

The Rason Economic and Trade Zone to Adopt the Singapore Model

Since the June 8 and 9 groundbreaking ceremonies for joint development projects between North Korea and China were held, attention has been directed toward North Korea's international economic activities. The Japan-based newspaper, Chosun Shinbo, featured an interview article regarding these collective projects, including the areas of Hwanggumpyong and Wiwha Islands and the Rason Economic and Trade Zone.

According to North Korea's Committee of Investment and Joint Venture, Rason Economic and Trade Zone is, "an important national undertaking following the teachings of Kim Il Sung. . . . Rason will soon become the entrepot port like Singapore, enhancing the lives of North Korean people."

In addition, it was mentioned that the development of economic zones in Hwanggumpyong and Wiwha Islands will solidify the already strong DPRK-China friendship and expand the boundaries of international economic relations.

According to North Korea's Committee of Investment and Joint Venture, politically, "Stable political atmosphere allow investors to engage freely in investment activities and necessary legal measures were taken creating favorable legal conditions for foreign investments. This includes the establishment of Joint Venture Law (of 1984) and other related laws." Economically, "All the necessary substructures supporting the business operation are set. Workers will all be provided free 11-year education and tax rates are the lowest in the region and for those investors investing in sectors that the DPRK is promoting, will be provided with preferential treatment."

North Korea is encouraging foreign investments especially in the industrial, agricultural, transportation, construction, financial, and tourism sectors. In particular, adopting state-of-the-art production technology is considered most important. This is to increase the area's competitiveness in the international market through the production of items that have high export value. However, investment restrictions are placed preventing exports on natural resources like ore and coal.

The Committee also stressed the accomplishments of economic cooperation with China and Egypt and revealed plans of passing a double tax avoidance agreement with China, who is the largest foreign investment for North Korea.

The Egyptian company Orascom Telecom has invested in telecommunications, construction, and financial sectors in North Korea. The president of Orascom is said to have met with Kim Jong Il early this year, announcing his plans of expanding investment in the country.

In addition, the Committee reiterated building an independent national economy does not exclude international economic relations. It explained, "We are trying to resolve our shortcomings through international economic activities while maximizing our domestic technology and resources. This is the principle of socialist economic construction.

The Committee of Investment and Joint Venture was established last July, which is a central state organization under the Cabinet overseeing joint ventures and investments. It is in charge of guiding, supervising and administering the inducement of investments from abroad. It is a government body on the level of the Ministry of Trade, which it has close affiliations with. The Ministry is a central organization controlling general trade activities while the Committee is mostly responsible for attracting foreign investment, joint investment, and ventures.