

Policy Forum 06-64A: Gaeseong Industrial Complex in Steady Progress Despite a Series of Negative Incidents



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Gaeseong Industrial Complex in Steady Progress Despite a Series of Negative Incidents

Statement by ROK Ministry of Unification

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I. Introduction

The ROK Ministry of Unification released this statement on the Gaesong project and the current status of Inter-Korean Economic Cooperation. "Most of cash that flows into the complex is the wages and U.S. \$ 0.5 million are paid on a monthly basis to cover living expenses for estimated 30,000-40,000 people including 8,000 workers and their family members. Given that number of people, is there something to be left for diversion?"

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II. Statement by ROK Ministry of Unification

- Gaeseong Industrial Complex in Steady Progress Despite a Series of Negative Incidents
by ROK Ministry of Unification

Ko Gyoung-bin, Director-general for the Office of Gaeseong Industrial Complex Project on July 26 gave reporters a briefing concerning the production status of tenant businesses in Gaeseong industrial park and the status on infrastructure construction there. He also answered questions regarding the diversion of North Korean workers' wages in the industrial park.

The production of tenant businesses in Gaeseong is on an upward curve
Director-general Ko stated, "Amid North Korea's missile tests and the UN's adoption of a resolution against the North, the production, sales and orders of goods are being made as usual."

He added, "Not only South Koreans but also North Korean workers there are all aware of the current situation but they look so serene that we can not find them cowering by it. Rather, their work attitudes have become more serious."

"The overall output reached U.S. \$ 5.5 million at its highest this June and it is expected to exceed U.S. \$ 0.6 million this month," he explained, adding "That means it will increase by more than 10%."

Export of goods made in Gaeseong has been on rise. Mr. Ko said, "It recorded U.S. \$ 1.1 million this May and increased to U.S. \$ 1.6 million, recording a 40% increase."

"The number of North Koreans working in the Gaeseong industrial park increased from 4,500 at the beginning of this year to 7,862 this July and it is forecasted to surpass 8,000 employees soon."

He also expressed his opinions about the prospect of the project, saying "I expected all tenant businesses to exceed their break-even points this year."

The infrastructure construction plan will go as scheduled

The development of Gaeseong Industrial Complex is in progress without delays. Director-general Ko explained, "Site-leveling works in the Stage 1 site of the main complex have been completed with the infrastructure construction works, such as roads and water supply and drainage systems, recording 55.8% completion ratio." He also added that the infrastructure construction would be completed by next May.

Concerning the tenant businesses' entry into the complex, he said, "Thirteen factories are in full operation and twelve factories are under construction. And the design works of eight factories have been completed."

When asked about leasing the Stage 2 site, he replied, "The Stage 2 site will be operated after next July, so that Korea Land Corporation is considering when to start leasing the lots."

Diversion of the wages paid to North Korean workers

When asked about the possibility of diversion of the wages paid to North Korean workers, "Most of cash that flows into the complex is the wages and U.S. \$ 0.5 million are paid on a monthly basis to cover living expenses for estimated 30,000-40,000 people including 8,000 workers and their family members. Given that number of people, is there something to be left for diversion?" he asked in return.

He also said, "I met North Korean officials from the Central Guiding Bureau of Special District Development, a North Korean agency, and they expressed their will to continue to pursue the project." Director-general Ko emphasized, "The Gaeseong project will be pursued on the basis of the strict principle of a market economy and we will do our best to establish a sustainable model for inter-Korean economic cooperation."

III. Nautilus Invites Your Responses

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: napsnet-reply@nautilus.org . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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