



## **FIRST REAL ESTATE AUCTION HELD IN KAESONG INDUSTRIAL COMPLEX**

A real estate auction was held in the Kaesong Industrial Complex for the first time since the joint inter-Korean project was launched. According to the Kaesong Industrial District Development Committee, factory plots (20,472.7 m<sup>2</sup>) in the stage-1 area of the KIC were being auctioned off on July 12. A government source stated, "Land in the KIC has been sold before, but this is the first I know of land rights being auctioned off."

The company currently on the plot was awarded land rights and permission to build a factory after signing a contract with the North Korean Central Special Development Guidance Bureau. The land rights being auctioned off run until April 12, 2054. It is not known why the land rights are being auctioned off, but it appears that the company currently holding rights to the plot have some financial difficulties, forcing them to sell.

The rights are estimated to be worth more than 1.37 billion won, and the auction is set to close on the 23<sup>rd</sup> of July. The sale is being handled by the Kaesong Industrial District Management Committee. The committee is handling the sale in accordance with the rules set forth on May 10 by the KIC real estate management office. These rules established a seven-member committee of lawyers and other specialists to handle the auction and sale of real estate within the industrial complex.



After the sinking of the ROK warship Cheonan, Seoul authorized more flexible management of South Korean workers in the KIC in order to help companies avoid financial losses in the complex. The government also increased the amount of the inter-Korean cooperation fund from 50 trillion to 60 trillion won in order to ease financial concerns of South Korean companies operating joint ventures, and announced that loans to 183 companies involved in processing-on-commission, as well as 530 other trading companies, would be made at 2 percent.

This move by the government highlights the fact that South Korean companies in the KIC continue to tread on rocky financial footing, despite the announcement by the Ministry of Unification that emergency management stability funds would be made available.

Following the sinking of the Cheonan, the number of South Korea workers in the KIC on any given weekday was reduced from more than 1000 to around 500, and this has caused companies to produce less, have higher costs, and see lower buyer interest. While Seoul tries to keep the industrial complex open, it is also looking into the laws on the Mount Keumgang tourism project, seeking ways to aggressively assist companies involved in the joint scheme.