

DPRK TAKES MEASURES TO REEL IN MINING RIGHTS

North Korea has enacted measures to revoke mining development privileges from unproductive companies, beginning with comprehensive inspections into the performance of individual projects.

On March 23, Yonhap News quoted an insider from the DPRK Investment Company, a Dandong, China-based company that is pursuing development of North Korea's underground resources. According to this contact, "North Korea has been carrying out inspections of actual conditions of mining development by domestic companies since the beginning of this year. It is expected that measures will be put in place for the state to withdraw mining development rights from those companies not able to properly develop mines." It is also expected that these inspections will be completed by the end of this month.

Companies that received permission from the government for mining development, but were lacking the ability to carry out such development projects are seen by authorities as a setback to implementation of the state's development plan for subsurface [mineral] resources.

In December 2006, the North Korean government passed the 'medium-small mine development and operation provision'. This provision allowed any business, organization, or association -- regardless of size or function -- to go into the mine development business in an attempt to encourage development of underground resources -- even gold mining-rights were given to some businesses.

This new measure will also directly affect traders in the Dandong region who are involved in the

import and sale of minerals from Sinuiju. One ethnic Korean coal importer stated, “Since last January central authorities have been carrying out relatively concentrated inspections,” and “because of this, most imports of coal, lead, zinc, copper, and other minerals have been halted. Currently inspections are almost complete, so with the exception of non-metal minerals, the export of other mining products is expected to resume by the middle of April.”

A Chinese trader predicted, “Before this, the North Korean government did not, as a rule, limit applications by companies for mining rights and mine development . . . But with this new measure, foreign companies investing in the development of North Korea’s subsurface resources will also be regulated.”