



**DPRK SEEKS FOREIGN CAPITAL THROUGH RAJIN PORT
DEVELOPMENT**

North Korea is actively looking into further development of Rajin Port by extending China's lease on port facilities for another decade, and granting Russia 50-year rights to Rajin port facilities, as well. Li Longxi, a deputy of the National People's Congress and head of Jilin Province's Yanbian Korean Autonomous Prefecture, revealed to a Yonhap News reporter in Beijing on March 8, "The North gave Russia the right to use Pier 3 for 50 years, and is actively looking into extending the right to use Pier 1 granted to China in 2008 for another 10 years."

Rajin Port has five piers, with Pier 3 being larger than Pier 1. The rights to Pier 1 were granted to the Changli Group, which specializes in the manufacture of environmental materials in Dalian. 10-year use and development rights had already been granted to this company. Deputy Li explained, "China gained rights to Pier 1 in 2008, and is now in negotiations with North Korea over extending those rights for 10 years." Therefore, if this agreement is reached, China will have exclusive rights to the pier until 2028.

Li added, "Currently, China is in the process of constructing the facilities necessary to use the pier, and will begin to move goods through the port when construction is complete." It appears China has invested tens of millions of Yuan into this project. Li also pointed out that by being able to use Rajin Port, Yanbian, currently lacking export avenues, will be able to transport Jilin Province's abundant coal resources, not only through the Yellow Sea to Shanghai and other domestic cities, but to Japan and other countries in the Asia Pacific



region.

On February 28, Sun Zhengcai, CCP Secretary of Jilin Province met with North Korean Kim Yong Il, head of the Korean Workers' Party International Department, and introduced to him China's 'Greater Tumen Initiative' development project. At the time, it was reported that Sun explained to Kim that Jilin provincial authorities had reached an agreement with North Korea for joint venture to construct a network of roads and basic infrastructure facilities. Jilin provincial and city officials, as well as Changchun city representatives, are involved in the project. China is focused on the Tumen river basin and Rajin Port because of their strategically valuable economic role in developing the country's straggling northeast region.

Russia is also eyeing Rajin Port, because if the port is developed, it could serve as an outlet to export Sakhalin and Siberian crude oil and natural gas to neighboring countries. In July of last year, Russia and North Korea reached an agreement to repair the rail connection between Rajin and Hasan and to improve Rajin Port facilities, investing 1.4 billion Euros. Japanese newspaper Sankei Sinbun quoted a source within North Korea as reporting that Jang Song Thaek, Party administrative chief and brother-in-law of Kim Jong Il, had recently travelled to Rasun (Rajin + Sunbong) and declared that the area would be fully developed within the next 6 months.

The Korea Daepung International Group, serving as North Korea's window to foreign capital, is said to have a plan to entice international investment in order to support the Tumen river development plan, and plans to develop Rasun Special City and Chongjin Port into key outlets for DPRK-PRC-Russian trade and commerce in Northeast Asia.



However, the participation, and investment, of private-sector enterprises will likely depend on the success of the Rajin Port development.