



## North Korea: Dial S For Subversion

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By now most investors will be familiar with the explosive growth of telecommunications – especially mobile phones – in emerging markets. Yet one notable black hole in the telecoms universe (and other industries for that matter) has been North Korea. However, this week Egypt's Orascom Telecom launched mobile phone services in the last truly 'old school' communist state on earth. Orascom's initial target is 100,000 subscribers in three major cities, including Pyongyang, and it eventually hopes to develop a nationwide network connecting North Korea's 23mn citizens.

However, don't get too excited. It seems to me that growth of Korea's mobile phone network will be stunted for several reasons. In fact, this is the second time in the 2000s that North Korea has set up a mobile network. A fledgling network was launched in 2002, but this was reversed two years later, apparently because the authorities suspected that a mobile phone had been used to trigger a massive railway explosion in the northern city of Ryongchon. The blast was interpreted by some as an attempt to assassinate the 'Dear Leader', Kim Jong Il, whose personal train had passed through the area a few hours earlier.

### Why Pyongyang Fears Mobile Phones

There are several other reasons why the regime may deem mobile phones subversive:

- They can make it easier for citizens to communicate with one another (that's the whole point!). This would increase their ability to organise anti-government activities – such as protests or sabotage. For example, the popular uprising that led to the overthrow of Philippine president Joseph Estrada in 2001 was dubbed the 'text message revolution', because that is how the marches were announced and coordinated. Mobile phones would also allow organised crime to proliferate, and black marketeers to dodge the police by tipping each other off.
- The mobiles would also allow the North Korean elite to communicate more efficiently. This could allow dissident elements to plot against the regime.
- Mobile phones would also make it easier for North Koreans to communicate with the outside world, and thus allow the real-time transmission of information (and nowadays moving images) or intelligence to foreign media or spy agencies, and vice versa.

Apart from these reasons, the cost of the handsets, at several hundred dollars, will mean that only the political and moneyed elites will be able to afford mobiles. Of course, this would mean that, depending on the sophistication of their equipment, the regime will probably be able to snoop in on the elite's conversations and movements, giving them an additional layer of security. Thus, from the regime's point of view, it would only make sense to tolerate a limited mobile network.