

North Korea Enacts a Law on Special International Tourism Zone in Mount Kumgang Permitting Investment and Tours from South Korea

The state-run Korean Central News Agency (KCNA) reported on June 2 that North Korea passed a law on May 31 on a special zone for international tours in Mount Kumgang, allowing for tours and investment from South Korea.

The official name of the law is “The Democratic People’s Republic of Korea’s Law on Mount Kumgang Special Tourism Zone.” It is comprised of six chapters and 41 acts. The six chapters cover: 1) Basic Principles of Mount Kumgang Special Tourism Zone; 2) Management of the Special International Tourism Zone; 3) Tourism and Tour Services; 4) Establishment, Registration, and Operation of Corporations; 5) Protection of Economic Activities; and 6) Sanctions and Conflict Resolution.

The law denotes Mount Kumgang as a “special tourism zone of the DPRK which permits unrestricted tours and related economic activities.” The mission of the law is to “contribute in developing the Mount Kumgang area into a world class tourist attraction through instituting appropriate system and order in its development and management.”

The zone will stretch from Kosong-eup and Onjong-ri of Kosong County; Samilpo, Naekumgang areas in Kumgang County; and Thongchon County.

Designated as a national policy, the significance of this law is on the opening of the investment opportunity to foreign companies, individuals, and economic bodies. It states, “The tours are for foreign visitors. This includes both North and South Korean residents as well as overseas Koreans.”

This zone will be managed by the Guidance Committee of Mount Kumgang Special International Tourism Zone under the auspice of the Central Tourist Guidance Agency. Also stated in the law is the possibility of organizing joint cooperative organization comprised of the advising committees, foreign investors, and company owners that will negotiate and settle on pertinent matters related to the development, management, and operation of the zone.

The foreign visitors and transportation services will be granted visa-free entry into the special zone with only passports or other equivalent entry documents. However, entering via other areas in North Korea will necessitate additional measures.

Unlike other areas in North Korea where all modes of communications are tightly controlled, postal, telephone, fax, and Internet services will be freely accessible in the special tourism zone.

Those investors interested in establishing companies in the zone must receive authorization from the Guidance Committee of Mount Kumgang Special International Tourism Zone and open an account with the national bank of the DPRK or with a bank in another country.

Last April, Pyongyang announced the annulment of Hyundai Asan's monopoly rights over Mount Kumgang tours and declared its plans of developing special international tour zone in Mount Kumgang through a decree issued by the Presidium of the Supreme People's Assembly. The recently passed law is interpreted as an extension of these processes.