Secretive North Korea opens up to cellphones

Jeremy Laurence, Reuters

Secretive North Korea is expected to register the 1 millionth cellphone user on its new 3G network by the end of the year, barely four years after people were thrown into prison camps, or possibly even executed, for owning one.

Most of the users are in the capital of Pyongyang, home to the impoverished country's elite and powerful who have the cash to splash out for a device and the calling fees.

"There has been an astronomical increase since even two years ago," said Michael Hay, a lawyer and business consultant based in the capital for the past seven years.

Two years ago, there were fewer than 70,000 users.

"All the waitresses in coffee shops have them, as one example, and use them. Let's not even talk about businessmen. The are never off them, and conversations are frequently interrupted by mobile calls."

The authoritarian government ended a ban on cellphones in 2008, signing a four-year deal with Egyptian company Orascom to build the 3G network in partnership with the government.

A report this month by the Nautilus Institute for Security and Sustainability said 60 percent of people ages 20 to 50 use cellphones in Pyongyang, a city of around 3 million people who are strictly vetted by the state for residency permits.

"Especially for the younger generation in their 20s and 30s, as well as the merchant community, a cellphone is seen as a must, and many youngsters can no longer see their lives without it," Alexandre Mansourov wrote in the report.

Calling fees have fallen this year, driving the surge in demand, reports say. And the introduction of the "Euro pack" bundle provides the isolated government with some much-needed hard foreign currency.

But you can't dial into or out of the country, and there's no Internet. The government still keeps a stranglehold on all news flows into the destitute state.

While the 3G network covers 94 percent of the population, it still only covers 14 percent of the territory, according to Orascom, involved in a joint venture with the government.

North Koreans who have defected to the South say the cost of buying a cellphone and the operating fees, mean owning such a 3G device is out of question for most. Phones cost about $350 in the country where the average monthly income is about $15.

"The possession of cellphones was not limited by class, but not many people have cellphones because they are just too expensive," said Kim Seong-hu, 40, who defected to South in April. "Most commoners are satisfied with landlines we have."

Cheap illegal cellphones tapping into Chinese networks are not uncommon, but their range is limited to just the border fringe.

NO THREAT, YET

Analysts say the 3G network does not pose a threat to the government in the way cellphones have fueled uprisings around the Arab world this year.

Cellphones and the Internet have been used to rally a revolutionary wave of protests and civil wars that have brought down iron rulers from Hosni Mubarak to Muammar Gaddafi.

But analysts say this is unlikely to happen in North Korea because strict state media controls limit what the poor know about the outside world and there is no immediate sense of revolt.

"In the long run, the growth of interaction between people is a problem for the regime, but it might take years, or even decades, before the situation will be ripe for an outbreak of internal discontent," said Andrei Lankov of Kookmin University in Seoul.

The North banned the use of cellphones in 2004 after an explosion at the Ryongchon railway just a few hours after train carrying leader Kim Jong-il passed through it. Security officials suspect a cellphone was used to ignite the bomb.

Pyongyang's lifting of the ban paved the way for Orascom's entry into the market. It threw some $400 million into developing the North's first and only 3G network.

Last week, Orascom reported there were more than 800,000 users on its network, compared with 300,000 at the same time last year.

Despite its obsession with secrecy and control, North Korea's authoritarian leadership is opening up its telecommunication services and encouraging IT development.

Ironically, its isolationist policy of Juche has made its drive to catch up a lot easier than for other countries that have traveled the path of IT development.

"As a laggard in the global digital revolution, Pyongyang enjoys key advantages of backwardness -- dramatic savings on initial R&D costs in the IT sector, the opportunity to leap frog from exclusive reliance on obsolete and scarce landlines to world class 3G mobile communications," says Mansourov.

"The DPRK (North Korea) mobile communications industry has crossed the Rubicon

and the North Korean government can no longer roll it back without paying a severe political price."

(Additional reporting by Iktae Park)

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