

# N Korea offers to pay debt in ginseng

## Czechs nonplussed by barter proposal

By Christian Oliver in Seoul and Jan Cienski in Warsaw

Pyongyang's cash-strapped totalitarian regime has offered to settle part of its debt to the Czech Republic with a consignment of ginseng rather than eat into its limited funds.

With the domestic economy crumbling, North Korea is feeling the effect of tighter international sanctions imposed over its nuclear and missile programmes and the sinking of a South Korean warship. The government is also struggling to access global capital markets because of its outstanding debts of about \$12bn, two-thirds owed to former communist states.

Czech officials confirmed that Pyongyang had offered to settle 5 per cent of its Kc186m (\$10m) debt in ginseng, an invigorating root that is supposed to improve memory, stamina and libido.

Barter trade has long been common among socialist countries. Cuba, for example, compensates Venezuela for discounted oil by sending doctors to work in deprived areas. Communist Czechoslovakia was a leading supplier of heavy machinery, trucks and trams to North Korea.

However, the now-capitalist Czechs, who have supplied heavy machinery to North Korea in the past, are unconvinced of the benefits of a ginseng injection. "We have been trying to convince them to send, for instance, a shipment of zinc, which is mined there. We would sell it ourselves," Tomas Zidek, deputy finance minister, told local media.

Radek Lezatka, a finance ministry spokesman, said Prague was still discussing whether North Korea would ultimately pay in cash or a commodity.

To pay off 5 per cent of its debt, North Korea would need to supply 20 tonnes of ginseng, the Czech newspaper MF Dnes calculated. Based on retail prices of North Korean ginseng sold in Taiwan, that figure would be closer to 12 tonnes. Both sums outstrip the Czech Republic's annual consumption of ginseng of about 1.4 tonnes a year.

North Korea's military runs the export companies that ship specialised foods, such as shellfish, ginseng and mushrooms, to gain hard currency. Intelligence agencies say the ginseng trade is controlled by Pyongyang's shadowy "Bureau 39", which runs the foreign funds.

International security services last year seized large illegal consignments of smuggled arms, which are a source of hard cash for Pyongyang.

After the US and its allies blamed North Korea for sinking a South Korean warship in March, Washington again vowed to crack down on Pyongyang's international financing, money laundering and narcotics operations.

A US court last week ruled that the Foreign Trade Bank of Korea, a North Korean state bank, owed a Taiwanese counterpart \$6.77m over an unpaid loan.