

DPRK CRACKDOWN, RESTRICTIVE MEASURES ON 1ST PHASE OF KIC

On November 24, North Korea announced measures to the Kaesong Industrial Complex management committee and other organizations involved in the KIC that would suspend tours to the city of Kaesong and cut the number of South Korean personnel in the complex by half, but stated that businesses operations within the complex would be guaranteed.

Kim Il-kun, current director of the North Korean Central Special Zone Development Bureau who had served as chairman of the North Hwanghae Province People's Committee until October of this year, led the DPRK delegation, and from the South, KIC Management Committee Chairman Moon Moo-hong, KIC Business Council Chairman Moon Chang-sung, and representatives from companies operating in the complex were included in the 103 people in attendance.

First, the North delivered the notice to the public relations officer of the management committee from 11:00 to 11:07 in the morning.

The North's KIC management committee announced in the notice, "50 percent of the management committee staff, including the committee chairman or vice-chairman, will be evacuated by the end of November," "Total workers, including those for construction and support activities, will be reduced by half," "transit across the military demarcation line for those working on cooperative projects and exchanges within a one million-pyong area around the border will be strictly limited," and stated, "The future of the industrial zone and inter-Korean relations depends on the stance taken by the South."

From 11:10 to 11:20, the North announced the measures to the company representatives in the management committee assembly hall.

The North announced, “It was decided to guarantee as an exception activities of the businesses in the KIC, and so the resident workers of the South’s production companies are exempt from the measures restricting land crossings of the military demarcation line.”

The announcement proclaimed, “The responsibility for this kind of severe situation lies entirely with the Southern authorities who stubbornly pursue confrontational relations between North and South and fail to recognize the June 15 Joint Declaration and the October 4 Declaration...we do not wish for the South’s small and medium-sized enterprises to suffer from the imprudent confrontational policy of the South’s officials.”

In a separate notice, the North announced, “With the exception of those workers necessary to the KIC business operations, all South Koreans crossing the military demarcation line as visitors, tourists, for economic cooperation, etc. will be strictly limited or blocked,” “All unnecessary South Korean workers in the KIC, including the KIC management committee, will be evacuated, and land entry across the military demarcation line will be blocked, “The Inter-Korean Cooperation Council Office will be disbanded and all South Koreans related to it will be deported,” “Kaesong tours operated by Hyundai-Asan are halted,” “All Southern civic organization and entrepreneur coming in our region overland across the military demarcation line in the east and west seas for the purpose of cooperative exchange and economic transaction

will be blocked from crossing overland, and if it is unavoidable that goods and their deliverers must cross by land strict inspections will be carried out,” and, “Train operations between our Bongdong Station and the Southern Munsan Stations are suspended.”

With the North’s new measures, because of the inability to repair inter-Korean relations, it appears likely that the number of new overseas companies looking to operate in the KIC will fall, orders from buyers will drop off, public opinion will sour, production will face difficulties, and the gradual withdrawal of businesses operating in the KIC coupled with the lack of new business interest could lead to the closure of the Kaesong Industrial Complex