

INDEPENDANT COAL MINES GET LEGAL BACKING IN DPRK

The ‘Small-Medium Coal Mine Development and Management Regulations’ passed by the North Korean cabinet have been the focus of attention recently. According a (North) Korean Central Broadcasting Agency report on December 11, these regulations express the necessity of, and lay out concrete methods and procedures for, the development and management of small and medium-sized coal mines in order to produce the coal necessary for the operations of organizations, enterprises, and groups, and the fuel needs of the general public.

According to the regulations, these organizations, enterprises, and groups, regardless of size or activities, now have legal support, after receiving official permission, for independent development and operation of coal mines. In particular, the strengthening of self-supporting operations and autonomous management, along with other market economy measures, have been deemed new steps forward in line with the July 1 Economic Reform Measures passed in 2002. Up until now, North Korean authorities have borne responsibility for the development of coal mines, and with their focus on large-scale enterprises, non-productive organizations and groups were not granted development rights. Small and medium-sized coal mines have been run by regional coal mine collectives, iron manufacturing collectives, or similar large-scale enterprises determined by the Central Party, People’s Public Peace Office, People’s Armed Forces Agency, and other similar high-powered, main-stream agencies. At the time, non-production organizations and groups were not granted permits for coal mine development.

However, with the passing of the ‘Small-Medium Coal Mine Development and Management Regulations’, from art groups to press organizations to small-scale food processing plants,

anyone with the wherewithal to independently undertake the development and operations of coal mining may do so.

According to the July 1 Economic Reform Measures (2002), operational autonomy for organizations and enterprises was to be strengthened, however, the resulting management appeared to focus on resolving the North's energy problems. By granting independent coal mine development and management authority and responsibility, authorities sought to sharply drive up production. Now, the government is also encouraging foreign investment by granting every organization, enterprise, and group coal mine development and management rights. These types of measures are not unrelated to the energy difficulties being faced in North Korea. The (North) Korean Central Broadcasting Agency stressed that the recent measure was in order to solve the people's fuel shortages, as coal production has dropped off.

North Korea already allows organizations, enterprises, and groups to carry out business transactions independently with foreign enterprises. However, the growing awareness of the potential for development of DPRK coal mines, and the resultant aggressive foreign investment, is coming mostly from China.

North Korea has many coal mines. However, the huge amount of coal required for powering the North's steam-powered generating plants and other facilities, coupled with the shortage of capital and materials, means that small and medium-sized industries, along with the average citizen, will have to wait longer to receive adequate fuel supply. Even with the passing of regulations such as this, with not only large-scale enterprises, but also small enterprises and groups developing and operating coal mines, finding the necessary capital and manpower is

certain to be no easy task. Therefore, the introduction of a sweeping system for the cooperative development and management of coal mines by various organizations, enterprises, and groups is expected.