

Gaeseong  
Industrial  
Complex



Peace through Economic Cooperation

# Gaeseong Industrial Complex<sub>(GIC)</sub>





## Opening an era of peace and prosperity

Combining capital and technology of the South with the land and labor of the North, the Gaeseong Industrial Complex (GIC) aims to bring economic benefits to both Koreas.

The GIC is a new way out for South Korean small and medium-sized enterprises to overcome existing high costs, low efficiency and labor shortage while also benefiting the North Korean economy.

Hundreds of businessmen and vehicles are passing through a Gyeongui road line across the Demilitarized Zone every day to run their businesses. This project contributes to building mutual trust, promoting peace and establishing a foundation for unification on the Korean peninsula.



## Location

The Gaeseong Industrial Complex(GIC) is located about 38 miles(60 kilometers) north of Seoul, the capital city of the Republic of Korea. It takes one hour to travel by car. The GIC is approximately 100 miles(160 kilometers) from Pyongyang the capital city of DPRK. Located 31 miles (50 kilometers) from Incheon International Airport, the GIC has direct links to the world's markets through Incheon International Airport and Incheon Port.

In the near future, links to the Trans-Siberian Railroad and Trans-China Railroad will be completed, making transportation and distribution easier.

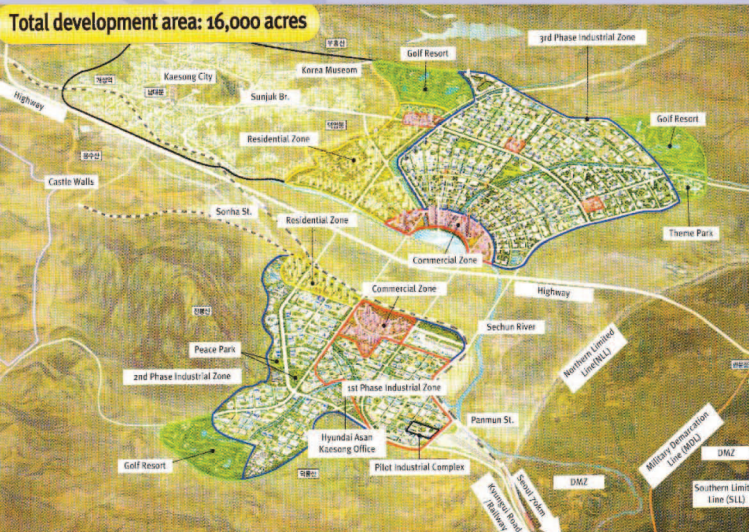




# Master Plan

# Panorama

Total development area: 16,000 acres



Foundation work \_ 2004.3



Construction of pilot industrial complex \_ 2005.3



Construction of 1st phase \_ 2006.3



Construction of infrastructural facilities \_ 2007.10



Present \_ 2011.10

## Master plan details (of Hyundai Asan)

Total 16,000 acres

- ▶ 1st phase : 800 acres
- ▶ 2st phase : 1,200 acres
- ▶ 3st phase : 4,400 acres
- ▶ Expansion zone & Gaeseong city : 9,600 acre

**Location** Bongdong-ri, Gaeseong City, North Korea (approx, 817 acres)

**Developer** Korea Land Corp.(financing-lot leasing),  
Hyundai Asan Corp.(construction)



First phase air view



# History

**Aug. 2000**

Agreement on construction and operation of industrial park in NK

**Nov. 2002**

NK announced the 'Special Laws on Gaeseong Industrial Zone'(Designation of GIC as special economic zone)

**Dec. 2002**

Acquisition of land use right in GIC for 50years

**Jun. 2003**

Ground-breaking ceremony of GIC(1st phase)

**Jul. 2004**

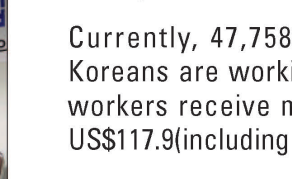
Completion of move-in contract with 15 tenant companies in GIC

**Dec. 2004**

First Production of kitchenware

**Sep. 2005**

Completion of factory lot sale to 24 South Korean companies in the main complex of GIC of the first phase industrial complex



**Oct. 2007**

Completion ceremony for the construction of infrastructural facilities for the first phase

**Feb. 2009**

The number of tenant enterprises reached 100

**Sep. 2010**

The amount of cumulative total production reached US \$1billion

## Current Status

As of Aug 2011, a total of 123 companies are in operation at the GIC. The cumulative total production within the GIC (from January 2005 to Aug 2011) reached US\$1,366 million. The total export value from the Complex over the same period amounts to US\$185 million.

Currently, 47,758 North Koreans and 798 South Koreans are working in the Complex. North Korean workers receive monthly salaries of approximately US\$117.9(including 15 percent social insurance fees).

Many overseas investors such as EU Executive Board, EU Chamber of Commerce, ASEAN FTA negotiating team and the Diplomatic Corps in Korea visited the GIC and showed high interest in facilities and competitiveness of the GIC.







# Infrastructural Facilities

## Major Statistics

### • Gaeseong Industrial Complex at a Glance

(Unit : US\$1 million)

Categories	2006	2007	2008	2009	2010	2011.8
No. of enterprises in operation	30	65	93	117	121	123
Production	74	185	251	256	213	262
Export	20	39	36	29	37	23

\* Output by Product (as of Aug, 2011): textile (56.7%), chemicals (7.0%), metal/machinery (13.0%), electronic/electrical (21.1%), and others (2.2%)

### • No. of Current Workers : 48,556

(798 South Korean workers and 47,758 North Korean workers)

(Unit: 1 person)

Categories	2006	2007	2008	2009	2010.8	2011.8
North Korean workers	11,189	22,538	38,931	42,561	46,284	47,758
South Korean workers	791	785	1,055	935	804	798
Total	11,980	23,323	39,986	43,496	47,088	48,556

### • Visitors to Gaeseong Industrial Complex

(Unit: 1 person, 1 vehicle)

Categories	2006	2007	2008	2009	2010	2011.9
Visitors	60,999	100,092	152,637	111,830	122,997	86,623
Visiting vehicles	29,807	42,399	85,626	72,597	83,566	62,325



### Waste processing facilities

Landfill : 61,000m<sup>3</sup>  
Incinerator : 12tons/day



### Water facilities

30,000 tons/day



### Wastewater processing facilities

15,000 tons/day



### Electricity

100MW by KEPCO(the Korea Electric Power Corporation)  
from Munsan in South Korea



### Telecommunication

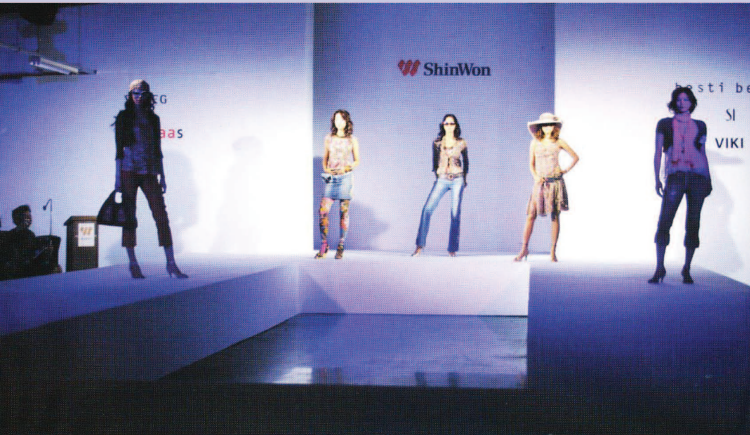
1,300 phone lines by  
KT(Korea Telecom Corporation)

\* In the near future Gaeseong will be equipped with state-of-the art mobile communications and internet services.



# Products

GIC, which already houses 123 companies, are producing everything from clothing and shoes to semiconductors, electronics and communication parts, from plastics and kitchen utensils to watches and jewelry.



Since the first Gaeseong-made products appeared in December 2004, their excellent quality, thanks to a first-class workforce, has been widely recognized. Gaeseong-made products will be capturing the attention of the whole world soon.



# Investment



To invest in the GIC, a foreign enterprise has to establish a foreign investment corporation (minimum 50 million won investment is required) in the South, buy building lots and get approval of the government of South Korea.

Currently, 6 lots of land (110,160m<sup>2</sup>) are allocated to several types of industries such as electricity and electronics to attract foreign investment and 3 lots (49,134m<sup>2</sup>) of them are sold to German, Chinese and other investment corporations.





# Support for Overseas Sales



With labor costs highly competitive with China or Vietnam, the GIC has the potential to become an economic hub of Northeast Asia.

The products produced in the GIC are brought in South Korea and then exported to the foreign states. The government of South Korea is promoting Free Trade Agreement to expand export of the products made in the GIC.

Under the terms of FTAs with the ASEAN, the EFTA, Singapore, Indo and Peru, goods produced in Gaeseong will receive preferential tariffs in those markets.



## Leaping into the world

Production at and exports from GIC continue to rise rapidly still today. With the North Korean employees becoming increasingly familiar with the work, production is stable and constantly improving. And with this success has come the growing attention of companies the world over. Quite apart from the goal of cooperation between the North and the South, Gaeseong is moving toward becoming a Northeast Asian industrial hub in its own right.





# Gaeseong's

# daily work



**commute**



**Lunch & Recreation**



**Overtime & night work**



**Product**



**Gymnastics**



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