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# Interest Revived in the Sinuiju Special Administrative Region

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# Interest Revived in the Sinuiju Special Administrative Region

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Report by the Institute for Far Eastern Studies

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## I. Introduction

The Institute for Far Eastern Studies describes the current developments in constructing the Sinuiju Special Administrative Region in the DPRK near the PRC border. "Under the direction of central authorities, foreign currency management groups are rapidly being moved into Sinuiju, while ordinary residents are being relocated to other regions only to be replaced by residents of Pyongyang and other areas who are in the process of moving in."

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## **II. Report by the Institute for Far Eastern Studies**

- Interest Revived in the Sinuiju Special Administrative Region

by the Institute for Far Eastern Studies

The Sinuiju Special Administrative Region (SAR) project lost momentum in September 2002 when its first governor-to-be, Chinese-born Dutch businessman Yang Bin, was arrested in China. North Korean leader Kim Jong Il's visit to China at the beginning of this year, however, appears to have triggered a turnaround. With Kim's China trip focused on the revision of economic policies, the rejuvenation of Sinuiju SAR development plans came into the spotlight.

Most South Korean press have run pieces, based on the stories of North Korean defectors and Chinese residents in Dandoong and other border areas, alluding to the fact that there is change in the air around Sinuiju. A North Korean businessman in Dandoong was quoted as saying, "No official word has come down from central [authorities], but they are busy preparing the Sinuiju SAR," while rumors are spreading among area residents that "Sinuiju is the next Hong Kong." Under the direction of central authorities, foreign currency management groups are rapidly being moved into Sinuiju, while ordinary residents are being relocated to other regions only to be replaced by residents of Pyongyang and other areas who are in the process of moving in.

As special enterprises are being promoted as of late, each organization and group is reacting differently. The most reluctant promoters are the People's Committee and regional administrative organs. As orders come down, some administrators are required to immediately pack and relocate to southern Sinuiju, an underdeveloped area not even comparable to Sinuiju proper. Authorities had chosen the site as far back as 1986, and while development was fully promoted, only factories were built up. Housing, roads, and other indirect social capital facilities are still lacking. While regional authorities may have decided to build up southern Sinuiju, it will take another ten years of hard work to do so.

On the other hand, the outlook for city authorities is considerably brighter. This is because in the future, they will have the opportunity to rise up through organizations run by special administrative businesses. Up until now, instructions have come through the Regional People's Committee, security bureau and defense authorities, but even though they own the facilities, they can still receive orders directly from the central government. Because of this, regional officials are still influenced by the temperament of local and central party politics while being faced with increasing pressure from city authorities to transfer power to them. While some factories -- like the Sinuiju Cosmetics Factory, Sinuiju Shoe Factory, Sinuiju Synthetic Fiber Plant, and other large factories -- are preparing for foreign capital support and cooperative ventures, most administrators appear to be pushing for keeping the status quo.

There are still many concerns. As the SAR is being set up, central officials are being dispatched to fill roles as factory officials; central officials without any personal interest. A similar sort of dispatch of central officials took place in the Rajin-Sonbong Special Economic Zone in the past.

Most small- and medium-sized enterprises and regional factories are beginning to transform into trading companies. There are currently around one hundred fifty such trading offices in Sinuiju. In the future, if Sinuiju is officially designated as a SAR, it appears that a great many more trade offices will appear.

Other news from Sinuiju insiders is that the People's Committee, People's Security Force, National Security and Defense Bureau and other central government departments that have received Kim Jong Il's permission to trade have already opened offices in Sinuiju, employing people in the area and busily seeking out people with connections in China in order to find trading partners.

It appears by looking at the relocation currently underway that the goal is to move residents within the same timeframe that was required for the first round of relocations in 2002, when residents were moved to Chunma, Kwaksan, Dongrim and other areas around the outskirts of Sinuiju. There are problems here as well, as the government wants to relocate residents from Pyongyang and other regions to Sinuiju. At issue is the fact that while the number of residents who can move in needs to equal the number relocated out of the area, some North Koreans have already used connections with the central and regional party affiliates in order to move to the region.

In addition, the housing market is active, with housing prices in central downtown areas having already skyrocketed. While officially owned by the state, dwellings are unofficially "sold" through the use of "modification fees": apartments run from 25 to 30 million won (8 to 10 thousand USD), while two-three story condominiums in "Chinatown" in the Namsang district run in the tens of thousands of dollars.

However, complications have arisen. Many residents being moved out have decided to get rid of their houses, but this has proved more difficult than expected. Some have put up their house for sale but have been unable to find a buyer. There are also those who were caught in the midst of sales through "real estate offices" when a crackdown by authorities resulted in their expulsion. A source stated that the administrative authority of the city security bureau in charge of relocating residents is undermanned and takes different measures to direct different groups of residents, while pressing for the expulsion of what it deems as "lesser" or unemployed people.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [bscott@nautilus.org](mailto:bscott@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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Produced by The Nautilus Institute for Security and Sustainable Development

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