



# The Wonsan–Mt. Kumgang International Tourist Zone

### Rotterdam, June 2015

North Korea finds itself at a new era of international economic cooperation, and it especially welcomes business with Europe. It is offering various products and services to export markets, while it is also in need for foreign investments.

There are several sectors, including energy, agro business, mining, shipbuilding, fishing, logistics, garments, tourism and Information Technology, that can be considered for trade and investment.



the new airport terminal of Pyongyang

North Korea is competing with other Asian countries by offering skilled labour at low monthly wages. The following sectors are described in more detail:

- garments: [www.gpic.nl/Making-garments-in-North-Korea.pdf](http://www.gpic.nl/Making-garments-in-North-Korea.pdf)
- software and IT: [www.gpic.nl/outsourcing\\_in\\_north\\_korea.pdf](http://www.gpic.nl/outsourcing_in_north_korea.pdf).

The Korean government is trying to attract a larger number of foreign tourists. The new airport terminal of Pyongyang is planned to open in July and is six times larger than the old terminal building. There are several investment opportunities in the field of tourism, and an example is the investment project for the **Wonsan-Kumgang International Tourist Zone**. This zone includes areas of Wonsan, the Masikryong Ski Resort, Ullim Falls, Sokwang Temple, Thongchon and Mt. Kumgang. An overview of this project is presented below; it is based on presentations by Korean speakers to an audience of foreign investors earlier this year.



We can be contacted in case you are interested in exploring this project in more detail. It is also possible to arrange investor visits to the Wonsan-Kumgang International Tourist Zone (we organise business missions to DPRK on a regular basis; for an example of a general mission, see: [www.gpic.nl/NKtourMay15.pdf](http://www.gpic.nl/NKtourMay15.pdf)).



## For information

Established in 1995, GPI Consultancy is a specialized Dutch consultancy firm in the field of offshore sourcing. It is involved in business missions to various Asian countries, including North Korea.

For companies interested in working with North Korea, one of the immediate challenges is finding a suitable business partner, since collecting information is not easy. Local enterprises mostly do not have a presence on the Internet, and access to them is not easy. The solution: join one of our business missions!

In October 2014, we also organized an economy-related mission, for European journalists only. For an impression: [www.gpic.nl/NKimpression2014.pdf](http://www.gpic.nl/NKimpression2014.pdf).

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## **Introduction to Development Plan of Wonsan–Mt. Kumgang International Tourist Zone**

It is a great pleasure for me to attend this briefing for investment in Wonsan–Mt. Kumgang International Tourist Zone 2015 held in Mt. Kumgang, one of the most beautiful mountains in our country and have the honour to introduce the present situation and prospect of Wonsan–Mt. Kumgang International Tourist Zone.

I would like to express my thanks to the Overseas Korean Trade Association and the Management Board of Kumgangsang Special International Tourist Zone and all the participants from different countries of the world for the active support and cooperation for the successful opening of this Briefing.

It is the firm conviction of the Workers' Party of Korea and the DPRK Government to build Wonsan – Mt. Kumgang International Tourist Zone into a world – class tourist attraction.

The dear respected Marshal **Kim Jong Un** gave instructions on several occasions to build Wonsan – Mt. Kumgang zone into a world – class tourist attraction, and in his new year address he also emphasized on accelerating the economic development in Wonsan – Mt. Kumgang International Tourist Zone.

According to the state's measure to further activate International Tourism in scenic spots on the east coast of the country, including Wonsan area and, Mt. Kumgang, a famous mountain in Korea, Wonsan – Mt. Kumgang International Tourist Zone was declared to the whole world by the decree No. 48 of the Presidium of Supreme People's Assembly on June 11, 2014.

Although it has not been so long since the declaration of Wonsan – Mt. Kumgang International Tourist Zone, the interest of tourists from different countries of the world is getting deeper, and more and more investors are showing their willingness to be engaged in its development more enthusiastically day by day.

Wonsan – Mt. Kumgang International Tourist Zone is geographically situated in the central part of Korean peninsula in the east of Asia and has favourable physiographical environment for tourism.

It is located in 127° 23'EL to 128° 22' EL, and 38° 02'NL to 38° 23'NL, and it includes the areas of Wonsan City, Anbyon County, Poptong County, Chonnae County, Thongchon County, Kosan County and Kumgang County of Kangwon Province.

This zone is washed by the sea with both warm and cold current, so the temperature difference in summer and winter is not big and the climate is neither too cold nor too hot. Annual sunshine duration is 2 447 hours, 56% in percentage and the annual average temperature is 10.4 °C: -3.6 °C in January and 23.2°C in August. The annual average precipitation is 1406.3 mm, the annual average relative humidity is 67%. All these give favourable natural and climate conditions for tourism, and what's more, Mt. Kumgang, a famous mountain in Korea is well-known to the whole world and is highly popular among tourists at home and abroad.

Wonsan – Mt. Kumgang International Tourist Zone is in advantageous location as it takes only 3 hours to fly from over 40 cities with the population of over one million, including Khabarovsk, Vladivostok of Russia, Beijing, Shanghai and Shenyang of China.

Wonsan – Mt. Kumgang International Tourist Zone has abundant valuable tourist potentials with solid economic foundation, and therefore, has bright prospects of development.

There are hundreds of tourist attractions, such as hundreds and tens of historic ruins, sand beaches, natural lakes and mineral springs and there are hundreds of tons of mud resources which have high curative effect on neuralgia, enteritis and colitis.

The ever-increasing world-wide demand for tourism in Wonsan – Mt. Kumgang Area with wonderful tourist potentials serves as an excellent economic condition that guarantees the interests of investors.

Foundations for industry (power, shipping, food processing, shoes etc), agriculture, fishery, tourism and service as well as the existing infrastructure guarantee the rapid development in this area.

Kangwon Province has long been built into an International Tourist Zone and Kumgangsan Special International Tourist Zone has been under operation for over 10 years, so the awareness of the officials and people in this area for tourism is high and they are friendly to tourists and the service staff here are highly qualified.

The zone has plenty of talented, hard-working and responsible labour who have finished their secondary general education under the free universal 12-year compulsory education system and Jong Jun Thae Wonsan University of Economy where they professionally train economic officials has recently incorporated a special course to train officials for tourist service. In addition, the zone has universities and colleges of various fields, including the university of agricultural science, the fisheries college, the college of medical science and the college of education, which can fully provide talented staff necessary for the development of the zone.

Now, I am going to introduce the development plan for Wonsan – Mt. Kumgang International Tourist Zone ratified by the DPRK government.

Development of Wonsan – Mt. Kumgang International Tourist Zone will be carried out separately in Wonsan area, Masikryong Ski Resort area, Ullim Falls area, Sogwang Temple area, Thongchon area and Mt. Kumgang area.

Total area for development is 430 km<sup>2</sup> and it is planned to be developed into a world – class tourist attraction with the harmonious combination of various recreation and cultural facilities and ecological and environmental conditions with Wonsan City as a center. It is also to develop Mt. Kumgang area, Thongchon area and Sogwang temple area into tourist resorts of historic ruins and of world - class recreation and medical treatment and to simultaneously carry out development and management.

In the development of Wonsan Mt. Kumgang International Tourist Zone, we have set forth the principles of phased, project-by-project development, diversification of investment attraction, protection of natural and ecological environment of the areas and its surroundings, reasonable use of land and resources, strengthening of international competitiveness of production and services and ensuring both the convenience of economic activity and interest of public society.

First, let me brief you about the development in Wonsan area.

Wonsan City is the provincial seat of Kangwon Provincery and it is a modern port city with the area of 320 km<sup>2</sup> and the population of about 350 000.

At present, in the central part of Wonsan, there are cultural recreation centers, such as Songdowon bathing beach, Songdowon International Children's Camp, Korean National Park, amusement park, zoo, botanical garden and Jangdok Islet amusement park. There are also hotels with the accommodation capacity of 1 920 people such as Songdowon hotel and Dongmyong hotel.

Wonsan area for general development covers 7400 ha.

Development in central part of Wonsan involves the construction of central axis of the city, dwelling house district, industrial district and afforestation, construction of tourist facilities and modernization of hotel facilities. The construction of central axis of the city is planned to cover vast area from the foot of Mt. Sambong in Wonsan to the seashore, with commercial service district, cultural recreation district and science and technology exchange district, thus beautifying the landscapes day and night as befitting the centre of modern city.

It is also planned to intensively set up tourist facilities and public buildings such as swimming pool, aquarium, health center, cultural amenities and restaurants in green land and city center along 90 ha of the seaside and to build more service facilities in Songdowon bathing beach that can accommodate 12 000 people at the same time.

Industrial district construction is planned to remove or move or merge or rearrange industrial enterprises in clusters which are now sporadically arranged in the city and along the seaside. It is also planned to build industries necessary for operation of tourist resort in the industrial zone which is to be built along Kalma Lake between Mt. Bangha and Mt. Ryongbong.

Let's see the development of Masikryong Ski Resort area and Ullim Falls area.

Masikryong Ski Resort is situated in Bopdong County in Kangwon province, 25 km to the northwest of Wonsan city. In Masikryong Ski Resort area, there are 10 ski courses which opened in 2013 over the area of 2200 ha with the total length of 49.6 km and a complex ski area with outdoor ice-rink and outdoor swimming pool and splendid Masikryong Hotel with the capacity of 300 beds.

About 50 km away from Wonsan city and 15 km away from Donghung – ri, Chonnae County, is located Ullim Falls area with the area of about 1 000 ha and one of the most famous waterfalls in our country, 75 m – high Ullim Waterfall. It is called sublime Ullim Waterfall and its echo has now become one of 8 beauties in Songun era.

The Waterfall is surrounded by high, sharp mountain peaks and steep cliffs encircle its lower part and the water that flows from the Masik mountain range reaches this sky – high cliff and falls with water volume of 20 – 25 m<sup>3</sup> per second, shaking the ground.

At the bottom of the waterfall, there is a swamp which is 1.5 m in depth and 30 m in radius and it has fishes like minnow and rainbow trout.

Opposite Ullim Waterfall, there are tourist attractions such as Kusul Waterfall, Pidan Waterfall and 6 cliffs with miraculous beauty and there are also several tourist facilities, such as sightseeing paths, spillway dam, bridge, breeding farm and parking lot.

The plan is to operate already built facilities as well as to supplement and expand facilities for accommodation, exercises and public catering according to demand.

We will see development in Sogwang Temple area.

Sogwang Temple is located in Solbong – ri, Kosan County, Kangwon Province, 47 km to

the southwest of Wonsan City.

In this area, there are 50 big and small historic ruins, such as Jogyemun and Ungjinjon, the famous temples from the late period of Koryo Dynasty(year 1380) to Joson Feudal Dynasty, and there already exist climbing routes, several mineral springs and facilities for medical treatment and tourism and a hotel with the capacity of 1 000 beds.

The total area for development is 1500 ha. The plan is to open climbing route from Sogwang Tmple to Bomun Hermitage and to rebuild and modernize the hotel with 1 000 beds and surrounding tourist facilities.

Let's see the development of Thongchon area.

The plan is to develop seaside areas in Thongchon County, which is situated 52 km to the south of Wonsan City. The total area for development is about 9 000 ha.

There are Chongsokjong which has been known as one of 8 scenic spots in the east of Korea from the olden times, Dongjong Lake and Sijung Lake which are beautiful natural lakes, and Sijungho bathing beach.

Sijung Lake which is located between Kangdong – ri and Songjon – ri in Ryongchon County, Kangwon Province, is 2.94 km<sup>2</sup> in area, 11.8 km in circumference, 0.8 km in average width and it is the lagoon which was once a bay but the mouth of the bay was locked by sand dike affected long by earth movement and sea waves.

There are cultural recreation grounds such as bathing beach, boating and angling sites, sanatorium and rest centers such as hotel with the capacity of 1 000 beds, welfare service facilities and Sijungho Snatorium.

The plan is to establish bases for health and medical treatment in Sinjunho area, rebuild and create a hotel and a sanatorium with 1000 bed respectively, thus converting it into a tourist attraction equipped with facilities for exercises and health. It is also to build a hotel with 5 600 beds and facilities for tourism and service and to build tourism supply facilities near the natural park such as bathing beach, boating site and dock for travelers.

An official in charge of development in Kumgangsán Special International Tourist Zone will introduce Mt. Kumgang area later, I will not go further into it.

Next, we will see the development of infrastructure such as port, railway, road, electricity, ecological environment, which is a prime process of development in the tourist zone.

It is planned to rebuild and expand Wonsan port and to extend passengers' harbours of medium and small size in different areas.

The plan is to rebuild the existing railway for freight transportation and to build new rapid transit railway for tourism together with Wonsan – Mt. Kumgang Tourist Road.

It is also planned to rebuild and modernize the existing Wonsan – Mt. Kumgang tourist road, to build new Wonsan – Mt. Kumgang road, to expand the road in the center of Wonsan city, and to rebuild and modernize several roads, thus forming the network of ring roads in each area.

The plan is to build a new transmission station with the capacity of tens of thousands of KVA and to increase the existing generating capacity by making effective use of natural energy resourcdes, thus increasing generating capacity by tens of thousands of KW.

It is planned to set up a large-scale fish waste treatment base and to build modern sewage treatment plants like Sinsong sewage station and to improve management system of urban sewage network, raising the level of sewage disposal to above Level 1 of water

quality, thus completely preventing sea pollution. The plan for building the area of green land is 43 m<sup>2</sup> per every Wonsan citizen.

General Wonsan Area Development Corporation, one of the entities in charge of investment attraction for Wonsan – Mt. Kumgang International Tourist Zone warmly welcome the renowned investors from different countries to Wonsan – Mt. Kumgang International Tourist Zone for investment and will actively cooperate with you.

Wonsan – Mt. Kumgang International Tourist Zone in DPRK, the land of morning calm and the land of golden tapestry, will be an excellent place that can create the model of development in tourist zone harmoniously combined with beauties of sea, mountain, valleys, lakes and city based on rich tourism resources and will offer good opportunities for economic profits to investors from all over the world.

Thank you.

## **Legal Environment for Wonsan – Mt Kumgang International Tourist Zone**

Good morning!

I am very pleased to be given the opportunity to introduce legal environment for Wonsan – Mt Kumgang International Tourist Zone at this briefing for investment of Wonsan – Mt Kumgang International Tourist Zone 2015.

DPRK pursues the policy of developing and expanding external economic exchanges, including trade and investment with other countries, under the ideal of independence, peace and friendship and in the principle of the complete equality and mutual benefit.

Art. 17 of the DPRK Socialist Constitution reads as follows: “Independence, peace and friendship shall be the main ideals for the external policy of the Democratic People’s Republic of Korea and the principles of external activities.

The State shall establish political, economic and cultural relations with all the countries that are friendly to us in the principle of complete equality and independence, mutual respect, noninterference in internal affairs and mutual benefit.”

This clearly represents the external economic policy of our country.

At present, the Workers’ Party of Korea and the DPRK government is actively accelerating the development of economic zones, of which the development of Wonsan – Mt Kumgang International Tourist Zone is regarded to be of particular importance for developing the external economic relations of the country.

The dear respected **Kim Jong Un**, the supreme leader of our party and people, put forward the programmatic tasks in the March 2013 Plenary Meeting of the Central Committee of WP K to build wonderful tourist areas in Wonsan area and other parts of the country for promotion of tourism, and to establish economic development zones in every province in conformity with the local conditions. And this year, he specifically emphasized the active development of Wonsan – Mt Kumgang International Tourist Zone in his New Year Address.

In order to implement the programmatic tasks given by him, we are now actively pushing forward with the development of Wonsan – Mt Kumgang International Tourist Zone on a nationwide scale, and more and more investors from many parts of the world express their willingness to invest in this area. In this regard, we pay special attention to the creation of favourable legal environment for Wonsan – Mt Kumgang International Tourist Zone.

### **1. First, I would like to say that our country provides basic legal environment favourable for investment.**

- The state fully guarantees by law the investment and business activities of foreign businesses.
    - First of all, contractual and equity joint venture with investors from other countries and various forms of establishment and management of enterprises in special economic zones such as Wonsan – Mt Kumgang International Tourist Zone are firmly guaranteed by the constitution, the main law of the country.
- Art. 37, Chapter 2 of the DPRK Socialist Constitution says: “The government shall encourage the setup of contractual and equity joint ventures, establishment and management of various enterprises in special economic zones between DPRK

institutions, enterprises and organizations on one part and foreign corporations or individuals on the other part.”

- Our country have enacted and enforced tens of investment – related laws and regulations, such as the law on foreign investment, the law on contractual and equity joint venture, the law on foreign enterprises, the law on foreign-invested banks, the law on foreign-invested businesses and the law on foreign individual tax, the labour regulations for foreign-invested enterprises.

- In our country, development of special economic zones started with the establishment of Rason Economic and Trade Zone in 1991, and since then, 20 special economic zones have been established, and the laws and regulations related with special economic zones such as the Law on Rason Economic and Trade Zone, the Law on Kumgangsan Special International Tourist Zone and the Law on Economic Development Zones have been enacted and enforced.

- We have already signed bilateral agreement on investment encouragement and protection as well as agreement on prevention of double taxation with different countries of the world to actively provide international legal environment for investment protection.

**2. Next, I would like to explain about several legal measures taken to develop Wonsan – Mt. Kumgang International Tourist Zone into a world – class tourist resort.**

- First of all, on June 11 last year, Wonsan – Mt. Kumgang International Tourist Zone was established by the decree No. 48 of the Presidium of the Supreme People’s Assembly to provide the legal foundations for developing the zone into a special economic zone.

- Also, on April 30 last year, master-plan of Wonsan – Mt. Kumgang area was ratified by the decree No. 18 of the Presidium to legalize the general direction of the tourist zone development.

- On May 29, 2013, law on economic development zones was adopted as a main law to be applied to special economic zones, including Wonsan – Mt. Kumgang International Tourist Zone by the decree No. 3192 of the Presidium of the Supreme People’s Assembly and a number of regulations for their implementation, such as the regulations on Operation of Management Boards in Economic Development Zones, the regulations on Establishment and Operation of Enterprises, the regulations on Labour and the regulation on Real Estate were adopted.

- On April 29, 2011, Kumgangsan Special International Tourist Zone was established by the decree No.1618 of the Presidium of the Supreme People’s Assembly, and on May 31, 2011, the Law on Kumgangsan Special International Tourist Zone to be applied to the zone was adopted by the decree No.1673 of the Presidium of the Supreme People’s Assembly and tens of regulations and rules for their implementation were enacted.

**3. Next, I would like to say that the state ensures by law the rights and interests, property and personal safety of foreign investors who invest in Wonsan – Mt.**



### **Kumgang International Tourist Zone.**

- The state ensures by law the legitimate rights and interests of foreigners in its territory. Art. 16 of the DPRK Socialist Constitution reads as follows:  
“The Democratic People’s Republic of Korea shall ensure legitimate rights and interests of foreigners in its territory.”
- As Wonsan – Mt. Kumgang International Tourist Zone is a special economic zone, rights, investment assets and legal income given to investors in the zone are legally protected according to specially enacted laws and regulations.  
The state shall not nationalize or expropriate the assets invested by foreign investors, and if unavoidable circumstances demand expropriation or temporary use, advanced notice and fair compensation shall be made at proper time.
- The rights and interests of investors are legally protected in the zone in case of default through settlement of dispute, such as appeal, mediation, arbitration and judicial procedures. Arbitration can be done by bringing the case to international arbitration agency in our country or in other countries following the arbitration agreement between the parties to the dispute.
- The personal safety of investors in the zone is fully ensured by the law of our country.

#### **4. Next, I would like to explain about legal incentives for foreign investors who invest in Wonsan – Mt. Kumgang International Tourist Zone.**

- A legal person, a natural person or an economic organization of foreign countries, or an overseas Korean may invest in Wonsan – Mt. Kumgang International Tourist Zone, set up an enterprise, a branches or a representative office, and conduct economic activities without restriction and they are provided with preferential economic activity conditions for land use, labour employment and tax.
- Investments in infrastructure construction, cutting- edge science and technology, and the sectors that provide goods and services with high international competitiveness are particularly encouraged and more incentives are granted to them.
- The enterprise that invests in the encouraged sectors is given priority in selecting location of land and is exempted from land use cost for a certain period.
- In addition, the enterprise that has operated for over 10 years in the zone enjoys the reduction of enterprise income tax, and in case of reinvestment of profits, enterprise income tax for reinvestment is refunded. The enterprise income tax rate is 14% in the zone and 10% for encouraged sectors.
- The developers who invest in infrastructure construction in the zone, are given priorities in acquiring management license for advantageous projects such as tourism and hotel business and no tax is levied on assets and operation of infrastructure facilities of developers.
- Unlike other general zones, , preferential tax system is applied to this zone, and it is a rule that no tax is levied on materials of investors for construction, processed exporting, materials for production and management of enterprise and export goods produced by the enterprise.

**5. Next, I would like to explain that conditions for economic activities of foreign investors are legally ensured in Wonsan – Mt. Kumgang International Tourist Zone.**

- A foreign investor may establish an enterprise in the form of contractual or equity joint venture or on his own through investment in the zone and is provided equal status.
- The investor may invest in cash, in kind, or in property rights, and he or she may carry in materials for development and management and carry products out of the zone.
- Goods produced in the zone may be sold out of the zone in the DPRK territory by contracts with enterprises and raw materials, materials, equipment and goods for development and management may be purchased from enterprises outside the zone.
- Investors may choose certain type of development which suits the features and development conditions of particular area and which can contribute to prospective development of the area.
- Zone management is conducted by the management committee and investors may be provided with every economic activity condition from this committee.  
The management committee has independence in zone management and conducts such activities as drawing up of rules, creation of investment climate, investment attraction, issuing of business license and registration, operation approval, construction approval, pre-inspection for projects, deposit of construction designs, registration of land use right and building ownership, assisting management activity of enterprises, construction of infrastructure and public facilities, monitoring and assisting management, environmental protection and taking measures for firefighting, which are all necessary for development and management of the zone.
- The investor may have the land on lease. Land leasing period is 50 years at maximum and after the maturity, he may extend the leasing period if needed.
- The investor may assign, mortgage or lend the right to use land or building within an effective period and the price and lease – cost may be fixed through agreement between the parties.
- The price of goods or services for transactions between the enterprises in the zone may be set according to the international market price upon agreement between the parties, and the investor may bring in and out foreign currencies without any restriction and remit profits or other incomes and assets out of the zone.
- Intellectual property right is legally protected in the zone and securities may be exchanged according to the rules.
- The investor may carry in or out the personnel, vehicles and materials necessary for development, management and economic activities in the tourist zone without restriction through facilitated border-crossing, customs and quarantine inspections.
- Besides, an enterprise may employ domestic and foreign labour and have the right to make an independent decision on standard wage according to monthly minimum wage level set by the state.

- The enterprise shall be provided with the right to ask the concerning agencies for necessary labour, the right not to employ them in case they don't suit its specific conditions, and the right to dismiss any employee for certain reasons.  
This is all about the legal environment for Wonsan – Mt. Kumgang International Tourist Zone. Thank you for your attention.

## **Introduction to Sijungho Tourist Area**

1. It is my pleasure to introduce the development of Sijungho tourist area in this significant briefing held in world-famous Mt Kumgang amidst world attention.
2. Sijungho tourist area is an important development area that includes Sijung lake and its surrounding areas between Kangdong – ri and Songjon – ri in Thongchon county, Kangwon province. Sijung lake is about 52 km from Wonsan and 48 km from Mt Kumgang. Sijung lake lies from northwest to southeast of Thongchon county along the seaside, with Dongjong lake and Chona lagoon and it was once a bay but have turned into a lagoon as its mouth was blocked by sand dike. And it is named after Sijung pavilion which stands on the shore.
3. Its area is 2.94 km<sup>2</sup>, circumference 11.8 km, length 3.5 km and average width 0.8 km. The annual average temperature in this area is 11.3°C, - 10°C in January, 23.2°C in August and annual precipitation is 1320 mm. The main water source for this lake is from catchment area of 15.1 km<sup>2</sup> sourced by atmospheric precipitation and the spring that wells up from bottom of the lake.
4. Sceneries during the day and night suit the beauty as a tourist attraction. The lake with ever clean and calm water harmoniously matches with thick forested low mountains, sweet briars that tint the white sandy beach with red colour, wavy sea and treasure islands and pine groves and white beach, forming beautiful scenery. Millions of tons of peloid in Sijung lake are used for treatment of diseases like inflammatory diseases and neuralgic diseases and the curative efficaciousness is widely recognized in the medical world. On low mountains which are sparsely placed around the lake, grow pine trees, alder trees, willow trees and bamboos and the lake has many fishes and shellfish like carps, gold fish, silver carps, shrimps and crams, and in winter, many migratory birds fly over this area. In the east of the lake lies a sand beach with the width of 300m that divides the sea and the lake.
5. Sijung lake is the rest place on the way to Mt. Kumgang from Wonsan and it is the cultural recreation ground built a long time ago. There are welfare service facilities like bathing beach, boating and angling sites, a sanatorium and rest centers like Sijungho sanatorium for disease treatment and health promotion of people.
6. Today Sijungho area, famous for an excellent tourist attraction from the olden times have come to have a bright prospect to be developed into world-class tourist area for rest and treatment since the declaration of Wonsan–Mt. Kumgang International Tourist Zone. I am going to explain about the development plan of Sijungho tourist area which is nearing the last stage of planning.
7. Total area for development is 1 600 ha. The project includes the bathing beach district, the comprehensive treatment district, the surrounding area of Jangjae lake (power transmission service area), the district for sanatorium and rest centers.
8. The plan is to build bathing beach along the coast with various service facilities, including sunshade stands, sunshade tents and soft drink stands. The golf course is planned to be built in 200 ha area on hills northwest of Sijung lake and to build 2 stadiums with 18 courses, a Golf hotel and 2 service areas. The district for physical exercises and commercial service is planned to be built in 20 ha area south of Sijung

- lake and to arrange shooting range, archery field, various gyms and hotels and to build the commercial service district where we provide extensive commercial service.
9. The plan is to build a complex entertainment district in 3 ha area south of Sijung lake and to build a folk games park and fun facilities where we can do Korean wrestling, swinging and seesaw. The district for complex treatment is planned to be built in 5 ha area on hills southeast of Sijung lake. It will be built into a complex health treatment district with treatment facilities and service buildings where we can have mud-treatment. The plan is also to select a reserve area of 40 ha between the districts for physical exercises and commercial service and golf course district to add tourist facilities and it is planned to build a forest park with walking lanes and rest places in the forest near Sijung lake.
  10. Surrounding area near Jangjae Lake is planned to be built in 10 ha area on the southeast coast and to arrange the districts of panels, tents, villa-style family hotels and other accommodations and to accelerate the development as a model district in Sijungho tourist area. The advantage of this area as a model area is that it has a few buildings to remove and a good condition for construction. It is planned to build into 4-season tourist resort with complex tourist facilities, including facilities for sun bathing, scuba-diving, angling, health treatment and sports and the arrangement plan has been made in the principle of making the best use of natural and geographical conditions and ecological environment of the area and non-urbanization. The project includes lodging facilities (hotel, panels and tents) with the capacity of about 800 beds and sunbathing beach with the capacity of 5 000 people and the plan is to arrange the district with sunshade stands, tents, outdoor shower stalls, a beach volleyball ground, an outdoor dining place, a tourist service building for scuba-diving and beach-motorcycle race. It is planned to build tens of buildings, including panels and tents, family hotels and to build a restaurant with the capacity of 60 seats between hotels. The buildings will include a hotel, a management building, a staff hostel, a health center for fatigue recovery and a mud-treatment house, a gymnasium, a leasing house for skates and angling tools, a first-aid clinic, a restaurant, soft-drink stands and parking lots and 2 pavilions on the lake.
  11. I am going to introduce where to invest for the development of Sijungho tourist area. As for lodging facilities, Sijungho hotel and Songjon mobile hostel, as for tourist service facilities, Sijungho seafood restaurant, Sijungho golf course, Sijungho bathing beach, Sijungho high-speed boating site, as for public health facilities, Sijungho mud-treatment house and Sijungho first-aid clinic.
  12. New Sijungho hotel will be a 4-star hotel on the northeastern shore of Sijung lake with the capacity of 500 beds. Main investment mode will be contractual or equity joint venture or other modes to be agreed by the parties.
  13. New Songjon mobile hostel will be built in the southeast of Sijung lake near Jangjae lake in the form of panels or tents. Its purpose is to establish mobile lodging district that provides spectacular and diversified tourist services such as sunbathing, sea and lake angling, boating and mud-treatment to domestic and foreign tourists. The plan is to build mobile lodging district combined with tents and panels with the capacity of 140 beds at the 1st stage and of 500 beds at the 2nd stage and investment amount is estimated to be about 890 000 US\$ (1st stage : 290 000 US\$, 2nd stage :

60 000 US\$). Investment mode would be 10-year equity joint venture.

14. Sijungho seafood restaurant will be built in the north of Sijung lake, at the entrance to Sijungho tourist area. The plan is to serve fresh seafood to domestic and foreign tourists who come to Sijungho area in Thongchon county, Kangwon province for sunbathing, sea and lake angling, boating and mud-treatment.

Raw materials for tourist service can be claimed near the area, especially sea and fresh water fish can be caught directly from the sea and the lake will be put on the table.

Investment amount is estimated to be about 650 000 US\$ and it is planned to be operated in the mode of equity joint venture for 5 years.

15. Sijungho golf course will be built on the low hill full of pine trees in the north of Sijung lake.

It is planned to build a new golf course in the area of 300 000 m<sup>2</sup> to contribute to tourist services and to convert it into a world-class golf course by taking advantage of its location in the middle of Wonsan-Mt Kumgang tourist route.

Investment mode will be contractual or equity joint venture for 20 years or any other mode to be agreed upon by the parties.

16. Sijungho bathing beach will be built in the northeast shore of Sijung lake.

The existing bathing beach of 35 000 m<sup>2</sup> with white sand field of 18 000 m<sup>2</sup>, green land of 17 000 m<sup>2</sup> and the white sand field which is 550m long and 25 – 35 m wide, is planned to be rebuilt into the resort with the capacity of 4 000 persons every day.

We are going to provide modern and cultural facilities and service conditions to ensure maximum convenience and pleasure for tourists and to establish the system and mechanism to maintain and manage the ecological environment.

Investment mode will be contractual or equity joint venture for 20 years or any other mode to be agreed upon by the parties.

17. Sijungho high-speed boating site will be built in the northwest of Sijung lake, in front of golf course.

The purpose is to provide spectacular adventure-tourism for domestic and foreign tourists. At present, there are ordinary tourist facilities like sunbathing beach, boating and angling sites but there aren't any adventure-tourism service facilities like high-speed boating site which is now popular throughout the world. The plan is to build an anchorage that can hold 10 high-speed boats and a one-storey service building (area of 500 m<sup>2</sup>).

Investment amount is estimated to be 430 000 US\$ and the mode is suggested to be 15-year contractual joint venture.

18. Sijungho first-aid treatment clinic will be built in complex treatment district in the southeast of Sijung lake.

The purpose is to provide on-the-spot first aid to tourists who come to this area for sunbathing and sports entertainment.

The plan is to build a one-storey building (area of 500 m<sup>2</sup>) in the area of 800 m<sup>2</sup> and it is planned to have reception room, a ICU, pharmaceuticals, laboratory, disinfecting room and offices and one ambulance. Investment amount is estimated to be 360 000 US\$ and the mode is suggested to be 20-year equity joint venture.

19. Sijungho mud-treatment center will be built in the southeast of Sijung lake in the comprehensive treatment district.

The purpose is to build medical service facilities that use peloid which is abundant in Sijung lake so that we can provide peculiar medical tourism for ther people who suffer from chronic diseases and neuralgic diseases. Climate treatment and physical treatment can be combined with mud-treatment and Koryo medicine made from natural and cultivated herbs, mud and medical waters are used for treatment.

Treatment capacity per day will be 250 people and the center will consist of one storey underground, 3 storeys above (area of 2000 m<sup>2</sup>, total floor space of 6 000 m<sup>2</sup>) in the area of 3500 m<sup>2</sup>.

Investment amount is estimated to be 1 910 000 US\$ and the mode is suggested to be 20-year equity joint venture.

20. Sijungho tourist area which is particularly beautiful in Wonsan-Mt Kumgang International Tourist Zone with harmonious combination of lake and sea, low mountains and pine forests, will be an excellent place which brings satisfactory economic profits to investors from all over the world.

PRESENTATION ON INVESTMENT  
AND DEVELOPMENT  
IN KUMGANGSAN SPECIAL ZONE FOR  
INTERNATIONAL TOURISM

1. The geographical location, weather and climate conditions of Mt. Kumgang

— Mt. Kumgang is located in the middle of our country facing the East Sea of Korea. It covers a vast area of 530 km<sup>2</sup> extending 40km east and west and 60km north and south straddling Kosong and Kumgang counties in Kangwon Province.

○ On an international scale, centered on Pyongyang, the capital of the DPRK, there are tens of cities with the population of more than one million of China, the Far East of Russia, Vietnam, Laos, Malaysia, Singapore, Indonesia, Philippines, etc., to secure the abundant tourist market. The international roads, railways and waterways linking Pyongyang to Asia and Europe offer a favourable traffic condition to foreign tourists.

○ On a national scale, centered on Mt. Kumgang there are major cities and tourist places such as Pyongyang, Nampho, Mt. Kuwol, Kaesong, Mt. Myohyang, Sinuiju, Wonsan, Hamhung, Mt. Paektu, Mt. Chilbo. Those are linked by railway, road, airway and waterway conveniently. Therefore you can fully understand the society, economy, culture, history and natural environment of the DPRK.

— It is located in the temperate marine climatic zone, so it is relatively cooler than any other regions in summer and vice versa in winter. Especially it snows very heavily in winter, so it is suitable for skiing. The snowing season is between the end of November and the end of March.

2. The main characteristics of resource development in Mt. Kumgang

— It is a superb scenic spot where wonderful mountains, crystal-clear water, water-clear sea and lake, various creatures consist of a collection of grace and beauty, so it can be developed into a worldwide tour resort, especially suitable for natural eco-tourism.

— It is abundant in hot spring and mud for medical treatment, and clear and fresh air, so it is suitable for forest, seashore, and climate's treatments and it can be developed into a tour resort for relaxation and remedy.

— There are several Buddhist Temples including Yujom, Pyohun, Jangan, Singye and Jongyang Temples, and many cultural properties including Buddhist Statues (e.g. Myogilsang, the Buddhist image made of stone, the oldest in Asia), turrets, stones and graves (e.g. the grave of a crown prince, Maui, the last prince in Silla Dynasty). Therefore you can combine the historical and cultural tour.

— Deep snows in winter and appropriate geographical features, surrounding scenery can turn it into a large scale skiing winter resort.

Meanwhile you can also develop a marine tour resort with seashore scenic beauties such as clear white sandy beach, blue sea water and seashore pine forest in a diverse way.

— It's also possible to create modern agriculture, fishery and green industry for new tourism development and tourist service in keeping with a large-scale tourist industry.

3. The actual development conditions of Kumgangsan Special Zone for International Tourism .



— As for mountaineering routes, there are Kuryong Pond, Manmulsang, Sejon Peak and Sujong Peak routes in Onjong-ri, Kosong County as a central sightseeing area and a Pyolgumgang route in Kosong town, and Inner Kumgang and Pirobong routes in Kumgang County.

— As for commercial service, cultural and welfare facilities, there are tens of welfare amenities including Kumgangsang Hotel, Oegumgang Hotel, Mokran Restaurant, Onjonggak Service Center, Culture Hall, Spa, swimming beach, golf course and sledge ground.

— As for infrastructure, there are Kosong Port, Kumgangsang Railway Station, the railway and road linking north and south, a fuel oil power plant, and a hydroelectric power plant in neighboring Thongchon County.

— It can accommodate thousands of persons per day in all in case of using provisional lodgings and several hotels together.

Last year, tens of thousands of foreign tourists from dozens of countries and regions including Europe, America and Japan and hundreds of thousands of local tourists visited Mt.Kumgang.

Now in Kumgangsang Special Zone for International Tourism, more than 10 foreign enterprises and tens of domestic enterprises run various kinds of business such as casino, duty free shops, restaurants and shops.

#### 4. Main principles for the development in special zone

— To develop into a multipurpose, multi-functional integrated resort for tour and relaxation with the protection of its natural environment as its main principle.

— In the principle of constructing infrastructure first and superstructure afterwards, to give priority to infrastructure construction, to ensure promptness and stability of traffic and communication by modernizing them and increasing their speed to the maximum.

#### 5. Development plan for infrastrucutre

— Airport construction: It is planned to build a modernized international airport with a capacity of 3 000~4 000 in Thongchon County.

— Railway construction: It is planned to rebuild the roadbed, framework, tunnel, electric and communication facilities along 118km between Wonsan and Mt. Kumgang, and to straighten the curved sections to as long as over 400m at least and cut 9 tunnels along the section of 9 850m.

— Road construction: It is planned to build 74 bridges with 25m in width and 5 400m in total length and asphalt-paved road long 90km between Wonsan and Mt. Kumgang, and cut a 1km-long tunnel across Onjong Pass.

— Harbour construction: It is planned to reconstruct and modernize the existing Kosong Port and passenger wharf at Wonsan into an international harbour so that they can take in large passenger ships.

— Power plant construction;

○ In the first stage, it is planned to satisfy the power requirement with several fuel generators in Kosong Port and by installing a 6 000kw-capacity generator in addition.

○ In the second stage, it is planned to build a heavy-oil power station, thermal power station and wind power station to supply over 100 000kw of electricity in special zone.

## 6. The general plan for the first stage development in Kumgangsan Special Zone for International Tourism.

### — Construction plan for amusements and sports facilities

- It is planned to build a natural park, a folk park and a beach park in 15 *hectare* areas around Yangjimal and Jopho areas in Onjong-ri and Kosong Port.

- It is planned to build an indoor stadium, an indoor swimming pool, a maritime physical culture club, a wading pool in 25 *hectare* areas around Tolsom and Pamnamugol areas in Onjong-ri, Kosong Port and develop it into a big sports village.

- It is planned to build more than 10 separate spa blocks that can accommodate over 500 visitors, fitness center with spa, mud treatment, massage and curative gymnastics for over 100~200 persons and a swimming beach in 5 *hectare* areas around Spa area, Kumgangsan Hotel and Kosong Port.

- It is also planned to build a dolphinarium and 4 open-air swimming pools in 24 *hectare* areas around sledge ground in Onjong-ri and Kosong Port area.

### — Development plan for tourist routes and sightseeing facilities

- It is planned to make new tourist routes as follows; 3km section between Sujong Peak and Pari Peak in Onjong-ri area, 4.5km section between Tongsok Valley and Jipson Peak, 6km section between Myogilsang and Piro Peak in Manphokdong area, 7.8km section between Jangan Temple, Myonggyong Rock and 3 Buddha Rock in Manchon area.

### — Development plan for commercial service and cultural facilities

- It is planned to build up a commercial street with cultural parks, restaurants and villas in 9-*hectare* area around Kosong Port.

- It is planned to build a Hall for Kumgangsan Development Plan, International Trade Exhibition, market for local products, casino, international commercial street, restaurant chains for folk food, Yangjimal Shopping Mall, International Cultural Center, Onjong Hospital and comprehensive welfare service facilities in 25 *hectare* areas around Pamnamugol, Yangjimal, Jopho in Onjong-ri.

### — Construction plan for accommodation facilities

- It is planned to build single-storied lodgings and a folk town for 400 persons, a hotel and a condominium and a family hotel and a youth camp for 500~1 000 persons in 35 *hectare* areas in Onjong-ri.

- It is planned to build a beach hotel, a villa town, a condominium and a golf hotel for 100~300 persons in 25 *hectare* areas around Kosong Port, Kumgangsan golf course and coastal area in Songbuk.

- In addition, it is planned to build administrative and management facilities to ensure tourism in Onjong-ri .

## 7. Second Stage Development Plan of Kumgangsan Special Zone

### — Samil Lagoon-Sea Kumgang Area

- To construct accommodation facilities with capacity of around 4700 guests such as hotel, family hotel, palatial mansion town and golf course lodging.

- To construct various entertainment facilities such as natural park, folk park, folk dance hall, seabath resort, golf course and casino, and several kinds of commercial and

public catering facilities and commercial street including restaurants and shops, etc.

— Inner-Kumgang Area

- To provide accommodation facilities with capacity of 2000 guests by rebuilding the existing ones and building new hotels.

- To remodel the existing cultural relics and tourist routes and to build new types of commercial and cultural facilities.

We shall encourage investment in Kumgangsan Special Zone for International Tourism and provide investors with preferential conditions in their economic activities. We shall protect the invested capital, legal income from it and their rights by law and further strengthen the ties of exchange and cooperation with international tourist organizations and the like of other countries.