
PART 3

LAW OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA ON THE MT. KUMGANG SPECIAL ZONE FOR INTERNATIONAL TOURISM

Adopted by Decree No. 1673 of the Presidium of the Supreme People's Assembly on May 31, 2011

Chapter 1 Fundamentals

Article 1 (Objective)

This Law is enacted for the purpose of contributing to turning Mt. Kumgang into a world-famous special tourist zone by providing strict guidelines for the development and management of the Mt. Kumgang Special Zone for International Tourism (the Special Zone for International Tourism).

Article 2 (Status of the Zone)

The Special Zone for International Tourism (SZIT) is the special area for tourism in the DPRK that is open for freely conducting tourism and economic activities related thereto.

SZIT shall include the Township of Kosong County, some area of Onjong-ri, Lagoon Samil, Sea Kumgang area, Inner Kumgang area of Kumgang County and some area of Thongchon County of Kangwon Province.

Article 3 (Principle for development of the SZIT)

It is the State policy to turn the world famous Mt. Kumgang into a special zone for international tourism.

The State shall ensure that tour of Mt. Kumgang is actively promoted by turning it into a comprehensive tourist zone that can serve various purposes of tour and play diverse functions.

Article 4 (Principle of encouraging investment and providing conditions for economic activities)

The SZIT shall be open for investment by foreign corporate bodies, individuals and economic organizations.

South Koreans, overseas Koreans and institutions and organizations concerned of the DPRK may also make an investment in the SZIT.

The State shall actively encourage investment in the SZIT and provide preferential conditions for economic activities to the investors.

Article 5 (Principle of protecting property)

The State shall protect by law the investment property, legally earned income and vested rights of the investors.

Article 6 (Manager of the SZIT)

The management of the SZIT shall be undertaken by the management committee of the Mt. Kumgang Special Zone for International Tourism (the SZIT management committee) under the unified guidance of the central guidance organ of the Mt. Kumgang Special Zone for International Tourism (the SZIT guidance organ).

Article 7 (International exchange and cooperation)

The State shall promote exchange and cooperation with international tourist organizations and foreign tourist bodies in respect of the administration of the SZIT.

Article 8 (Applicability)

Development and management of the SZIT, touring, tourist business and other economic activities shall be governed by this Law and its implementing regulations and rules.

Chapter 2 Management of the Special Zone for International Tourism

Article 9 (Status of guidance organ of the SZIT)

The SZIT guidance organ is a central organ that provides unified guidance for the development and management of the SZIT.

Article 10 (Functions and powers of the SZIT guidance organ)

The functions and powers of the SZIT guidance organ shall be as follows:

1. To provide guidance for the work of the SZIT management committee;
2. To formulate rules for the implementation of the laws and regulations for the SZIT;
3. To examine the master plan for the development of the SZIT;
4. To receive and take custody of copies of designs for the construction of ordered projects;
5. To administer tax affairs of the SZIT; and
6. To carry out other work entrusted by the State.

Article 11 (Status of the SZIT management committee)

The SZIT management committee is a local executive organ that conducts the management of the SZIT.

The chief of the SZIT management committee shall be its chairperson.

Article 12 (Functions and powers of the SZIT management committee)

The functions and powers of the SZIT management committee shall be as follows:

1. To prepare and put into effect the master plan for the development of the SZIT;
2. To conduct survey, development and management of tourism resources;
3. To conduct tourism promotion, attract tourists and organize tours;
4. To maintain law and order, protect personal safety and property in the SZIT;
5. To lease land and buildings;
6. To attract investment, screen and register establishment of business, and issue a license;
7. To register the right to use land, buildings and vehicles;
8. To provide labour needed for business operation;
9. To give permission for construction and conduct inspection of completion of construction works;
10. To maintain the infrastructure facilities of the SZIT;
11. To take measures for the environmental protection and fire-fighting in the SZIT;
12. To render cooperation in the work related to the entry and departure of persons, vehicles and goods; and
13. To carry out other work authorized by the SZIT guidance organ.

Article 13 (Organization and operation of joint consultative board)

A joint consultative board may be established in the SZIT, consisting of members of the management committee, investors and representatives of the enterprises.

The joint consultative board shall discuss and coordinate important issues arising in the development and management of the SZIT and the operation of business therein.

Article 14 (Immigration)

No visa shall be required to enter or leave the SZIT.

Persons and vehicles entering or leaving the SZIT from areas other than the territory of the DPRK shall, upon production of a passport or an equivalent pass, immigrate at the designated point without visa.

Procedures for entering or leaving the SZIT through other parts of the DPRK, and the procedures for entering or leaving other parts of the DPRK from the SZIT shall be provided separately.

Article 15 (Inspection, quarantine)

Persons, animals, plants and vehicles entering or leaving the SZIT shall undergo immigration inspection, customs inspection, health and other quarantine.

The institutions of inspection and quarantine shall carry out their functions expeditiously and in a scientific and technological manner so that the safety of and immigration into the SZIT may be ensured.

Article 16 (Environment control)

No one shall cut down ornamental trees, cause damage to or destruction of such landscape as beauty spots, seaside pine groves, swimming beaches, rare rocks and cliffs, attractive and impressive physical features in mountainous areas and picturesque islands, destroy caverns, waterfalls, sites of old castles and other natural monuments, or construct buildings or facilities that are detrimental to the environmental protection. Such prescribed criteria for environmental protection as emission of pollutant, noise and vibration shall be observed.

Article 17 (Use of telecommunication devices)

Such telecommunication devices as mail, telephone, fax and internet shall be freely used in the SZIT.

Chapter 3 Touring and Service

Article 18 (Tourists)

The SZIT shall be open for tourism by foreigners.

Citizens of the DPRK, south Koreans and overseas Koreans may also tour the SZIT.

Article 19 (Forms of tourism)

Tourism shall be practiced in such forms and ways as mountain climbing, sightseeing, swimming, recreation, experiencing, amusement, sport and curative treatment.

Tourists may freely practise tourism in the SZIT.

Article 20 (Creation of environment and conditions for tourism)

The SZIT management committee shall create sufficient environment and provide conditions so that tourism may be practiced at a high level.

Article 21 (Service for tourists)

An investor may set up various forms of service facilities such as accommodations, restaurants, shops, casinos, golf course, nightclubs, curative treatment and amusement for tourists.

Article 22 (Hosting of international events)

The SZIT may host various types of events such as international meetings, expositions, exhibitions, symposiums, art performances and sports games.

Article 23 (Provision of traffic conditions)

The guidance organ and management committee of the SZIT shall build international airports, harbours, tourist railways and tourist highways to provide sufficient conditions for the traveling of the tourists.

Chapter 4 Establishment, Registration and Operation of Businesses

Article 24 (Establishment of business)

Investors may, either on their own accounts or jointly with others, make an investment for the establishment of various forms of businesses such as construction of infrastructure facilities for the development of the SZIT, and businesses concerning travel, accommodation, restaurant, casino, golf, amusement and welfare service.

Article 25 (Compliance with master plan for development of the SZIT)

The SZIT shall be developed in accordance with the master plan for development.

Investors that wish to undertake the construction of infrastructure facilities or establish businesses in the SZIT shall comply with the requirements specified in the master plan.

Article 26 (Approval of establishment of business, registration thereof)

Investors that wish to establish and operate businesses in the SZIT shall obtain the approval thereof from the SZIT management committee.

An investor shall, upon obtaining the approval for the establishment of a business, shall register the business and carry out tax and customs registration within the prescribed period of time.

Article 27 (Approval for construction of infrastructure facilities)

Approval for the construction of infrastructure facilities for the development and management of the SZIT such as the airport, railway, road, harbour and power station shall be granted by the SZIT guidance organ.

Investment in the construction of the infrastructure facilities such as airport, railway, road, harbour and power station shall be particularly encouraged.

Article 28 (Establishment of branches, representative offices and agencies)

Branches, representative offices and agencies may be set up in the SZIT. In this case approval thereof shall be obtained from the SZIT management committee.

Article 29 (Opening of accounts)

Businesses and individuals may open accounts with a DPRK bank or a foreign bank established in the SZIT.

Article 30 (Transaction of securities denominated in foreign currency)

Businesses and individuals may, in the designated places of the SZIT, transact securities denominated in foreign currency.

Article 31 (Insurance)

Businesses and individuals may take out the insurance policy of a DPRK or a foreign insurance company established in the SZIT.

Article 32 (Disposal of wastes)

Businesses shall set up such environmental protection facilities and sanitation facilities as modern purifying stations, depositing basin and waste disposal sites so that wastes may be purified or disposed of in the interest of tourism and environmental protection.

Chapter 5 Provision of Conditions for Economic Activities

Article 33 (Employment of labour)

Businesses in the SZIT may employ the labour of the DPRK, as well as foreigners, south Koreans and overseas Koreans.

Article 34 (Circulating currency)

Circulating currency in the SZIT shall be convertible foreign currency.

The kinds of convertible foreign currency and the base currency shall be determined by the SZIT guidance organ through consultation with the institution concerned.

Article 35 (Bringing in and taking out foreign currency, remittance, taking out property)

Foreign currency shall be freely brought in or taken out of the SZIT and profits and income legally earned remitted.

Investors may, upon expiry of the term of operation, take out of the territory of the DPRK the property that was brought into the SZIT from a foreign country or legally acquired therein.

Article 36 (Taxation)

Businesses and individuals in the SZIT shall pay tax as prescribed in the relevant laws and regulations.

Businesses in the top priority sectors such as construction of airport, railway, road, harbour and power station shall benefit from exemption or reduction of tax.

Article 37 (Bringing in or taking out materials)

Materials needed for the operation of businesses shall be brought in or taken out freely with the exception of the designated contrabands.

Article 38 (Objects to be exempted from or payment of customs duties)

Preferential tariff system shall be enforced in the SZIT.

Customs duties shall not be payable for the materials brought in for the development of the SZIT and operation of business, and office articles and daily necessities of prescribed amount for the investors.

Customs duties shall be payable where duty-free articles are sold outside the SZIT or the materials controlled by the State are brought in to the SZIT.

Article 39 (Entry and exit of persons and vehicles, provision of conditions for inward and outward movement of materials)

The management committee of the SZIT and the institution concerned shall provide sufficient conditions for the entry and exit of persons, vehicles and materials so that no hindrance may be caused to the development of the SZIT and operation of business.

Airport dues shall not be levied in case of entering or leaving the SZIT at a designated airport.

Chapter 6 Sanction, Settlement of Disputes

Article 40 (Sanction)

Where hindrance is caused to the management of the SZIT and tourism or damage to a business or an individual through violation of this Law, the person concerned shall, depending on the seriousness of the act committed, be liable to restoration to original state, compensation or fines.

Where security of the DPRK is disturbed or public order seriously violated, administrative or penal liability shall be imposed in accordance with the relevant law.

Article 41 (Settlement of disputes)

Disputes concerning the development and management of the SZIT, and operation of business shall be resolved through consultation between the parties concerned.

In case of failure in consultation, the disputes shall be settled through the arbitration procedures agreed upon by the parties concerned or by the legal procedures of the DPRK.