

## **Hwanggumpyong-Wihwa Islands Special Economic Zone Law Enacted**

The Korean Central News Agency (KCNA) reported on December 8 that a special economic zone law for the Hwanggumpyong and Wihwa Islands were passed.

According to the KCNA, "The Democratic People's Republic of Korea's Supreme People's Assembly's Standing Committee enacted Hwanggumpyong-Wihwa Islands Economic Zone Act," but did not provide further details.

The enactment of this law for the special economic zone (SEZ) is seen as a measure to revitalize the slow moving development of the SEZ in the region.

The provisions of the new law are reported to have been circulated to various Chinese officials in the government and economic sectors. It is said to contain specific tax procedures and effective measures to attract foreign capital to the zone. The contents of this act are reported to be similar to the laws of the past successful SEZs in China such as Shenzhen.

In addition, the KCNA also reported the Rason (Rajin-Sonbong) SEZ Law was revised and supplemented. However, the report did not include additional details.

Dai Yulin, who heads the Municipal Committee of the Chinese Communist Party in Dandong City told the China Daily back in September, "Concrete plans for the development of the Hwanggumpyong Special Economic Zone will be completed by the end of this year."

The governments of China and North Korea established a "DPRK-PRC Joint Guidance Committee" at the central government level and drafted the "Outline of the DPRK-PRC Joint Development Plan for the Rason Economic and Trade Zone and Hwanggumpyong Economic Zone" in February 2011. China has secured 10 square kilometers of national economic zone to support the co-development plans of Hwanggumpyong. In addition, the city of Dandong will operate a think tank with 72 experts to support the development in this region.

For the joint guidance committee, China has appointed Minister of Commerce Chen Deming. For North Korea, Jang Song-Thaek, the Administrative Director of the Workers' Party of Korea and brother-in-law of Kim Jong-Il, will be leading the co-development projects of Hwanggumpyong and Rajin SEZs.

Special attention has been paid to Wihwa Island, which is rising as the new free trade zone following Rason and Hwanggumpyong SEZs. According to China Economy News (July 1), China's Liaoning and Wihwa Island Investment Group, established in 2006, signed a construction treaty with North Korea in 2006 to build an international distribution center and received authorization to use the 2 million square meters of agricultural land by the North Pyongan Province Agricultural Management Committee.

This group has recently signed three joint-venture projects with North Korea involving construction projects of: 1) an ecological agriculture tourism zone in Wihwa Island; 2) a highway connecting Pyongyang to Shinuiju; and 3) installation of a 300,000 kW capacity power plant. In addition, it is also planning to build three hotels including a world-class five-star hotel and over 100 vacation homes along with tourist and recreational facilities including cultural villages, movie theaters, and golf courses.