We support long-term economic development in North Korea by providing exceptional young North Koreans with exceptional opportunities to learn about economic policy, business and finance through innovative and high-quality programs.

Visit us at www.chosonexchange.org

2011 Annual Report
Repositioning for a Post-KJI North Korea

Just 5 days before Kim Jong Il passed away, we had finalized our programs for 2012 with our North Korean partners. A few days after Kim Jong Il’s passing, we got in touch with our North Korean partners and they still expect us to proceed with programs for 2012. We see in this transition period an important opportunity to broaden the impact of our work through dialogue with an emerging generation of leaders. Our core mission remains the same, although we will need to expand fundraising as we ramp up our efforts for this critical period.

After reviewing previous and current programs, we decided that we will continue to focus on a rigorous selection process to pick exceptional young North Koreans for exceptional learning opportunities.

In addition, we intend to identify areas of potential policy changes in partnership with North Koreans and focus on training in those areas. This will allow us to bring training closer to actual implementation of knowledge. We also decided that a major long-term emphasis should be to build cross-institutional linkages and in developing institutions that can facilitate these linkages. This follows feedback from North Koreans who observed that economic-policies in North Korea can benefit greatly from greater communication and coordination among economic agencies.

Geoffrey See
Managing Director
On behalf of the Executive Team

“We wanted younger policy makers who showed initiative.” – Managing Director Geoffrey See in interview with Joongang Ilbo on our programs (22 Oct, 2011)
“While attending this [Choson Exchange] program, I came to conclusion that in future, we must include many capable and intelligent people of a think-tank for DPRK’s economic development and growth…and find out together a right approach to many economic problems…”

– North Korean participant in program
Plans for 2012

For 2012, we intend to focus on workshops on the following key areas following discussions with our North Korean partners:

- Fiscal strategy with a focus on taxation and land policy
- Continuation of our Financial Sector Development program

In order to expand our long-term overseas-based program, we intend to bring exceptional North Koreans out for a small scholarship program in international political economy and business, as well as for internships in globally-recognized companies. We expect these programs to remain a small proportion of our overall efforts given their high costs, although we intend to invest heavily in picking exceptional “change-drivers” to ensure that they can make the best use of the educational resources we can provide them.

Overall, given the limited funding we have, we intend to shift our mix of programs more towards in-country training. We are also exploring setting up an Economic Think Tank with North Korean partners as part of our efforts to institutionalize cross-institution linkages and will lead a high level delegation in late 2012 to test out ideas in this area.

In addition, we are pursuing research on North Korea’s investment agencies, the role of resources in political stability, venture capital in North Korea as well as a general outline of the state of North Korean economic development. The overall research agenda for next year will be to tie together these themes to look at North Korea’s economy in light of what North Korean authorities claim will be the year they become a “strong and prosperous” nation.

“[North Korea] Ministry of Finance recently setup a Department of "Immovable Properties" (Real Estate) to examine how Government can better manage its assets and possibly tax usage of real estate... keen to understand land policy more thoroughly (e.g. what rates to set property taxes, land allocation, land lease pricing, etc) before considering whether the current system in DPRK could be reviewed.” - Fiscal Policy Workshop Leader after discussion with North Korean counterparts
In 2011, we visited North Korea 7 times and held an economic policy dialogue program overseas in Singapore. One of our core principles is to identify North Korean institutions which have specific policy changes that they wish to implement and as such, have well-prepared agendas for economic policy issues that they need training on. To fulfill this mission, we met with a diverse range of institutions and interviewed widely to pick partners that we wish to work with in an interim period.

Visits to North Korea involved activities such as:

- **Consultations** – which are small working level discussions on economic policy or financial sector development
- **Due Diligence** – which are activities meant to help us understand the policy situation, and to identify institutions that meet the criteria we set for partnerships
- **Negotiations** – which are activities allowing us to draw up parameters for programs
- **Workshops** – which are programs meant to educate and stimulate discussions on economic policy, business or law

Of the 7 trips to North Korea, 3 were focused on consultations and 4 on due diligence and negotiations. Topics of discussions include the rule of law, financial sector development, investment policy and fiscal strategy. The discussions helped us categorize institutions as those that were ready for cooperation, and those that were not ready, and also helped us narrow down the focus of our programs to financial sector development and fiscal policy reform. We also decided not to work with universities for the moment as they have limited capacity to drive change in the medium-term.
“Another issue important for us was the allocation of resources. Singapore is a market economy and it was a surprise for me to learn that 90% of the population owns their apartment.” – North Korean participant in Singapore Economic Policy Dialogue
Economic Policy Dialogue in Singapore

This year, we conducted a program in Singapore allowing young North Koreans (mainly between the age of 20 and 40) to discuss investment and economic policymaking with Singapore policymakers, ex-policymakers and private sector participants in an informal and unofficial capacity. Topics covered included:

- Rule of law and its importance in attracting investors
- Economic strategy and the policymaking process
- Fiscal policy and budgeting process
- The right mix of markets and governments and state ownership of companies
- Changes in Burma, Geumgansan ‘expropriations’ and university exchanges

The program was well-received with North Koreans making concrete suggestions on follow-up steps and policies they can adapt to their country, which they shared with other economic agencies upon returning to North Korea. The program was funded by the Swiss Agency for Cooperation & Development in the DPRK.

Internship

We also tested a prototype internship program which as far as we know is the first for a North Korean. The success of the program has encouraged us to look into expanding this program in Singapore, which we plan to pending donor interest and confirmation on whether we are able to obtain work visas for North Koreans.

Research

“North Korea’s system for accepting foreign investment appears to be modeled after China’s…” - Wall Street Journal Korea

Real Time on our report on NK Investment Laws

This year, we published two reports looking at the state of infrastructure in Rason as well as North Korea’s investment laws. The report on North Korea’s investment laws focused on similarities in structures to China, with a recommendation that key investor concerns lie with how these laws are interpreted and enforced in practice.

The report was picked up by the Wall Street Journal. Commentary on Rason by Director Andray Abrahamian was picked up by AP, AFP and the Washington Post and was widely reprinted in other publications.

“I was impressed by the training programs in order to have a skilled labor force. Training and retraining is very important in order to remain competitive.” – North Korean participant in Singapore Economic Policy Dialogue
We believe that communicating insights gleaned through non-confidential interactions and discussions with North Koreans is important in building a deeper understanding of North Korea among interested communities. We communicate these insights to a broader public through traditional media, social media, and our online presence.

In 2010-2011, there were approximately 51 unique media articles citing Choson Exchange directors, featuring our work, or featuring op-eds written by our Directors. Half of these articles were carried in the Korean press. There was also an uptick in interest from the international press in August driven by invitations to journalists to visit the Rason Economic Zone, as well as after Kim Jong Il passed away. We were cited in all of South Korea’s major newspapers as well as AP, AFP, BBC, Guardian, Wall Street Journal and Forbes in the international press as well as Caijing Magazine in China. In Singapore, we were mentioned in the Straits Times. A list of these citations is included in Appendix 1.

“Through our affiliates and our own interaction with investment-seeking arms of the North Korean government, we have noticed that intra-elite competition for investments, with multiple channels backed by different individuals at the highest levels of the North Korean government, has significantly increased in the last two years.” - Geoffrey See and Andray Abrahamian writing in the Harvard International Review

Other channels through which we communicate our work include private presentations to government, academic, NGO or corporate partners, internal reports to our board members, as well as Facebook and Twitter postings. We launched our twitter service this year and attracted close to 100 followers, and increased our Facebook likes by 500 percent to 300+ people from 50 people at the end of 2010.

1 Note that we only count original articles. Many of the news wire reports were carried in other papers or translated, but these were not counted in the data.
An Economist friend went skateboarding in Pyongyang while we were there on a consultation trip in September. “If anyone was tailing us, I would be very impressed. They had to be really fast,” Geoffrey recollects.
Management

We formally incorporated in Singapore in July this year. We reorganized our management team by reducing the number of core team-members to three people, and moved the rest of the team into a support group to be mobilized when we require their assistance. Our three directors include Geoffrey See and Andray Abrahamian coming from the private sector and academia. We also appointed John Kim to our Board of Directors. We maintain a Board of Advisors filled by people with business and economic policy experience, or by experts on North Korea. Bios are as follows:

Geoffrey K. See | Managing Director
Geoffrey works for a global management consultancy, researched for the ex-Chief Economist of Société Générale in Asia and served in the Singapore Armed Forces. He has presented research on entrepreneurship and development as an award winner at the World Bank ABCDE, $20,000 Cosgrove Prize and APEC CEO Summit. Geoffrey contributed to establishing a Social Impact major at the Wharton School, spent 3 months researching music culture in South America, and was a University Fellow at Yale University. He graduated in 2 years with a B.Sc. in Economics (Summa Cum Laude) from the University of Pennsylvania Wharton School, and completed an M.A. at Yale University. Geoffrey is fluent in Chinese and speaks Korean.

Andray Abrahamian | Executive Director, External Relations
Andray became interested in Korea issues following a trip to the DMZ in 2003. This inspired an MA in International Relations from the University of Sussex. Upon completion, he started pursuing a PhD focusing on Western media and images of North Korea, which he expects to complete in 2012. He spends 7 months a year teaching at the University of Ulsan. He has published various academic and op-ed articles and been solicited to offer commentary by international news broadcasting organizations. His academic interests include intercultural relations, post-colonialism, Orientalisms, hegemony and US-East Asian relations. Andray speaks Korean.

John Y. Kim | Member of the Board of Directors
John Y. Kim lives in Singapore and trades physical fuel products. He was formerly an Executive Director in Goldman Sach’s Commodities Trading Division where he managed the fuel oil business for Asia. Prior to Goldman he spent four years at Korean National Investments in Seoul as a trader focused in equity index options markets. John started his career as a technology entrepreneur and professional musician. He attended the University of Pennsylvania, where he received a Bachelor of Science in Economics from the Wharton School and a Bachelor of Applied Science from the School of Engineering.

For a list of advisors and other team members, please visit the “Our Team” section at www.chosonexchange.org
Financials

Funding our operations remains the greatest challenge facing Choson Exchange. While we are actively seeking funding, we recognize that the challenging nature of programs in North Korea means that there is limited interest among mainstream foundations or donors. Our team continues to actively contribute to funding operations out-of-pocket as well as through a generous donation from a private donor. Programs for 2011 were also co-funded by a government organization.

As we reposition our organization to take advantage of opportunities in North Korea in 2012, we are actively seeking donations and talking to potential donors. We would like to note that a fiscal sponsorship agreement concluded in 2011 with Korea-America Sharing Movement (KASM) in Washington D.C. allows US donors to donate to our program in a tax-efficient manner. We would also like to thank Potato Productions in Singapore for covering our legal and auditing expenses. We currently retain Tan Chan & Partners (http://www.tanchan-cpa.com/) as our auditors. We also retain Esquire Law Corporation for our legal and secretarial needs.
Appendix 1

Opinion

- 12-22-2011 The Diplomat Why World Should Watch Rason
Andray and Board Member John Kim puts an ‘upgrade’ on the potential for Rason to develop

- 12-21-2011 The East Asia Forum North Korea: new opportunities in a post-Kim Jong Il landscape
Geoffrey looks beyond the immediate transition phase and emphasizes the need to identify opportunities in a post-Kim Jong Il landscape

- 12-21-2011 The Korea Times Reform and stability in North Korea
Andray talks about what drives stability in North Korea during this transition period

- 12-20-2011 St Gallen Symposium North Korea and the 3Ms of Risk
Geoffrey argues that even financial risk can be measured in North Korea with creative approaches

- 11-07-2011 The Korea Times An Opportunity Missed
Andray talks about how the KORUS FTA is a missed opportunity for encouraging better relations with North Korea

- 08-29-2011 38North at John Hopkins SAIS Road to Rason
Andray explains that infrastructure development has finally started taking place in Rason, North Korea’s Special Economic Zone

- 08-23-2011 Harvard International Review Economic Performance and Legitimacy in North Korea
Geoffrey and Andray argue that economic development is (paradoxically) increasingly important in North Korea’s efforts to bolster state legitimacy (read truncated reprint at the East Asia Forum)

- 07-29-2011 Chronicle of Higher Education Why North Koreans Deserve the Opportunity to Study Abroad
Geoffrey argues that young North Korean students deserve opportunities to study abroad, and that universities can benefit from providing opportunities too

-07-05-2011 38North at John Hopkins SAIS Beyond Good Intentions: The Challenges of Recruiting Deserving Young North Koreans
Geoffrey argues that high-potential North Koreans can be selected for overseas programs through rigorous selection mechanisms

-03-05-2011 East Asia Forum North Korea: Australia’s capacity to act where others cannot
Geoffrey argues that Australia can make an impact on North Korean issues by restarting scholarship programs in economics and finance for North Koreans

- 07-25-10 Forbes North Korea’s Incentive to Change
Geoffrey argues that economic assistance must be offered selectively to help North Korea transition to a more sustainable economic model
Media Coverage

- **12-23-2011 The Straits Times Singapore firms see potential in North Korea**

  “Singaporean Geoffrey See, who founded Choson Exchange…is hoping that more North Koreans will be able to visit Singapore on exchange programmes.”

- **12-23-2011 Munhwa Ilbo 北, 해외 경제교류 지속**

  Munhwa Ilbo notes that Choson Exchange economic programs are scheduled to continue despite Kim Jong Il’s passing.

- **12-21-2011 The Non-Profit Quarterly Nonprofits Eke Out Knowledge about Events Big and Small in North Korea**

  “Many of the press reports in the wake of Kim Jong Il’s death have cited a Singapore-based nonprofit called the Choson Exchange…”

- **12-21-2011 The Korean Herald Hope and uncertainty for N.K. charities after Kim’s death**

  Geoffrey: “It is important for countries to reach out early and aggressively with a variety of programs and opportunities to offer a new generation of leadership an ‘open path’ to positive change.”

- **12-20-2011 Associated Press (via Detroit Free Press) New young leader of North Korea is a man of mystery**

  Andray: “It is impossible to say with certainty what his era will look like. Trying to anticipate the near future is tough enough”

- **12-19-2011 The Guardian North Koreans’ reaction to Kim Jong-il’s death is impossible to gauge**

  Geoffrey: “We’re expecting some form of lockdown on communications and travel in the immediate period as North Korean authorities move to stabilise the situation and prepare for mourning.”

- **12-19-2011 The Guardian After Kim Jong-il’s death, what next for the people of North Korea?**

  Geoffrey: “We’re expecting some form of lockdown on communications and travel in the immediate period as North Korean authorities move to stabilise the situation and prepare for mourning.”


  Andray: “We expect greater caution and less willingness to try new things in the near term, making our programs more difficult to run.”

- **12-19-2011 Reuters Information black hole as North Korean leader dies**

- **12-19-2011 Wall Street Journal (Southeast Asia Real Time) Singapore Nonprofit Expects Stable Transition in Pyongyang**

  Andray: “Political infighting among the elites will be completely opaque”

- **11-08-2011 민족화해 북한의 차세대 리더들을 돕는 싱가포르 ‘Choson Exchange’**

  Inter-Korean issues-focused journal interviews Geoffrey about the key issues economic training in North Korea should focus on (in Korean)

- **11-08-2011 Donga Ilbo 北, 나선지역 외국인에 휴대전화 허용**

  Donga Ilbo covers our report on mobile prices in Rason SEZ.

- **10-22-2011 Joongang Ilbo English North Koreans learn lessons in Singapore**

  Geoffrey talks about our recent economic policy training program in Singapore. “There’s a lot more individuality in the country [North Korea] than people expect,” See stated.

- **10-21-2011 Chosun Ilbo 오라스콤, 北서 휴대전화 인터넷서비스 계획**

  조선익스체인지: “오라스콤 관계자가 북한에 3 세대 이동통신 서비스에 인터넷 접속 기능을 추가할 계획이며 현재 서비스 시행단계라고 말했다”

- **10-19-2011 Joongang Ilbo 30 대 젊은 北관료들 싱가포르 갔다가 충격 받은 이유**
조선익스체인지: “북한 정부 관료들이 싱가포르의 경제 성장과 정책이 매우 인상 깊다. 배우고 싶다”

- 10-18-2011 Yonhap News30 대北 관료들 싱가포르 경제 배우길 원해
mk 뉴스 30대 북 관료 싱가포르 경제연수에 적극적
조선익스체인지: “북한 관료들이 싱가포르의 경제 성장과 정책이 매우 인상 깊다며 평소에도 관심이 많았고 배우고 싶다고 했다”

- 10-13-2011 Joongang Ilbo 北 차세대 관료들, 싱가포르서 경제정책 연수
“연수에 참가한 북한 관리들 대부분 20-30 대 차세대 지도자”

- 10-05-2011 Le Monde Pyongyang collection…
Our article on North Korean 80s fashion is shared with French Readers

- 10-04-2011 Yonhap News (via Dong A Ilbo) 포즈 취하는 北 여성을 사진보니 ‘얼짱각도’
South Korean papers are mesmerized by North Korean women posing in an 80s fashion catalog

- 10-03-2011 mk 뉴스 (Maeil Kyongje) 1980-90 북한 패션 엿보기
South Korea’s top business paper takes an interest in North Korean fashion explored on our blog

- 09-27-2011 Washington Post In a North Korean port city, foreign investment starts to flow
Andray quoted on Rason’s development: The area doesn’t have sufficient banking services. And foreigners still cannot use the local cellphone network.

- 09-20-2011 Yonhap News Communication limited in N. Korea’s Rason economic zone: report
北나선에선 오라스콤 휴대전화 무용지물
Yonhap picks up our report on the state of Rason’s economic development
- 09-06-2011 Associated Press (via Businessweek) Eager for trade, North Korea looks to China
Andray quoted on Rason’s challenge as an investment destination: “No one is going to invest in a port when getting the goods from port inland is a real trial…”

- 09-06-2011 AFP (via France 24) N. Korea takes a stab at capitalism in remote area
Andray quoted on Rason’s port deals: “China has reportedly leased one pier. Russia has signed a 50-year lease for another pier for $1 billion…”

- 09-01-2011 Yonhap News 달라진 北 나선특구..중.러 노동자 목격
조선교류: “지난 6 월에만 해도 3 시간 30 분 걸리던 50 km 구간이 나선경제특구의 첫번째 단계인 도로확장 공사로 넓어져 차량만 추월이 가능해졌을 뿐 아니라 시간도 2시간 20분으로 단축됐다”

-07-25-2011 Wall Street Journal China Real Time 朝鲜建外商投资法律框架 向中国学习
朝鲜交流：北朝鲜法律框架追寻中国体制

-07-22-2011 Wall Street Journal Korea Real Time NK Follows China in Legal FDI Framework
Wall Street Journal picks up our report on North Korea’s investment laws and how it shares similarities with Chinese investment laws

Geoffrey quoted by Caijing on North Korean disposable incomes: “我们去的餐馆总是挤满了人。”

- 03-09-2011 Radio Free Asia 北, 올둘어 교육관광 상품 잇따라 선보여
“경제 분야를 중심으로 그동안 북한과의 학술교류를 추진해 온 미국의 비정부기구 ‘조선교류(Choson Exchange)’는 북한 학생이 모국을 떠나 해외에서 연수를 받거나…”

-01-10-2011 La Croix (in French) La Croix – 10 janvier 2010 – Cours eco Pyongyang

Feature article in French paper on our work

-01-03-2011 BBC News Educational programme brings foreigners to North Korea

”…a programme, called Choson Exchange, has been established by a Singapore native to train North Koreans in business and economics in the Republic of Singapore.”

-11-27-2010 Straits Times Group helps N. Koreans gain financial know-how

Singapore’s main daily does a feature article on Choson Exchange and Geoffrey See

- 10-28-2010 Radio Free Asia 북, 미 단체에 싱가포르 유학 도움 요청

“조선교류’ 측은 최근 북한 당국자와 전화 통화에서 북한 학생들이 싱가포르에서 공부할 수 있도록…”

-10-20-2010 Radio Free Asia 경제개발 지원자료 북한에 전달

재정·경제학을 중심으로 북한과 학술교류를 추진해온 이 단체는 지난달에도 평양에서 북한의 경제·금융 전문가를 대상으로 국제경제의 체계와 전략 및 적용 방안을 강의했다.

-10-21-2010 MK News (매일경제) “US NGO Spreads Policy Materials in North Korea”

South Korea’s top business daily reports on Choson Exchange providing economic policy study materials in North Korea

- 09-30-2010 Radio Free Asia “북 관리, MIT•예일대 출신 강사에 존경심”

“The gentlemen(North Koreans) recognized the institutions affiliated with our representatives. Those institutions are Yale and MIT…”

-09-20-2010 Korea Times Ambitious Graduates Seek to Help North Korea

Korea Times does a feature article on Choson Exchange and Geoffrey See

- 09-20-2010 Radio Free Asia 미국 전문가 동 방북, 재정•경제학 강의

“8명의 금융 전문가들은 지난 13일과 14일 이틀간의 일정으로 북한 평양에서 강의를 통해 국제 경제의 체계와 전략…”