

Koreas Set To Restart Jointly Run Factory Park

Foster Klug, Hyung-Jin Kim, Associated Press

SEOUL, South Korea (AP) — North and South Korea agreed Wednesday to restart operations at a [jointly run factory park](#) [1] that Pyongyang shut down in April during a torrent of threats, the latest sign of easing animosity between the rivals.

Wariness, however, still lingers in Seoul and Washington over Pyongyang's springtime provocations, which included warnings of nuclear strikes against the allies, and the North's repeated vows to push ahead with nuclear weapons and missile work.

Seoul's Unification Ministry, which handles inter-Korean affairs, said operations at the industrial park, located just north of the heavily armed border separating the two Koreas, would resume sometime after a trial run that starts Monday. The Koreans also plan reunions this month of families divided by the Korean War, and last week restored a military communications channel at the border.

Wednesday's agreement follows through on a development last month, when, after seven rounds of talks, one of which ended in a scuffle, the Koreans agreed that they would work toward opening the factory park. The complex in North Korea's third-largest city, Kaesong, was the last remaining symbol of inter-Korean cooperation until Pyongyang pulled its 53,000 workers.

The Unification Ministry said in a statement that South Korean companies operating at Kaesong would be exempt from paying taxes imposed for operations this year.

The two Koreas also plan to hold an international investors' informational session at Kaesong in October in a bid to attract foreign companies to the park, the statement said. Chief South Korean delegate Kim Kiwoong said the two Koreas hope to begin providing Internet and mobile phone connections to the park as soon as this year and would hold more talks on that.

North Korea's state media later confirmed that work would restart at Kaesong.

While tensions are now easing, North Korea, citing a routine military drill between the U.S. and South Korea, along with U.N. sanctions over its February nuclear test, unleashed an outburst of threatening rhetoric in March and April.

The industrial park combined South Korean initiative, capital and technology with cheap North Korean labor. It was also a rare source of hard currency for North Korea, though the impoverished country chafed at suggestions that it needed the money Kaesong generated.

North Korea is estimated to have received \$80 million in workers' salaries in 2012, an average of \$127 a month per person, paid in U.S. dollars, according to the

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Unification Ministry in Seoul.

The shutdown has also been hard on the South Korean entrepreneurs who invested up to 10 years and millions of dollars in Kaesong and were forced to wait, their assembly lines idle, while the governments negotiated. Many felt they'd invested too much to abandon their factory investments or the cheap North Korean labor.

Kaesong hosted small and medium-sized, labor-intensive industries, often apparel and electronics companies. The number of South Korean companies swelled to more than 120. Last year, the factories produced goods worth \$470 million.

The decade-old industrial park had survived previous periods of tension, including attacks blamed on Pyongyang that killed 50 South Koreans in 2010, and the shutdown of other big cooperation projects. By the end of 2012, South Korean companies had produced a total \$2 billion worth of goods during the previous eight years.

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