

## **2007 BIGGEST YEAR YET FOR INTER-KOREAN EXCHANGE, AT 1.79 BILLION USD**

The net worth of inter-Korean exchanges totaled 1,797,890,000 USD in 2007, up 33% from the 1.35 billion USD in the previous year. Exchanges between the two Koreas began in 1989, and topped one billion dollars for the first time in 2005. The almost 1.8 billion dollars in trade recorded in 2007 is the highest to date, and is equal to 65 percent of North Korea's non-Korean trade volume of 2.996 billion USD in 2006.

Inter-Korean commercial trade was worth 1,431,170,000 USD, 54 percent higher than the 928 million USD in 2006, while non-commercial trade fell 13 percent, from 421,660,000 dollars in 2006 to only 366,720,000 dollars last year. Overall, commercial trade made up over 80 percent of cross-border exchanges, proving that inter-Korean exchanges continue to grow based on commercial transactions. Commercial trade growth was centered around the mining and fishery sectors (52 percent) and increased production in the Kaesong Industrial Complex (48 percent). Textiles and other goods processed on commission also grew by 30 percent.

Additional manufacturing by companies entering the KIC, as well as the installment of equipment used to increase output by those manufacturers already established in the first phase of the complex, saw a great jump last year. Additionally, South Korea loaned the North 80 million USD for equipment, cloth, soap, polyester fibers, synthetic leather, and other materials to be used in light industry, while the North repayed 2.4 million USD (3 percent) of the loan by delivering 1,000 tons of zinc. This was the first example of the North repaying funds to the South, and shows opportunities for the two Koreas to fulfill each other's needs and carry out friendly economic cooperation in the future.

With increases in domestic use and export of Bukhan Mountain's minerals and timber, improvements in communications, customs, and transport issues at the KIC and a growing number of companies moving into the complex leading to an increase in production and manufacturing activity, inter-Korean exchanges are expected to continue to grow in the future.