

**KEI-AEI Forum
Luncheon Speech**

**Gaeseong Industrial complex:
Past, Present and Future**

**Speech by Dong-geun Kim, Chairman of
Gaeseong Industrial District Management Committee**

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Mr. Pritchard, and honored guests,

It is my honor to have a moment/ to introduce the Gaeseong Industrial Complex/ to such a wonderful group of respected experts.

On behalf of 7,000 North and South Koreans/ striving to create a joint Korean economic community of national reconciliation in the GIC,/ I thank you for giving me such a precious opportunity.

Taking advantage of this opportunity,/

I would like to tell you briefly about/ how the North Koreans' perception of/ and attitude toward the GIC/ have changed over time.

In The Past,/ Gaeseong was a land of Confrontation and Rupture.

Ever since the Korean Peninsula was divided after the Korean War,/ Gaeseong has been remembered as a place of national agony/ while the soldiers of North and South Korea confronted each other/ and tension mounted between the two Koreas over half a century.

It takes only an hour by car from Seoul to Gaeseong.

Yet,/ it has remained a forbidden city for the South Koreans.

This city of Gaeseong is now changing into a fast growing industrial site with the GIC

The GIC is the first major joint economic project/ undertaken by the two Koreas.

In particular,/ for North Koreans,/ this is the first development project/ ever to be promoted on capitalistic principles.

That is why it took long preparation period.

During the three years of preparation period,/ the two sides worked on ensuring free coming and going across the border/ and on establishing basic rules and regulations on/ tax, accounting, banking/ and labor institutions/ to be applied to the complex.

This was perhaps/ the most difficult stage of the project.

Finally,/ a groundbreaking ceremony was held in Gaeseong in June 2003.

Since then,/ the two Koreas put spurs to the development.

Thanks to toils of North and South Korean workers,/ naked hills and army training grounds/ are being transformed into a new industrial site,/ writing a new chapter in the Korean history.

The GIC is like a living organism that grows up everyday.

It's a development site that never sleeps/ and transforms itself everyday.

It's a vigorous place filled with roaring sound/ made by machines cracking rocks and drilling grounds round the clock.

New buildings are being built all over the district,/ reflecting the vitality of the complex.

It's just amazing to see a long string of commuter buses / arriving at the GIC at daybreak/ packed with North Korean workers .

In addition,/ you can see an endless line of trucks/ carrying various construction materials from the South/ arrives at the GIC.

At night,/ the GIC shines like a piece of gem under the pitch-dark sky of North Korea.

It's a sight so spectacular,/ and so emotional/ that you may never understand it/ unless you see it for yourself.

The GIC is no longer an isolated island.

For the first time in sixty years of national division, roads as well as power supply lines and communication lines were connected between the two Koreas.

Every morning, a commuter bus leaves from Seoul to Gaeseong.

With the opening of communication lines,

South Korean companies in Gaeseong can freely call their business partners in Seoul and abroad.

Moreover, thanks to satellite transmission, the South Korean workers can tune to hundreds of international channels on their TV sets in Gaeseong.

Obviously, CNN is one of their favorite news channels.

I would like to emphasize that The GIC is now quickly turning into a Mecca for inter-Korean business.

Over three hundred South Koreans visit the GIC everyday.

Various groups of potential investors have also visited the site.

The number of foreign buyers, diplomats and journalists visiting the GIC also continues to increase.

Last week, for example, a group of U.S. congressional staffs and legislative assistants have visited the complex.

North Koreans did not welcome foreign visitors at the beginning, but over time, they have gradually become active in advertising the GIC to the international community.

Today, North Koreans are making every effort to attract foreign investment to the GIC.

For foreign visitors,/ they provide an excellent presentation on investment opportunities/ and guide tour around factories in the GIC,/ both in fluent English.

The GIC has become a word for hope for North Korean people. They call it "Special Economic Zone," /a name/ that gives them happy expectations for a better life.

The GIC may be a blessing for North Korean workers. It enables them to enjoy much higher wages/ and to experience modernized equipment and efficient plant management system/ that they had never seen before.

The impact of the GIC can be easily seen in the changing attitude of North Korean workers toward South Koreans.

At the beginning,/ working side by side with South Koreans,/ all North Koreans/ looked clearly flushed with tension.

They seemed to think South Koreans /as their enemies.

They hardly talked to South Korean workers/ and crashed with them over everything.

As time goes by,/ however,/They started to exchange jokes with South Korean workers.

Some even bring tasty home-made food for the South Koreans.

High wages they got paid/ have brought many changes/ in North Korean workers' life.

They are now/ able to enjoy a higher standard of living.

The workers now boast fairer skin and neater appearance.

Female workers started to spend lots of time putting on their make-up.

In addition,/ North Korean workers started to understand the principles of market economy.

They started to realize that/ workers can enjoy their rights/ when their company is successful.

In the past,/ they only did what they were told to do.

Today,/ they volunteer for night duty to meet the deadline for delivery of goods /or convene a meeting/ to encourage each other to improve their productivity when production is low.

They also started to show much interest in capitalistic financial system. “What is stock?”/ “Why does the exchange rate keep changing?”/ These are some of the questions they often ask.

Today,/ North Korean workers respond quickly to economic incentives. They carefully check their payroll records,/ which they sign every month,/ and compare their wages with those of others.

Some of them even plead for night shifts/ or working on weekend/ to get overtime pay.

North Korean labor market has also changed gradually.

Although companies are not completely free/ in hiring and dismissing workers due to the closed nature of socialist economy, the North Korean authorities have recently started/ to accept the companies’ demand to lay off unproductive workers.

North Korean workers have shown much faster improvement in their productivity and skills/ than we expected.

Since the North Korean government provides compulsory education up to high school,/ all North Korean workers have relatively high level of education.

20 percent of workers even have a college degree.

And also,/ since they speak the same language as their South Korean instructors,/ it takes much less time to train them than in the case of Chinese workers.

Most of all,/ North Korean workers are very enthusiastic about learning new skills.

In the meantime,/ South Korean tenant companies pay special attention to the welfare of their workers.

The workers are provided free commuter buses,/ fresh vegetables,/ beef stew/ and various side dishes for lunch.

Chocolate pie and some noodles are also provided during breaks.

The companies deeply care/about their workers ' health and hygiene as well.

They provide their workers warm underclothes and globes in the winter.

In addition,/ the workers can take hot-water shower/ and use medical clinics at the company facilities.

Although the GIC is located in North Korea geographically, it is a special district/ distinctively different from the rest of North Korea.

General North Korean laws do not apply to the GIC district: it is governed by a special set of laws,/ including North Korea's Kaesong Industrial District Act/ and inter-Korean agreements on entry and stay,/ investment protection,/ prevention of double taxation and so forth.

Overcoming the differences in their system and ideology,/ the two Koreas are making the GIC into a joint community/ through which they learn how to respect and cooperate with each other.

Finally/ I would like to conclude this speech by presenting the future of the GIC

The GIC is a testing ground for a vision/ to achieve national unification through economic cooperation.

It is now/ planting a small peace on the Korean peninsula.

If the project moves at the current pace,/

I am confident/ that the GIC will soon become an industrial hub of Northeast Asia.

In few years from now,/ Gaeseong will turn into a city/ bustling not only with plants and factories/ but also with hotels and business facilities/ lighting up the night sky.

Of course,/ without the support and cooperation of the international community,/ a smooth progress of the GIC project would hardly be possible.

I firmly believe/ that the successful GIC can lay the cornerstone of peace and prosperity on the Korean peninsula/ and expand liberty and democracy in the international community.

As it has grown this far overcoming many difficulties, the GIC will continue to proceed/ no matter how hard the challenges are.

I would like to ask you to watch closely the progress of GIC with special love.

Once again,/ thank you for giving me an opportunity to speak this afternoon. Please don't forget/ that the GIC needs your support to become a success.

Thank you and enjoy your meal.