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**North Korea: Transport and Logistics Scenarios and South Korean Enterprises'  
Location Decisions**

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**Award date:**  
2012

*Awarding institution:*  
University of Plymouth

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**NORTH KOREA: TRANSPORT AND LOGISTICS SCENARIOS AND  
SOUTH KOREAN ENTERPRISES' LOCATION DECISIONS**

by

**KELVIN PANG KA LIONG**

A thesis submitted to the University of Plymouth  
in partial fulfillment for the degree of

**DOCTOR OF PHILOSOPHY**

School of Management, Plymouth Business School  
International Shipping and Logistics

**December 2011**

**KELVIN PANG KA LIONG**

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Abstract

North Korea is one of the world's last remaining communist countries. Insistence on self-sufficiency has resulted in the stagnation of its economy and collapse of its transport distribution system. This research project examines how various scenarios for North Korea and the implications of South Korean enterprises' location decisions affect future transport and logistics developments in North Korea. In the foreseeable future, aside from Chinese companies, South Korean investors will probably be the only companies to invest heavily in the North, driven by political and economic motivations.

The objectives of this study are four-fold. Firstly, it analyses the political and economic factors affecting North Korea. Secondly, it appraises the present conditions of transport and logistics infrastructure in North Korea. Next, in order to ascertain the implications of business organisations' decisions to locate in North Korea, it is imperative to determine the probable scenarios surrounding North Korea due to its unique and reclusive nature. Finally, it identifies the factors that will affect potential investors' location choices.

In order to answer the above research question and objectives, a combination of qualitative and quantitative methods was used. In the absence of reliable data from North Korea, an exploratory study was undertaken with eight experts to gain deeper understanding of the issues surrounding North Korea. The insights gathered, together with the comprehensive literature review led to the development of eight sub-research questions. Next, in-depth qualitative interviews were conducted to help develop scenarios for North Korea. Quantitative surveys were concurrently conducted which engaged SMEs and logistics companies.

The findings of the research uncovered new insights. Experts think that the status quo scenario is most likely to continue in the near future unless one of the wildcard situations, such as the death of Kim Jong-il occurs. Investors are likely to invest \$1-9 million in North Korea, with Nampo and Sinuiju as probable investment locations. Four main factors will influence the location choices of potential South Korean investors including 'legal', 'political economy', 'spatial' and 'infrastructure'. Road transport was found to be the choice of mode for both experts and investors and China and South Korea would be the mostly like export destinations for North Korean-made products.

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## ABBREVIATIONS

ADB	Asian Development Bank
BOK	Bank of Korea
CAQDAS	Computer Aided Qualitative Data Analysis Software
CIA	Central Intelligence Agency
CIQ	Customs, Immigration and Quarantine
COMECON	The Council for Mutual Economic Assistance
DMZ	Demilitarised Zone
DPRK	Democratic People's Republic of Korea
EU	The European Union
FDI	Foreign Direct Investment
FEZ	Free Economic Zone
FSU	Former Soviet Union
FTZs	Free Trade Zones
GBN	Global Business Network
GNI	Gross National Income
GNP	Gross National Product
IFIs	International Financial Institutions
IMF	International Monetary Fund
KWP	Korean Workers Party
MNCs	Multinational Corporations
MNEs	Multinational Enterprises
OLI	Ownership-Location-Internalisation
PSA	Port of Singapore Authority
ROK	Republic of Korea
SAZ	Sinuiju Administrative Zone
SEZ	Special Economic Zones
SMEs	Small and Medium Enterprises
SRI	Stanford Research Institute
TCR	Trans-China Railways
TEU	Twenty-Equivalent Units
TKR	Trans-Korean Railways
TREDA	Tumen River Economic Development Area
TRT	Three Revolution Team Movement
TSR	Trans-Siberian Railways
UK	The United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USA	United States of America
WB	World Bank
WWII	World War II

## **ACKNOWLEDGEMENTS**

This research project is a dream come true and it could not have been possible without the help and encouragement of many people. Doing a PhD is long-drawn and personal process. I'm very grateful to have been given the opportunities to carry out research in several countries, meeting fascinating people and travelling to one of the world's remaining communist country on several occasions.

I would like to thank my two supervisors: Professor Michael Roe and Professor John Dinwoodie. Mike, as the second supervisor, provided the initial research motivation and ideas with his vast experience in transition economies. John was the perfect Director of Studies, who never gave up on me through these years and encouraged me whenever motivation was needed and often took the initiative to contact me. I thank both of them for their invaluable guidance and supervision.

My genuine thanks to both The Overseas Research Students Award Scheme (ORSAS) and The Korea Foundation for providing funding for this research study.

I would like to also thank Dr. Kim Won Bae of The Korea Research Institute for Human Settlements (KRIHS) for his fatherly guidance and insights into North Korea during my duration in South Korea.

I would like to thank Andre, Hussein and James for their friendship in Plymouth. We had great fun hanging out together for meals and watching football.

Last, but definitely not least, I would like to thank my parents and wife for their help and support all these years. Without all of you, it would not have been possible to complete this study. I would like to dedicate this thesis to them. I love all of you.

## **AUTHOR'S DECLARATION**

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Graduate Committee.

This study was financed with the aid of a scholarship from The Overseas Research Students Award Scheme (ORSAS) and The Korea Foundation.

A programme of advanced study was undertaken. Relevant scientific seminars and conferences were regularly attended at which work was often presented; external institutions were visited for consultation purposes and four papers prepared for publication.

### Publications:

- Pang, K., Dinwoodie, J. and Roe, M.S. (2005), Prospects for Logistics Development in North Korea, *Logistics Research Network Conference Proceedings*, pp. 333-338, Plymouth, 7-9 September 2005.
- Pang, K. (2006), Prospects for the Development of International Logistics in North Korea, *Proceedings of the Plymouth Business School and School of Sociology, Politics and Law Postgraduate Symposium*, pp. 76-96, 14 January 2006.
- Pang, K., Dinwoodie, J. and Roe, M.S. (2007), A Scenario Approach to Developing Transport Links in North Korea, *World Conference on Transport Research*, San Francisco, 28 June 2007.
- Pang, K., Roe, M.S. and Dinwoodie, J. (2007), Development Logistics Infrastructure in North Korea: A Scenario Approach, *Logistics Research Network Conference Proceedings*, pp. 195-201, Hull, September 2007.

### Presentation and Conferences Attended:

- Logistics Research Network Conference, September 2005.
- Plymouth Business School and School of Sociology, Politics and Law Postgraduate Symposium, January 2006.
- World Conference on Transport Research, June 2007.
- Logistics Research Network Conference, September 2007.



- Presentation in The Korea Transport Institute, January 2008

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Word count of main body of thesis: 64,214

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Date:                     07 December 2011