

Agreement to Normalize the Kaesong Industrial Complex (KIC)

The South and the North, in order to resolve the KIC problem due to the imposition of limited passage and withdrawal of workers, have engaged in official working level talks on 7 occasions from July 6 2013 to August 14, and agreed to the following for a constructive normalization of the KIC.

I. The South and the North shall not allow the recurrence of shutting down the KIC by restricting passage and withdrawing workers and guarantee its normal operations that shall be uninfluenced by the state of affairs in any case, including stable passage for South Korean personnel, normal appearance at work by North Korean workers, and protection of company properties.

Also, the South and the North shall discuss matters regarding the issue of compensating for the loss suffered by the companies due to the current shutdown of the complex and its related topics in the KIC South-North joint committee which will be established hereafter.

II. The South and the North shall guarantee the safety of South Korean personnel commuting to the KIC, protect company investments, and resolve passage, communication, customs issues.

1. The South and the North shall guarantee safe passage and sojourn of South Korean personnel who commute to the KIC.

2. The South and the North shall protect the assets of South Korean companies in the KIC and make institutional arrangements to conduct joint-investigations and settle disputes including damage compensation in case of illicit conduct,

3. The South and the North, in order to resolve issues of passage, communication and customs, shall take measures to guarantee regular passage, supply internet and mobile phone communication, simplify and shorten customs process, wherein their relevant working-level issues will be discussed at the KIC South-North joint committee.

III. The South and the North shall guarantee internationally acceptable business conditions for companies, and develop the KIC into an internationally competitive industrial complex.

1. The South and the North shall actively seek to invite foreign companies.

2. The South and the North shall develop relevant regulations as to labor, tax, wage, insurance and other matters that are implemented in the KIC towards internationally acceptable levels.

3. The South and the North shall seek measures to develop the KIC into an internationally competitive industrial complex, including the recognition of preferential tariffs on KIC products when exported to a third country.

4. The South and the North shall promote joint presentations for foreign investment.

IV. The South and the North, to fulfill the above mentioned agreements, shall establish and operate a KIC South-North joint committee along with sub-committees as deemed necessary.

In doing so, the South and the North shall sign an agreement on the establishment and operation of the KIC South-North joint committee, and start to take action through such bodies.

V. The South and the North shall arrange institutional mechanisms for safe passage, sojourn and investment protection, and actively endeavor for KIC companies to inspect and reopen their facilities in the complex.

August 14, 2013

Upholding the instructions of their respective superiors,

KIC South-North official working level talks

Kim Ki-woong, Senior Representative of the South

Upholding the instructions of their respective superiors,

KIC North-South official working level talks

Park Chol-su, Head Representative of the North