

## **KAESONG INDUSTRIAL COMPLEX TURNS ITS FIRST PROFIT**

Clothing manufacturer Sinwon has emerged as the first company working out of the Kaesong Industrial Complex (KIC) to post profits. With construction now completed on additional manufacturing lines, Sinwon has developed full-scale production facilities.

On February 8, Sinwon Chairman Park Sung Chul met with more than 180 company officers and North Korean representatives at a ceremony celebrating the completion of Sinwon's second and third KIC factories. These two factories, constructed at a cost of 3.736 million USD, have a combined floor space of 3,637 square meters and hold ten manufacturing lines. Sinwon's production is expected to average between 30-35 thousand pieces per month.

The two new factories will employ more than 520 North Korean workers to turn out Sinwon's brand-name fashion designs, such as Besti Belli, SI, VIKI, and Koolhaus. The company will now employ a total of more than 900 North Koreans, including those employed as manufacturing operations began in 2005 at Sinwon's first factory (with five manufacturing lines). This year, Sinwon plans to produce an average of 60,000 pieces per month in its Kaesong facilities, for a total of 720,000 pieces per year, or 16% of its fashion brands.

A Sinwon representative explained that, with the completion of the second and third factories, monthly profits will grow from 32 thousand USD recorded last year to 85 thousand USD this year, as monthly sales grow from 128 thousand USD last year to 320 thousand USD in the future. Along with this growth, Sinwon's goals for the year are to raise productivity in Kaesong to equal that of Chinese factories, while raising quality to 120% of that of its Chinese

competitors. Company sales last year totaled 370 million USD, with net profits of over 20.4 million USD, showing a 14% growth over previous years.

Sinwon's plans for the new year include improving distribution while reorganizing its handbag division and strengthening its marketing and design teams. It is forecasting 386.5 million USD in sales, with just over 22 million USD in net profits. Due to the success of its activities in the KIC, Sinwon has been able to establish stable domestic and export operations, creating an opportunity for it to enter the global market of international fashion enterprises.