlighted the successes of the unique approach to encouraging entrepreneurship and innovation, through Choson Exchange and their local partners in North Korea.

This report introduces the business environment in North Korea by outlining business-related current affairs. To achieve this, the report focuses on the Unjong Innovation Park and Special Economic Zones. The Unjong Park Special Economic Zone seeks to increase business activity in North Korea by attracting foreign investors. This innovation park was established as part of the North Korean government's interest in encouraging and supporting local innovation, alongside a tacit acceptance that the private sector will play a crucial role in accelerating the pace of the country's development.

THE FUTURE OF BUSINESS AND INNOVATION IN THE DPR KOREA



Socio-economic challenges exist across levels in society, as well as across borders around the world. This means resources are scarce regardless of where you are. From a business or entrepreneurial perspective, entrepreneurs must prioritize in order to manage resources effectively and efficiently. In the North Korean context, these challenges have created a unique collection of entrepreneurs, as well as unique business opportunities.

Growing internal demand for goods and services, an increase in appetite for good quality products, numerous international sanctions and the political will to diversify the national economy, are pushing more North Koreans to think creatively about problem solving. The Unjong Start-Up Conference is one way this change in North Korean society can be felt.

The event pulls together scientists, entrepreneurs and policymakers to think about how the technologies being developed in the country can be applied practically to solve everyday challenges, as well as meet demand for additional consumer goods and services.

These innovations developed by North Koreans are presented to industry experts from around the world, who then mentor participating North Korean professionals on how to transform these technologies into businesses that can meet needs in the local community.

It's important to think of innovation here not only as the leaps and bounds being made in cloud computing, data management, bio-engineering etc, but also as the simple but transformative technologies that are improving everyday life, from food or material preservation to transportation and communication.



Examples exist of how entrepreneurs and participants from previous workshops have gone on to develop and implement businesses that are still running today. The Unjong Start-Up Conference is beneficial not only because of the culture of innovation that it works to foster in the North Korea, but also because of the level of interaction between mentors and participants, that allows extensive business knowledge sharing.

Innovation in North Korea stems from two main neighborhoods. The first is a need to improve living standards, while the second is a strong culture of logical thinking, which is driven by the country's investments in science education. Both factors have however been influenced by sanctions over time.

The **Juche** or self-reliance philosophy on which North Korea is based, resulted in a historical focus on heavy industries (such as steel, industrial equipment, cement etc) for self-sustenance.

Various sources note industry as the largest contributor to the North Korean economy with a 41% contribution. the service industry reportedly accounts for 33.6% while agriculture accounts for 25.4%. Moody's Analytics lists the major agriculture products produced in North Korea as rice, corn, potatoes, wheat, soybeans, beef, pork and eggs. in addition, the major industries are military products; machine building, electric power, chemicals; mining (coal, iron ore, limestone, magnesite, graphite, copper, zinc, lead, and precious metals), metallurgy; textiles, food processing; tourism.





Economic cycles throughout North Korea's history have resulted in various periods of stagnation and growth, some more pronounced than others. In 2003, the country created 14 Special Economic Zones (SEZ) in a bid to attract foreign investment.

A special economic zone is a dedicated space within a country with exclusive economic policies and regulations that allow it to operate differently and somewhat independently from its host. An SEZ offers countries the opportunity to test out new policies. SEZs furthermore provide an avenue for states to engage with foreign actors in a relatively controlled and mutually beneficial setting.

Future versions of this report will explore a range of key questions including assessing the level of private sector contribution to the national economy and identifying specific Government policies on innovation.

A growing culture of private entrepreneurship within North Korea, complemented by a growing interest in fostering innovation and national know-how are allowing the market forces of demand and supply to exist in forms previously unheard of in the country, without departing from the Juche ideology. At the turn of the new decade, close attention will be paid to structuring, launching and sustaining the SEZs to ensure their relevance to the North Korean economy. In addition, close attention is being paid to the innovations emerging from the unique socio-economic context with a focus on achieving the business scale needed to increase both social and economic value.

[Read more](#)

<https://www.economy.com/north-korea/indicators>

This report was developed by Ark Hudson to provide an initial understanding of the business environment in the Democratic People's Republic of Korea.

For more information on the Unjong Start Up Conference, visit the Organisers Choson Exchange at chosonexchange.org

Unjong Startup Conference Organizer

조선 | CHOSON
교류 | EXCHANGE

Report Written by


Ark Hudson