

Daepung International Investment Group Established in North Korea: Goals for Economic Development from 2010 to 2020 Set

North Korea's Daepung International Investment Group, Ltd (Daepung Group) has announced its "Main Target Areas for Economic Development," with plans to attract foreign investments for the next decade.

Daepung Group presented the "The DPRK's Main Areas of Economic Development (2010 to 2020)" which included an outline of "Main Targets of Economic Development." In it were specific plans outlining economic development projects. The projects are separated into industrial, transportation, energy and agricultural development sectors.

North Korean media has reported on the "Ten-year Strategy Plan for National Economic Development," which was passed by the DPRK Cabinet earlier this year. As a part of the national economic development strategy plan, North Korean authorities commissioned the Daepung Group to fully take the lead in achieving the major targets of the national economic development plan which include substructure construction, agriculture, power, coal, oil, and metal; with heavy emphasis placed on basic industries and regional development as the main sectors for development.

The industrial districts under the target for development are Kim Chaek Mine and Refinery Complex, Chongjin Heavy Industrial Complex, Nason Petrochemical Industrial Complex, and Nampo IT Industrial and Technology Complex.

Among the four, Chongjin Industrial Complex will be developed in an area of 50 square kilometers and investments running over 18 to 20 billion USD will be brought in over the next ten years for the construction of a shipyard, automobile manufacturing, electric equipment, and machinery factories and as well as a heavy industrial complex. As for the Nason Petrochemical Industrial Complex, it will be developed in an area of 20 square kilometers over the next ten years with similar amount of investments put in to construct a 20 million-ton capacity oil refinery, 1.2 million-ton capacity ethylene factories, and 1 million-ton fertilizer factories. The initial investments for the following projects are expected to be worth 1.5 million, 1.4 billion, and 8 billion USD, respectively.

Nampo IT Industrial and Technology Complex is expected to be developed at a 30 square kilometer site and is expected to receive 10 to 12 billion USD worth of investment over the next ten years. The development plans for Nampo will mainly focus on research and a combination of different industries in the areas of optical science, microsystems, information media, environmental biology, microelectronic and electronic information, energy science, and renewable energy development.

Kim Chaek Mine Refinery is expected to occupy about 500,000 square kilometers of land and 8 billion USD worth of investment will be brought in to build large-scale facilities such as a 120 million-ton harbor and 5 million-ton iron manufacturing factories. In the first stage of its development, Kim Chaek Iron and Steel Complex was to receive a capacity upgrade of 3 million tons, its harbor a 200,000-ton upgrade, and Musan Iron Ore Mine a 7 million-ton reconstruction upgrade from 2009 to 2011, with the cost expected to be worth 3 billion USD. However, the status of these reconstruction projects has not yet been confirmed.

According to the source, construction of transportation network will take place over the next ten years which includes building of double tracks in the railroad stretching 2,386 km, with the total distance running at 4,772 km. It is expected to cost about 9.6 billion USD. The specific route plans include tracks running from Pyongyang to Nason (780 km), Kim Chaek to Haesan (180 km), Pyongyang to Kaesong (186 km), for trains to run at the speed of 120 to 140 km/hr. In addition, other railroad linking projects are underway.

As for the highway routes, the Pyongyang-to-Nason highway will run about 870 km, Pyongyang to Shinuiju 240 km, Pyongyang to Kaesong 180 km, and other connection roads to mines are expected to stretch about 1,200 km. The entire cost of construction and reconstruction of highways is estimated to be about 15 billion USD.

Although most of the railway and roads have already been built, they are in serious need of repair and widening. This also includes linking the Tumen and Tonghua cities of China to North Korea.

In addition, there are also plans to upgrade Pyongyang International Airport, with an investment of 1.2 billion USD to be used to expand the airport's capacity to accommodate up to 12 million people a year.

Agricultural development will mainly focus on increasing the size of agricultural pesticides factories to a capacity of 30,000 tons as well as improving the farming machinery and livestock industries.

As for electrical power development, 4 billion USD will be invested over the three years to develop coal mines which will be capable of producing 40 million tons. Specifically, mines in Anju will be upgraded to produce 30 million tons, mines in Bukchang 5 million tons, mines in Ryongdong 2 million tons, and mines in Onsong 5 million tons.

In addition, ten 60 kW thermoelectric power plants will be built across the nation including two in Pyongyang, two in Chongjin, four in Bukchang, two in Anju, one in Kim Chaek, and one in Najin. The plan is to secure 600kW of electric power over the five-year period by investing 50 billion USD.

In a written document, out of a total of 100 billion USD of investments, Daepung Group is planning to allocate 10 billion USD to the Industrial Development Bank, 54.5 billion USD to the Industrial Bank and 35.5 billion USD to basic energy and power sectors. The Industrial Development Bank was established in 2010 and has registered capital of about 10 billion USD and loan volume of 120 billion USD.

North Korea's Daepung Group is pursuing the economic development plans under the guidance of the State General Bureau of Economic Development, as a part of the larger effort of the "Ten-year Strategy Plan for National Economic Development." Although it is premature to measure the specific results of the plan, it is clear that focus has been placed on attracting more investments from China.