

## **INTER-KOREAN ECONOMIC COOPERATION OFFICE CLOSES AFTER 3 YEARS; CROSS-BORDER COOPERATION WITHERING**

On October 28, 2005, an office housing the Inter-Korean Council for Economic Cooperation was established in order to create a channel for routine dialog between North and South Korean authorities and to assist with direct business deals between the two countries. Now, three years later and as inter-Korean relations have stalled, the office has completely closed its doors, causing economic cooperation to wither.

For over three years, the office served as a window fro North and South Korean businesses and workers, assisting with agreements between businesses, passing on documents, delivering samples, and more. In particular, it facilitated a total of 1,269 consultations and deliberations, with a mere 43 in 2005, growing by more than one thousand percent to 446 in 2006 and continuing to grow to 510 in 2007, while only 270 were held this year, bringing together a total of 4070 South Koreans with 3634 North Koreans, for a total of 7704 people making use of the services this office had to offer.

The office also served as a go-between for 10,539 documents sent from the South and 10,656 documents drafted by the North, and mediated the drafting of 668 new regulations for enterprises in the complex. This includes company proposals and promotions, delivery of samples, letters of recommendation, notarization of authentication, and other documents related to economic cooperation.

Of the 1354 samples that passed through the office, 560 were from the South, while 794 were from the North. There were eleven officials from the Ministry of Unification, Ministry of

Finance, and other related South Korean government bureaus in the office, as well as another ten officials from the South Korean Trade Council, KOTRA, the Export-Import Bank, the Small and Medium Business Corporation, and the North Korean National Economic Cooperation Federation.

However, on March 24 of this year, North Korea ordered all South Koreans to evacuate the office after Unification Minister Kim Ha-joong stated that “it would be difficult to expand the Kaesong Industrial Complex if the North Korean nuclear issue is not resolved,” and three days later, all eleven government officials were ordered out, leaving only three officials, from KOTRA, the Export-Import Bank, and the Small and Medium Business Corporation behind, along with two employees to manage the facilities.

Now, with North Korean measures restricting land crossings over the military demarcation line, the full closure of the Inter-Korean Economic Cooperation Office, and the expulsion of South Korean workers implemented on the 24th of last month, all South Korean workers in the office had to return to South Korea on the 28th. This is causing considerable difficulties for small and medium businesses that could previously trade with or invest in North Korea at lower costs through the office.