

North Korea lies north of the demarcation line set by the Korean Armistice Agreement in July 1953. Its total area is 123,138 km<sup>2</sup>, accounting for approximately 55% of the entire Korean Peninsula, which is 223,516 km<sup>2</sup>. As of 2017, the population of North Korea was about 25,014,000, and its population density was 203.1 persons / km<sup>2</sup>. This is close to 40% of that of South Korea, whose population density is 512.6 persons / km<sup>2</sup>. North Korea faces the East Sea to the east and the Yellow Sea to the west and shares a border with the northeastern part of China along the Amnokgang River (Yalu River) and Dumangang River (Tumen River), and with Russia's Siberia along the Dumangang River. The boundary with China is 1,353.2 km long and features bridges such as the Amnokgang Bridge, which enables road and railway traffic to flow between Sinuiju in North Korea and Dandong in China. North Korea shares a border with Russia that is 16.2 km long and is connected by a railroad bridge between North Korea's Dumangang Station in Naseon (Rason) and the Khasan Station just across the border in Russia. To the south, North Korea's border with South Korea consists of the Military Demarcation Line, lying along Gaeseong (Kaesong)-si and Jangpung (Changpung)-gun in Hwanghaebuk-do, Cheorwon-gun, Pyeonggang-gun, Kimhwa-gun, Changdo-gun, Guemgang (Kumgang)-gun, and Goseong-gun in Gangwon-do and South Korea's Gyeonggi-do and Gangwon-do.

In 1945, when Korea was liberated from Japan, the administrative district of the northern region was comprised of six dos, nine sis, 89 guns, and 810 eups and myeons. However, administrative and district reform was carried out in December 1952, changing from a four-stage administrative system (1. do and special city; 2. si / gun; 3. eup / myeon; and 4. ri / dong) to a three-stage administrative system (1. province and direct-controlled city; 2. si / gyeok (section) / gun / gu / Jachigu (district); and 3. eup / ri / dong / workers' district). Subsequently, there were several more administrative district reforms. What is notable is the promotion of the Special Cities of Naseon (Rason) and Nampo (Nampo) for economic

purposes. As of 2017, North Korea consisted of one direct-controlled city of Pyongyang (Pyongyang), two special cities (Naseon, Nampo), and nine provinces.

One of North Korea's prominent geographical features is the Nangrim-sanmaek Mountain Range, which is part of the Baekdudaegan (traditional way of representing backbone mountain ranges of the Korean Peninsula), and which runs from north to south. The following ranges are also part of Baekdudaegan: the Gangnamsanmaek Mountain Range, Jeoguryeongsanmaek Mountain Range, and Myohyangsanmaek Mountain Range located to the west, and the Hamgyeongsanmaek Mountain Range and Bujeollyeongsanmaek Mountain Range located to the east in Hamgyeongbuk-do and Hamgyeongnam-do. The northern and eastern parts of North Korea are mostly dominated by mountains and uplands, whereas the southern and western parts generally consist of plains and lowlands.

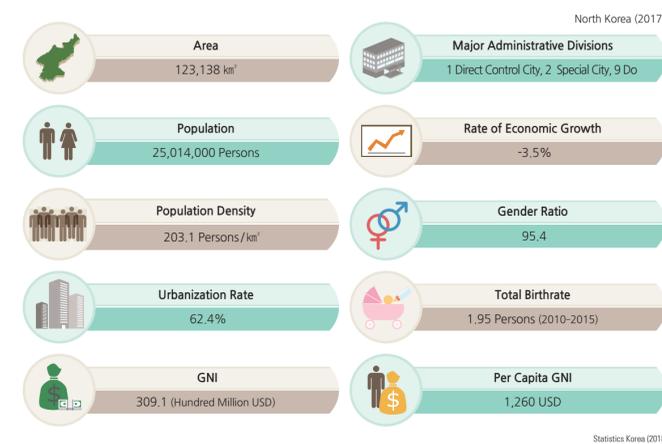
Due to this topography, the rivers that run toward the Yellow Sea, including the Amnokgang River, Daedonggang River, Cheongcheongang River, and Yeseonggang River, tend to wind through the mountains before meandering on gentle slopes. In contrast, rivers that move toward the East Sea, such as the Dumangang River and Namdaechon River, are straighter and much shorter in length than those of west-bound rivers. Consequently, North Korea's major plains, which include the Pyeongyangpyeongya, Jaeryeongpyeongya, and Yeonbaekpyeongya, are located on alluvial deposits supplied by the larger rivers that run toward the Yellow Sea.

Much of the bedrock strata in North Korea were formed during the period between the pre-Cambrian and Cenozoic Eras, providing the country with a wide range of mineral resources. North Korea is one of the top ten countries in the world owning the largest reserves of magnesite, tungsten, molybdenum, graphite, barite, gold, mica, and fluor spar. There are 40 kinds of natural mineral resources that have economic value.

North Korea is in a temperate climate region and has a continental climate. Its winters are frigid as a result of northwestern winds that blow from Siberia, and the summers are hot and humid due to the southeastern monsoon winds that bring moist air from the Pacific Ocean. The average annual rainfall is between 600–1,500 mm, and 53–63% of all precipitation occurs from June to September. The overall rainfall is less than that of South Korea and varies widely depending on the region.

In the past, North Korea had an abundance of natural resources with ecological value. However, its forests have been consistently damaged due to programs such as "Nationwide Fortification," one of the four military campaigns that began in the 1960s; "Terraced Field Farming," one of the five nature reformation campaigns that began in the 1970s; and the project of "New Field Finding," which began in the 1980s. Particularly in the 1990s, forests were devastated as financial difficulties forced people to find food and fuel in the mountains. In 2007, South Korea and North Korea agreed to "continuing cooperative projects in various areas such as agriculture, health, and medical services and environmental protection" in the October 4 Summit Declaration and discussed "proceed[ing] with the construction and utilization of a tree sapling nursery, reforestation and prevention of blight and harmful insects starting in 2008." However in 2008, the South Korean government's enforcement of the May 24 measure in 2010 discontinued not just inter-governmental forestry cooperation but also reforestation support from civil groups in South Korea. After both Korea held the inter-Korean summit on April 27, 2018, the South Korean government selected forestry cooperation as a top priority task to implement "The Panmunjom Declaration for Peace, Prosperity and Unification of the Korean Peninsula." As a result, the South and the North held inter-Korean forestry cooperation talks on July 4, 2018, to carry out the Panmunjom Declaration, and inter-Korean forestry cooperation is now being promoted.

Overview of North Korea



Administrative Divisions of North Korea

Type	2017								
	Si	Gun	Section	Gu	District	Eup	Ri	Dong	Workers' District
Pyongyang	-	2	18	-	-	2	57	284	10
Naseon	-	-	-	-	2	-	12	20	-
Nampo	-	2	5	-	-	2	49	73	5
Pyeongannam-do	5	14	-	2	-	14	347	118	26
Pyeonganbuk-do	3	22	-	-	-	22	484	88	31
Hamgyeongnam-do	3	15	7	1	1	15	465	160	35
Hamgyeongbuk-do	3	12	7	-	-	12	253	134	44
Hwanghaenam-do	1	19	-	-	-	19	419	26	11
Hwanghaebuk-do	3	18	-	-	-	19	393	78	8
Gangwon-do	2	15	-	-	-	15	379	61	7
Jagang-do	3	15	-	-	-	15	229	68	23
Yanggang-do	1	11	-	-	-	11	143	25	67
<b>Total</b>	<b>24</b>	<b>145</b>	<b>37</b>	<b>3</b>	<b>3</b>	<b>146</b>	<b>3,230</b>	<b>1,135</b>	<b>267</b>

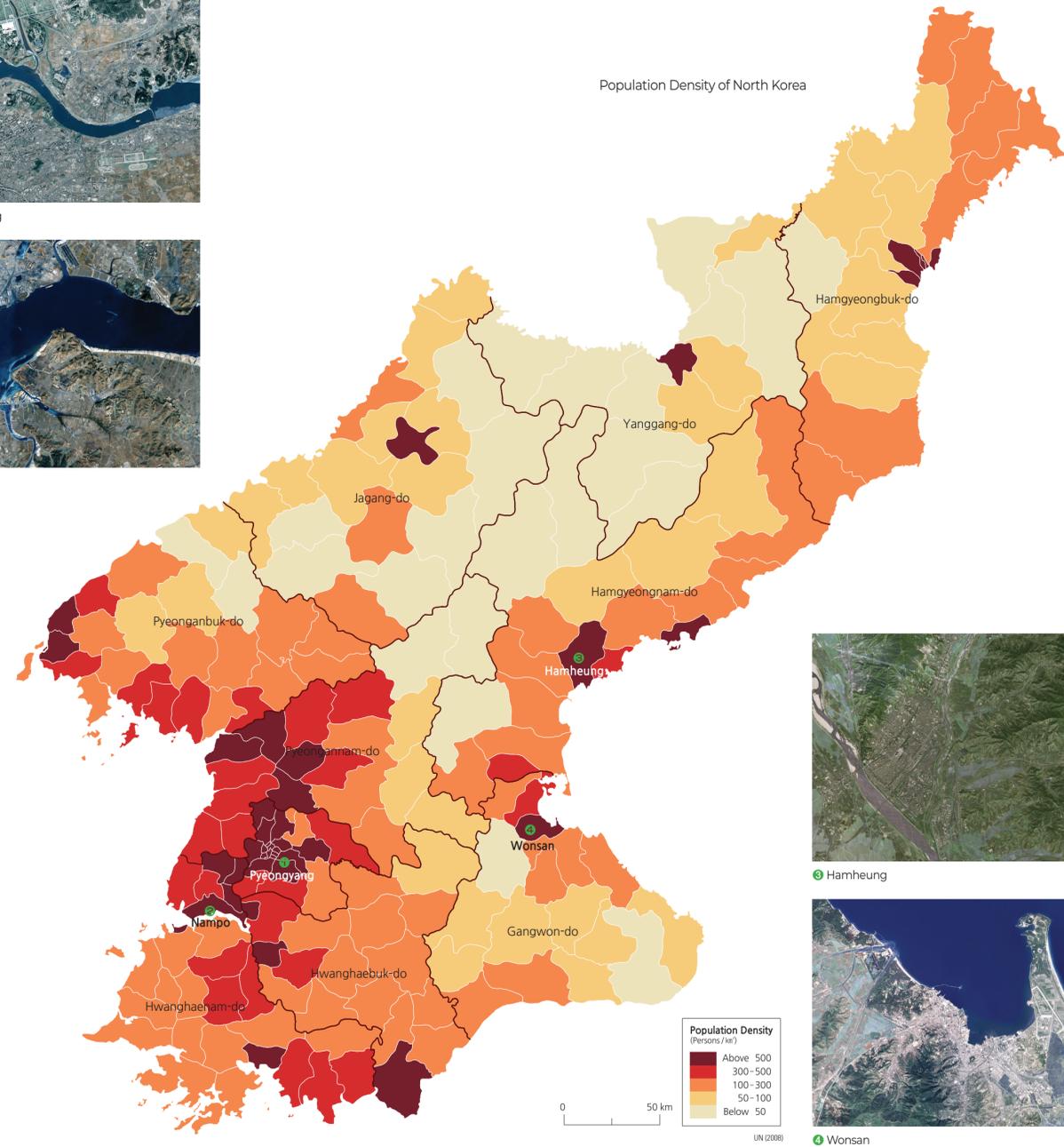
Population and Cities of North Korea



1 Pyongyang



2 Nampo



3 Hamheung



4 Wonsan

In 1946, a year after Korea's liberation from Japan, the total population of North Korea reached 9.26 million. However, during the Korean War, the North's population dropped to its lowest level at 8.49 million. By 1958, the population had grown continuously to surpass the ten million mark for the first time in history, and it reached 20 million by the late 1980s. According to North Korea's central statistics office, the country's population recorded a net loss in 1992 for the first time. Since 1993, North Korea has shown an average annual population growth of 1%, and its population exceeded 24 million in 2004 and 25 million in 2017.

As shown on the map above, most North Koreans live in the southern and western parts of the country in the plains and lowlands. Pyongyang and its neighboring Pyeongannam-do show the highest population density. The population density is generally low in the mountainous northern and eastern parts (Jagang-do, Yanggang-do, Hamgyeongbuk-do, Hamgyeongnam-do, and Gangwon-do), with the exception of scattered cities, such as

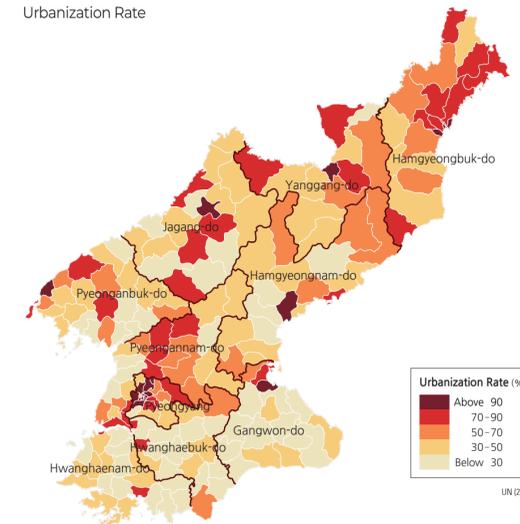
Hyesan-si, Cheongjin (Chongjin)-si, Hamheung (Hamhung)-si, and Ganggye-si, and the eastern coastal area.

According to UN population census statistics, the migrant population above the age of five in 2008 reflected less than 1% of the total population, which demonstrates that interregional migration is uncommon. Exceptions are Pyongyang and Pyeongannam-do, where the largest volume of migrant population ultimately lives. The Direct-Administered City of Pyongyang, in particular, boasts the highest share and number of incoming population, which is 28.3%. The city's population out-migration accounts for 10.2% of the total. Besides Pyongyang, only Pyeongannam-do and Hamgyeongbuk-do have more people moving in than those moving out, whereas all of the other regions are experiencing serious population out-migration. Hamgyeongnam-do, especially, has taken the biggest hit, with twice as many people leaving as those moving into the province.

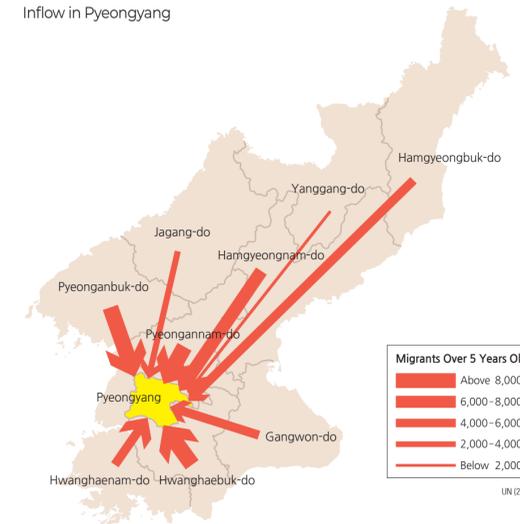
As for Pyongyang, 30.2% of its incoming population is from

Pyeongannam-do, followed by Hwanghaebuk-do (13.6%) and Pyeonganbuk-do (13%). Among those who left Pyongyang, 40% migrated to Pyeongannam-do. Pyongyang's out-migration to other regions is generally evenly distributed. One of the interesting features of Pyongyang's population movement is that a significantly small number of people move to Yanggang-do (0.01%) or Jagang-do (0.03%) compared to all of the other provinces. Similarly, those moving from Yanggang-do and Jagang-do to Pyongyang represent 0.03% and 0.04%, respectively. This trend may be a result of the fact that the two provinces have smaller populations than other provinces. However, given that the similar-sized Gangwon-do accounts for as much as 8.5% of Pyongyang's incoming population and 14.3% of its outgoing population, the low migration trend for Yanggang-do and Jagang-do appears to be related to their socioeconomic conditions as two of the country's most underdeveloped provinces.

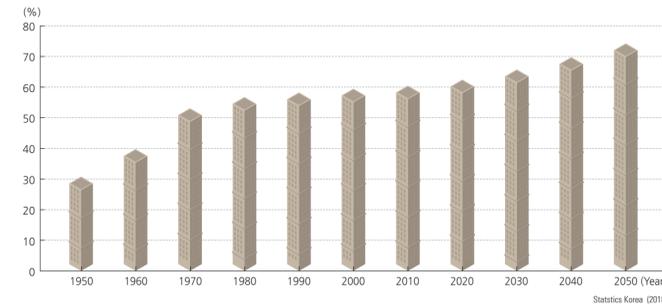
Urbanization Rate



Inflow in Pyongyang



Urbanization Rate Trend



As of 2008, 64.6% of North Korea's total population lived in urban regions. Pyongyang is the most urbanized area, with 86.7% of its population residing in its urbanized area. Hamgyeongbuk-do, which has major cities such as the Najin-Seonbong (Rajin-Sonbong) Special Economic Zone and the city of Cheongjin, is the second most urbanized area, with an urbanization rate of 70.7%, followed by Pyeongannam-do (64.9%) where the special city of Nampo is located. All of the other provinces, however, have a below-average urbanization rate. Regional inequality in terms of urbanization is a serious problem.

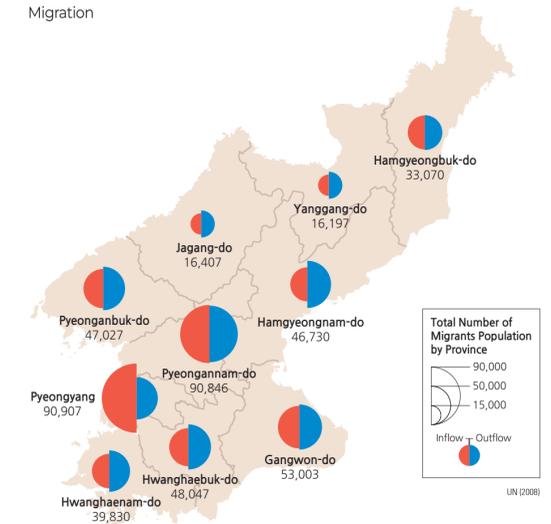
Historically, North Korea once experienced rapid urbanization as it actively pursued industrialization following Korea's liberation from Japanese colonial rule in 1945. As a result, their urbanization rate jumped from 31% in 1953 to 56.7% in 1976; the pace has

significantly slowed since then. However, according to the 2018 UN World Urbanization Prospects, the urbanization rate of North Korea has increased again since 2018 and is expected to exceed 70% in 2041 and reach 74.2% in 2050.

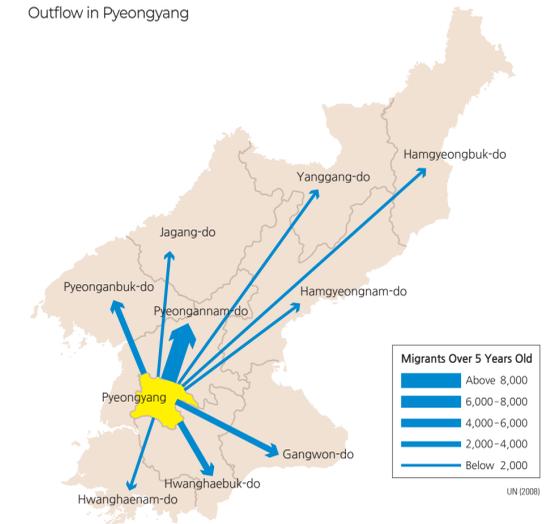
As of 2008, the population of Pyongyang, the largest city in the North, stood at 3,255,000, followed by Hamheung-si in Hamgyeongnam-do (768,000) and Cheongjin-si in Hamgyeongbuk-do (667,000). Pyongyang is the only city whose population is more than one million; only two other cities have more than 500,000 people, and only 18 other cities surpass the 100,000 mark.

North Korea's ranking by population of its cities in 1940 was as follows: Pyongyang, Cheongjin-si, Wonsan-si, and Hamheung-si. As Hamheung-si increased in size, the ranking changed in 1967

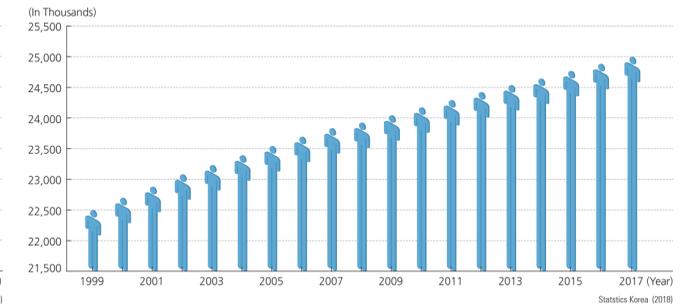
Migration



Outflow in Pyongyang



Population Trend

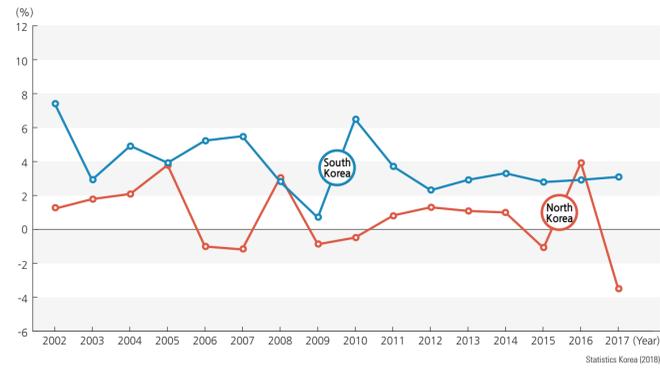


to Pyongyang, Hamheung-si, Cheongjin-si, and Wonsan-si. In 1982, Cheongjin-si became North Korea's second-largest city, and the ranking changed once again to the following: Pyongyang, Cheongjin-si, Hamheung-si, and Wonsan-si. During the 1990s, Hamheung-si regained its second-place rank, and Nampo-si showed rapid growth. As of 2008, the largest cities ranked as follows: Pyongyang, Hamheung-si, Cheongjin-si, and Nampo-si.

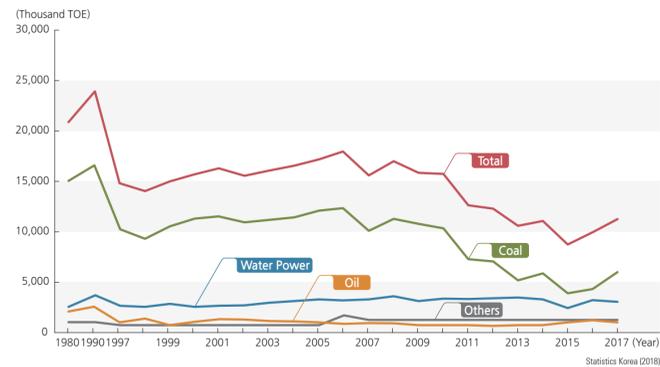
The map shows that the two pillars of North Korea's urban development are the Pyeongyang-Nampo region in the West and the Hamheung-Cheongjin region in the East. Among other cities, Hyesan-si, Ganggye-si, and Sinuiju-si in the northern area and Pyeongseong-si, Gacheon-si, Suncheon-si, and Deokcheon-si in the central area boast a high urbanization rate of over 80%.

## Economy of North Korea

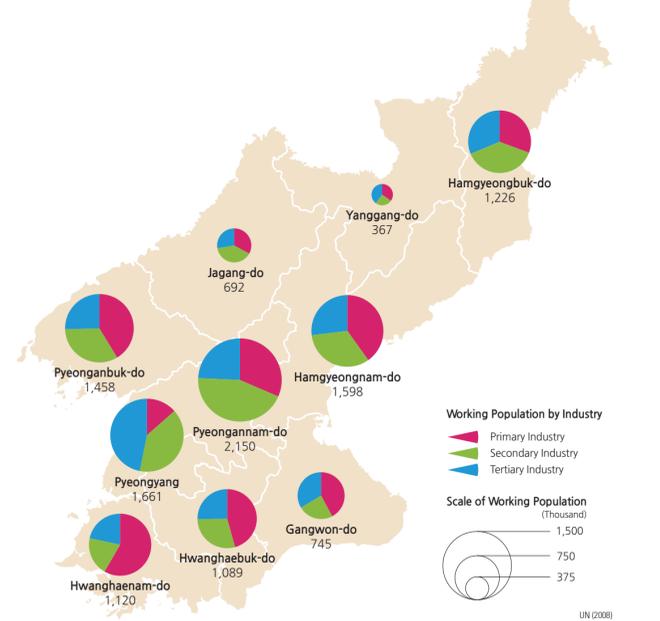
### Economic Growth Rate Trend



### Supply of Primary Energy



### Working Population by Major Industry Group



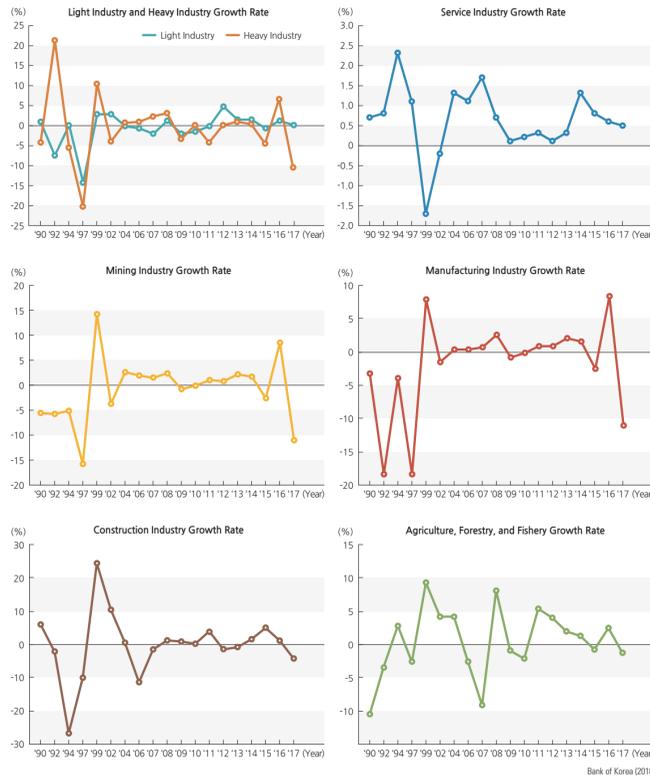
North Korea's economy is a centrally planned and unified system in which the State Planning Commission of the central government announces economic development plans and strictly controls smaller economic units, such as regional governments, factories, and companies.

Along with a centrally planned system, another important feature of North Korea's economy is that the country included plans to assign top priority to develop heavy industry with parallel developments in agriculture and light industry. Due to the lack of capital and resources, however, heavy industry was favored over light industry and agriculture. With the collapse of communist governments around the world during the 1990s, the problem of favoring heavy industry and ignoring agriculture and light industry became serious, and it led to financial difficulties and food shortages in the mid-1990s. The North's economy began to recover

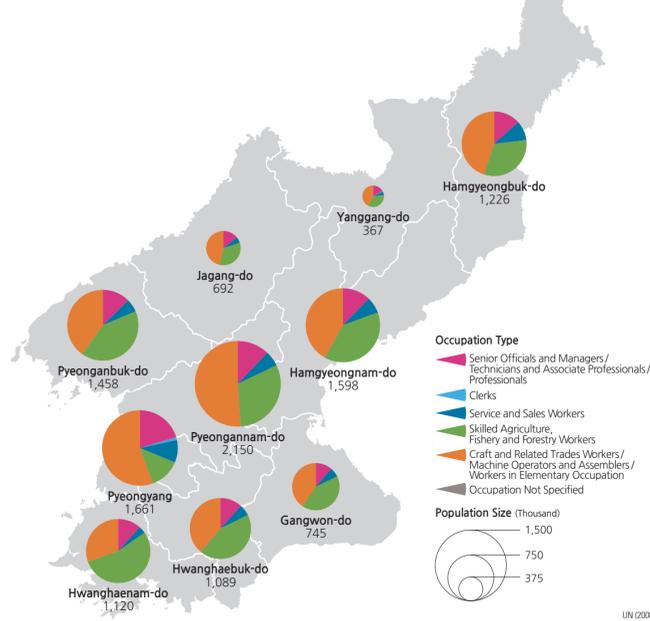
after 1999, but it has experienced an average annual negative growth rate since 2006.

As of 2008, 36% of North Korea's population was working in primary industries, 34.3% in secondary industries, and 29.6% in tertiary industries. As for Hwanghaenam-do and Hwanghaebuk-do, the rice bowl of North Korea, the largest share of the population works in primary industries, with a rate of 58.1% and 45.6%, respectively. In Pyeongannam-do, the largest proportion of people (44.3%) is laboring in secondary industries as this province is home to the Pyeongnam South Coalfield and Pyeongnam North Coalfield, which collectively boast the largest coal deposits in North Korea. In addition, major industrial facilities, such as Cheollima Steelworks, the Daean heavy machinery factory, and the Nampo smelting factory, are located in the city of Nampo. North Korea's service industry has generally posted slow growth, except in Pyeongyang.

### Industrial Growth Rate Trends

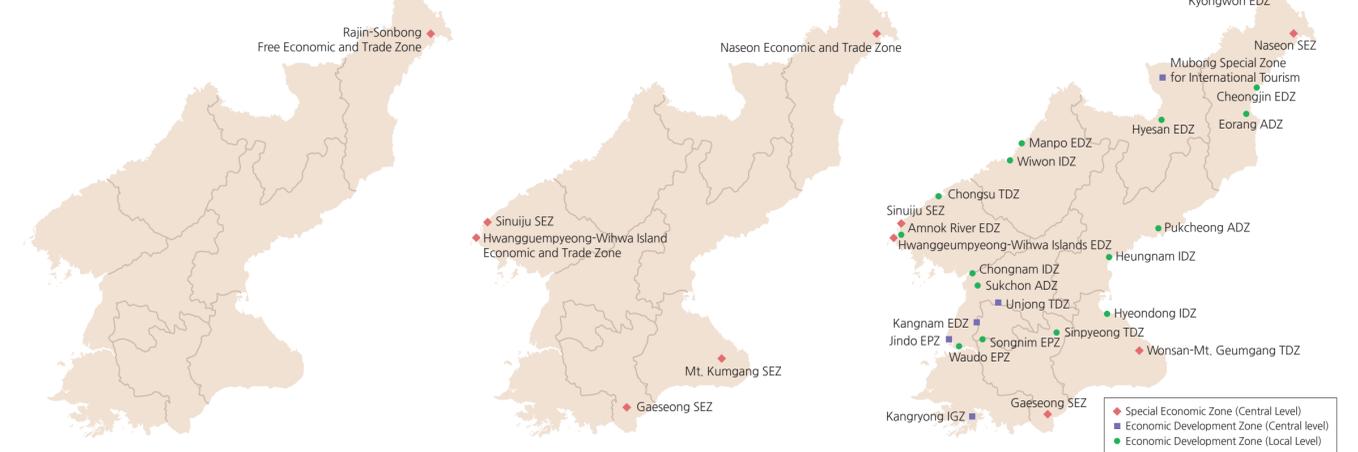


### Working Population by Occupation



North Korea's energy supply still relies heavily on coal, but it decreased from 70.2% in 2005 to 43.2% in 2016. On the other hand, hydraulic power almost doubled from 17.6% in 2006 to 32.3% in 2016. Oil imports fluctuated from 4.4% to 11.8%, due to external factors such as international sanctions and the Sino-DPRK relationship. In the case of North Korea's food supply and demand, its food shortage has decreased in comparison to the mid- and late 1990s, when it suffered from a severe food crisis. Since 2013, North Korea has maintained agricultural production at an average of 4.8 million tons every year, which has lowered the annual average food deficit to 0.53 million tons. However, as the ratio of recent year-to-year food production versus demand rose from 80% to 90%, it is too early to tell if the food supply has stabilized.

### Special Economic Zones



#### Special Economic Zone in the Kim Il-sung Era

- The first introduction of special economic zone policy (1991. 12. 28)
- The goal to develop into an Economic and Trade Zone with comprehensive functions, such as an entrepot for cargo transport, export processing, tourism and financial services
- To designate 621 km<sup>2</sup> to encompass 14 Dong and Ri of Najin City and 10 Ri of Seonbong-gun as a 'Free Economic and Trade Zone' and Najin Port, Seonbong Port, Chungjin Port as free trade ports
- To establish the Law of the Democratic People's Republic of Korea on the Reason Free Economic and Trade Zone (1993. 01. 31)

#### Special Economic Zone in the Kim Jong-il Era

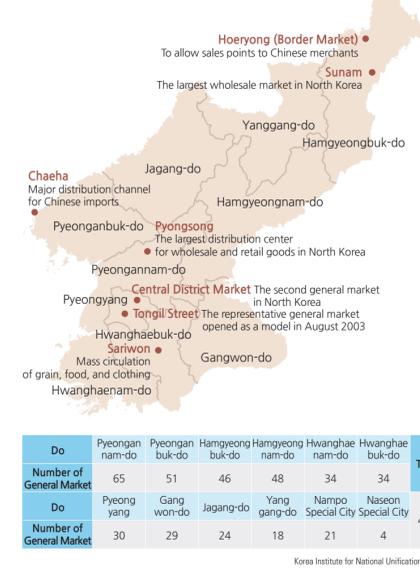
- The development of the Sino-DPRK relationship and promotion of joint development and management of Hwangguempeyong-Wihwa Islands Economic and Trade Zone and Najin-Seonbong Economic and Trade Zone in late 2000s
- The establishment of the Basic Law of the Sinuiju Special Administrative Region of the Democratic People's Republic of Korea in September 2002, the Law of the DPRK on Mt. Kumgang Tourist Zone and the Law of the DPRK on Hwangguempeyong-Wihwa Island Economic and Trade Zone

#### Special Economic Zone in the Kim Jong-un Era

- In March 2013, Kim Jong-un, the first secretary, announced that economic development zones were to be set up according to the actual state of each province and promoted having the local character of each province
- In May 2013, the DPRK law on economic development zones was established
- To separate economic development zones into local-level and central-level zones and to diversify and specialize zones into industrial, agricultural, tourism development zones

Acronyms: ADZ (Agricultural Development Zone); EDZ (Economic Development Zone); EPZ (Export Processing Zone); IDZ (Industrial Development Zone); TDZ (Tourism Development Zone); and TDZ (Cutting-Edge Technological Development Zone); SEZ (Special Economic Zone); IGZ (International Green Model Zone)

### The General Markets of North Korea



One of North Korea's most important goals is a self-sufficient economy, but unfortunately, this imperative led it to underestimate the importance of economic cooperation with foreign countries. As a result, North Korea imported a minimum amount of indispensable raw materials, mostly from former socialist countries. When North Korea realized this policy's weakness, it began to work on economic cooperation with other foreign countries, a process North Korea has engaged in since the 1970s. In 1991, the first special economic zone was established in Najin-Seonbong to attract foreign capital. In September 2002 under the Kim Jong-il regime, Sinuiju was designated as a special administrative zone, and in October of that year, the Gaeseong Industrial Complex was promoted to a special economic zone, followed by the Geumgangs Mountain area in November.

In January 2010, North Korea promoted the Najin-Seonbong Special Economic Zone, whose development was slow due to economic sanctions because of North Korea's nuclear tests, to a Special City. In June 2011, along with the Najin-Seonbong Special

### Major Ways for North Korean People to Obtain Housing

Type	2012	2013	2014	2015	2016	2017
Allotment from the Government	28.6	14.3	23.6	20.0	20.3	18.3
Individually Purchased	46.0	66.9	53.5	55.2	49.3	58.8
Individually Built	10.3	6.8	6.9	4.8	15.2	6.1
Inherited from Ancestors/Parents	13.5	98	13.9	17.2	13.8	14.5
Received from Relatives/Friends	1.6	2.3	2.1	2.8	1.4	2.3

### Major Ways for North Korean People to Purchase Clothing

Type	2012	2013	2014	2015	2016	2017
Market or Jangmadang	91.9	94.7	94.4	90.3	91.3	88.4
State Stores	0.8	0.8	0.0	0.0	0.0	0.8
Direct Sales Stores	0.0	0.0	0.7	0.0	0.0	0.0
Department Stores	0.8	0.0	0.0	3.5	1.4	3.1
Directly Purchased from Overseas	6.5	4.5	4.2	6.3	6.5	7.8



Tongil Street Market in Pyeongyang

Economic Zone, the North announced the joint development and management of the Hwangguempeyong-Wihwado Special Economic Zone near the Amnokgang River.

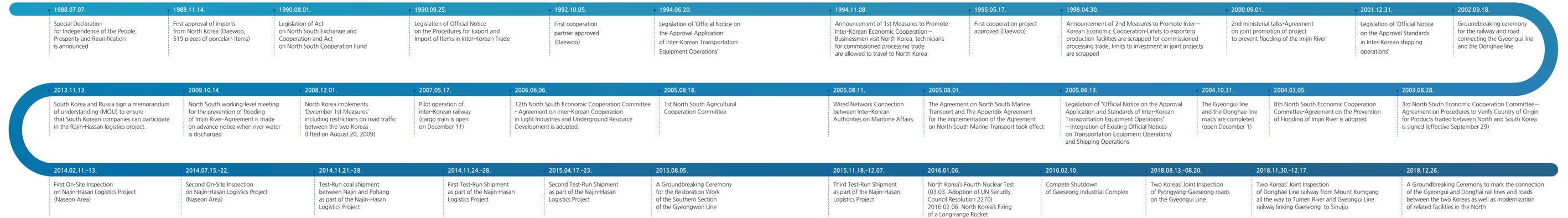
The Special Economic Zones policy has been more aggressively promoted under the Kim Jong-un regime, and it is now expanding across the country. With the enactment of the "Economic Development Zone Act," North Korea announced 13 economic development districts to attract foreign investment, with Sinuiju being designated as a new special economic zone. In July 2014, North Korea designated six more economic development zones, including Unjong, a cutting-edge technological development zone. Subsequently in April 2015, it added Mubong Special Zone for International Tourism, followed by Kyongwon Economic Development Zone (October 2015), and Kangnam Economic Development Zone (December 2017). Twenty-seven special economic zones are divided into central government-level economic zones and local-level economic zones and are specialized in industrial, agricultural, tourism, export processing, and high-

technology realms. However, North Korea's economic policies have not been smooth due to international sanctions as a consequence of nuclear and missiles tests.

On July 1, 2002, North Korea partially introduced some elements of a market economy into the existing centralized planning economy through the adoption of the Economic Management Improvement Measures. While it enforced measures such as a crackdown on commercial activities and closure of general markets in order to prevent excessive marketization, the North Korean government has adopted some policies since February 2010 to relax the market activities. This helped North Korea's marketization expand into official economic realms and increase its number of markets. As of 2018, there were 460 general markets across the country. In addition, a newly moneyed class called 'donju' is emerging with the accumulation of commercial capital. This group of people is expanding their economic influence, from the circulation of a variety of goods through official trade, to border trade or smuggling, to the construction industry, such as building and trading apartments.

# Inter-Korean Economic Cooperation

## History of Inter-Korean Trade and Economic Cooperation



The June 15 Joint Declaration (2000)



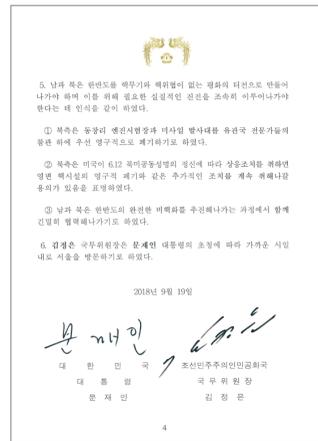
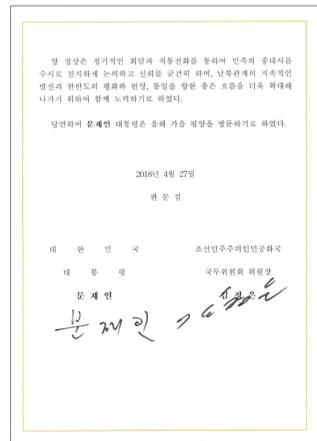
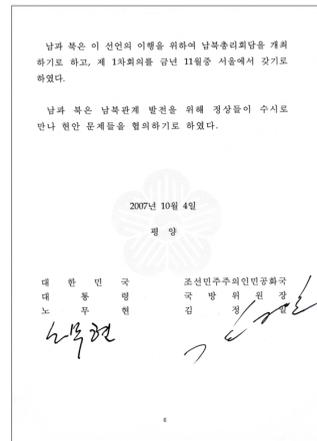
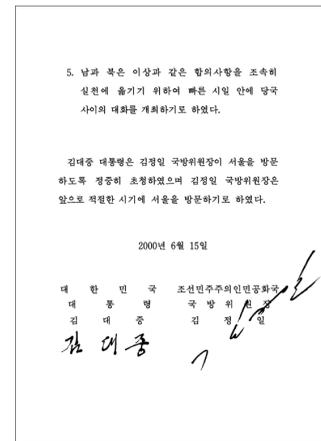
The October 4 Joint Declaration (2007)



The Pyongyang Joint Declaration (2018)



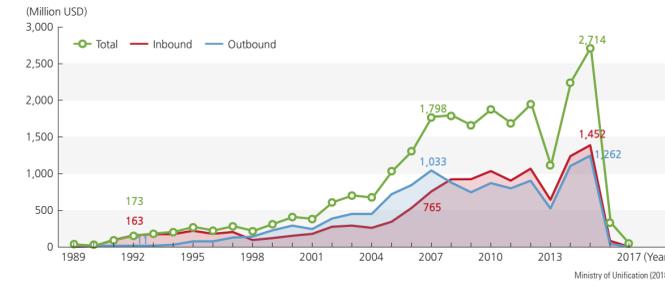
The Panmunjom Declaration for Peace, Prosperity and Reunification of the Korean Peninsula (2018)



### The Status of Inter-Korean Talks in Various Fields (1971-2018)



### Amount of Inter-Korean Trade by Year

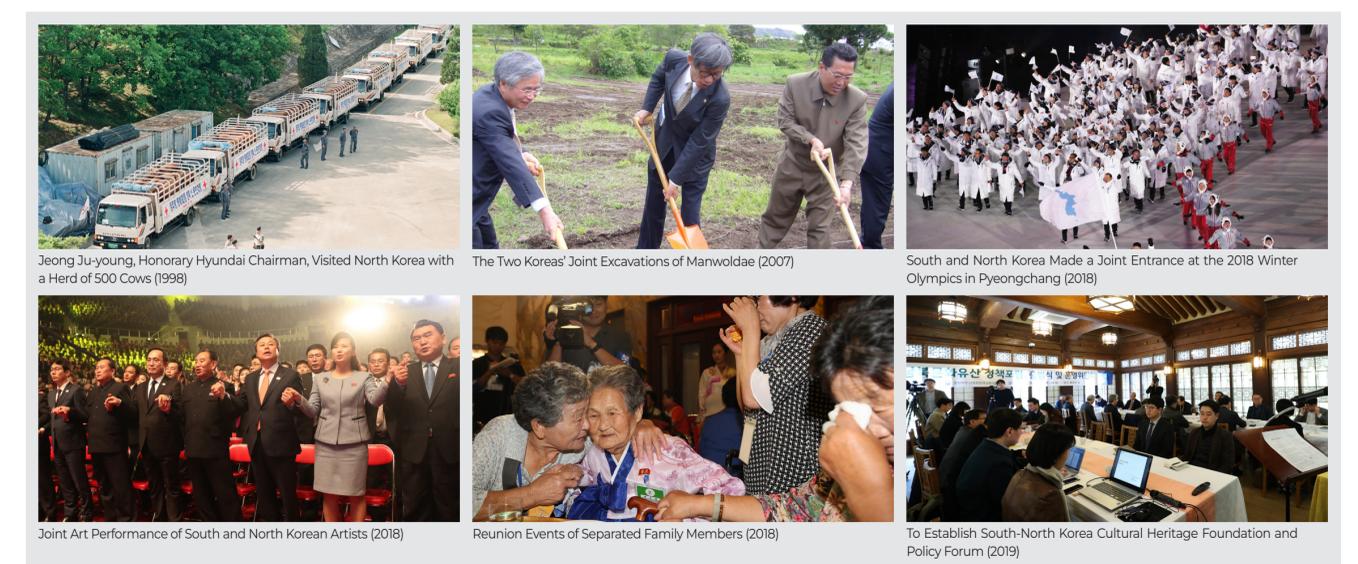


### Humanitarian Aid to North Korea

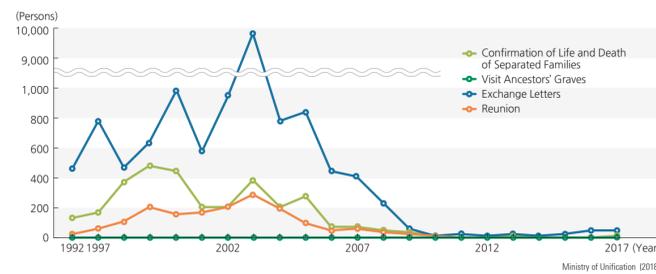
Year	Government	Non-Government	Food Loan	Total
1995	1,854	2	-	1,856
1996	24	12	-	36
1997	240	182	-	422
1998	154	275	-	429
1999	339	223	-	562
2000	978	386	1,057	2,421
2001	976	782	-	1,758
2002	1,140	578	1,510	3,228
2003	1,097	766	1,510	3,373
2004	1,313	1,558	1,359	4,230
2005	1,360	780	1,787	3,927
2006	2,272	709	-	2,981
2007	1,983	909	1,505	4,397
2008	438	726	-	1,164
2009	294	377	-	671
2010	204	201	-	405
2011	65	131	-	196
2012	23	118	-	141
2013	133	51	-	184
2014	141	54	-	195
2015	140	114	-	254
2016	2	28	-	30
2017	-	11	-	11
2018	12	65	-	77
2019	106	170	-	276

(Hundred Million Korean Won)  
Ministry of Unification (2018)

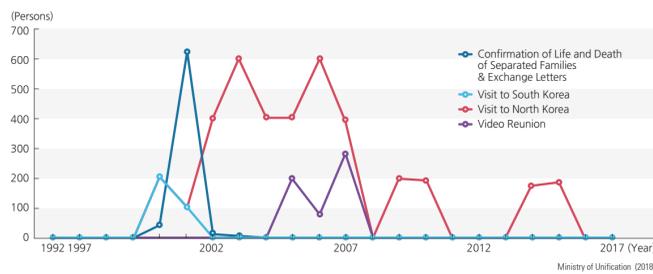
### Inter-Korean Social and Cultural Exchange



### Family Reunions (Non-Governmental Level)



### Family Reunions (Governmental Level)



Influenced by the Cold War structure around the Korean Peninsula, the inter-Korean relationship was hostile and confrontational through division and the subsequent Korean War. The Cold War ended for most of the world with the collapse of the socialist system in the Soviet Union and Eastern European countries. In February 1997, the South Korean government under Kim Dae-jung inaugurated a forward-looking policy on North Korea called the "Sunshine Policy" to end the Cold War on the Korean Peninsula. As a result, the first inter-Korean summit after the division of the Korean Peninsula was held between South Korean President Kim Dae-jung and North Korean leader Kim Jong-il from June 13 to June 15, 2000, and both announced the June 15th North-South Joint Declaration. Both Korea's agreed

to resolve the question of reunification independently, promptly resolve humanitarian issues such as exchange visits by separated family members and relatives, and consolidate mutual trust by promoting balanced development of the national economy through economic cooperation. From October 2 to October 4, 2007, South Korean President Roh Moo-hyun and North Korea's Chairman Kim Jong-il held the second summit and announced "The Declaration for the Development of Inter-Korean Relations and Peace and Prosperity." It is also called "The 10.4 South-North Summit Declaration" and both agreed to uphold, and endeavor to actively realize, the June 15 Declaration, and discussed all kinds of issues to realize the development of the inter-Korean relationship, peace on the Korean Peninsula, and co-prosperity and reunification of both

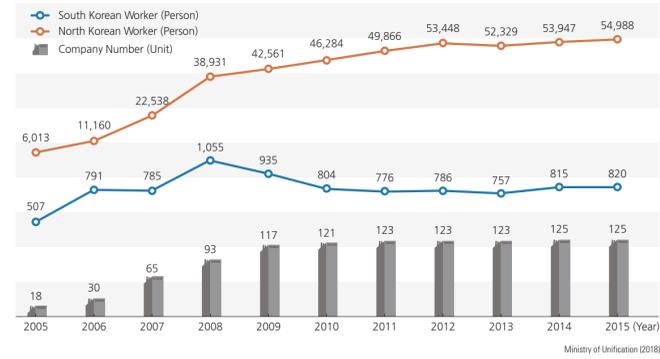
Korea. Since 2008, inter-Korean relations have been strained, but South Korean President Moon Jae-in held three summit meetings with North Korea's Chairman Kim Jong-un in 2018. The third inter-Korean summit meeting was held at the Peace House of Panmunjom on April 27, 2018, and both adopted "The Panmunjom Declaration for Peace, Prosperity and Reunification of the Korean Peninsula." On May 26, 2018, a fourth summit meeting was held as a closed-door meeting at Tongilgak in the north of Panmunjom, and both Korea's held the fifth summit meeting in Pyongyang on September 19-20, 2018 and included various agreements on the military, economy, and separated families in the "September 19th Pyongyang Declaration."

From 1945, when North and South Korea were divided, to the 1960s, exchanges and cooperation between the two were virtually nonexistent. In the early 1970s, the North and South first discussed the possibility of an exchange of goods through their respective Red Cross Societies. On November 8, 1994, the Kim Young-sam administration announced the first round of measures to activate inter-Korean economic cooperation. As the successive Kim Dae-jung administration unveiled the second round of measures and held a summit meeting with the North, inter-Korean economic cooperation entered a new phase.

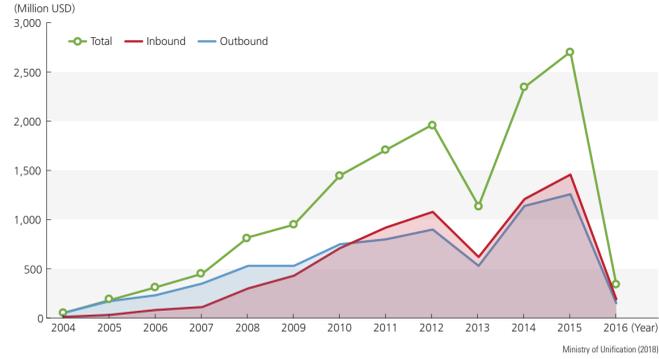
The progress in inter-Korean economic cooperation has had a positive impact on families separated by the division between North Korea and South Korea. Between 2003 and 2007 when inter-Korean economic exchanges were at their peak, families were able to search for their family members separated from them by the Demarcation Line, communicate with them through letters, and have reunions at governmental and non-governmental levels. As inter-Korean relations cooled in 2008, the separated families' chances of communicating with their family members significantly decreased.

Since the inter-Korean relationship began to improve in 2018, inter-Korean exchange and cooperation has been actively underway in various realms such as arts, cultures, sports, academic research and cultural heritage. In February 2018, inter-Korean exchange performances held at the Pyeongchang Winter Olympics. A joint archaeological excavation of Manwoldae, Gaeseong was occurred from October to December 2018. At the 2018 Asian Games, North Korean and South Korean teams marched together under a unified Korean flag and formed coalition teams to compete with other national teams.

Current State of Gaegeong Industrial Complex



Amount of Inter-Korean Trade



Landscape of the Gaegeong Industrial Complex



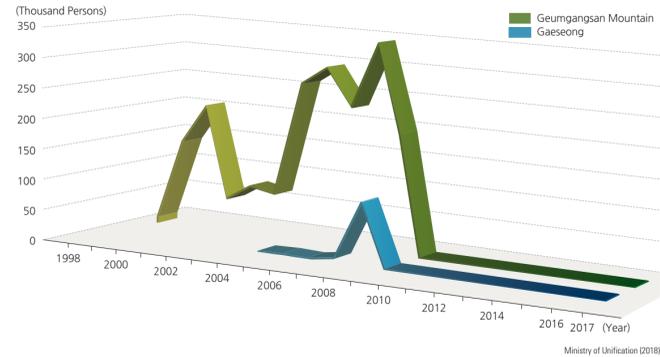
Gyeongui Road Transit Facilities



Workers of Gaegeong Industrial Complex



Tourism Trend Geumgangsan Mountain and Gaegeong



Geumgangsan Mountain Tour

Major economic cooperation projects include Geumgangsan Mountain tourism, the inter-Korean railway, road construction, and the Gaegeong Industrial Complex development. Tourism to Geumgangsan Mountain began on November 18, 1998, and the North designated the Geumgangsan Mountain area as a special tourist district by enacting the "Geumgangsan Tourist District Act" on November 13, 2002. However, it was suspended in July 2008 after a South Korean tourist was shot dead by a North Korean soldier.

After ministerial talks in July and August of 2000, the North and South agreed to reconnect a section of the Seoul-Sinuiju Gyeongui railway line and a section of the Munsan-Gaegeong Roadway. The ground-breaking ceremony for the two cross-border railways and roadways took place on September 18, 2002. Then, in 2003, the Gyeongui line was temporarily opened for the development of the Gaegeong Industrial Complex. After the opening ceremony on February 11, 2003, the Donghae line was used to provide

tourist access to Geumgangsan Mountain. In May 2007, trial runs of the Gyeongui line (Munsan-Gaegeong) and the Donghae line (Geumgangsan-Jejin) took place; in December of the same year, regular freight train service was initiated. However, as the inter-Korean relationship deteriorated, railway service was disrupted. While it was in operation, the total number of inter-Korean one-way railway trips was 222.

The Gaegeong Industrial Complex project was created from an agreement between the South's Hyundai Asan and the North's Korean Asia-Pacific Peace Committee (KAPPC) in August 2000. On June 30, 2003, the first round of development began on a 3.3 million m<sup>2</sup> complex in North Korea, and on December 15, 2004, the first products were brought to market. The Gaegeong Industrial Complex project faced difficulties when North Korea restricted land route traffic on December 1, 2008. The Gaegeong Industrial Complex production is growing fast, with 125 companies in the complex hiring 55,000 North Korean workers. Additionally, its

accumulated production output stand at USD 3,230 million on December 31, 2015. However, in February 2016, it was closed by the Park Geun-hye government.

To implement the Panmunjom Summit's goal of restoring railway and road transportation and modernizing the North's rail infrastructure, South and North Korea held talks about connecting the railways on June 26, 2018. Both agreed to jointly inspect the inter-Korean railroad connection and conduct an on-site survey of North Korean railways for the Donghae and Gyeongui railways. As a result, for 18 days (November 30 to December 17) South and North Korea jointly inspected the 400 km Gyeongui Line railway, which connects Kaesong to Sinuiju, and the 800 km Donghae Line railway from Geumgangsan Mountain to the Tumen River. On Dec 26, 2018 at the Panmunjeom Station, a groundbreaking ceremony was held to celebrate linking the South and North Korean railway networks.

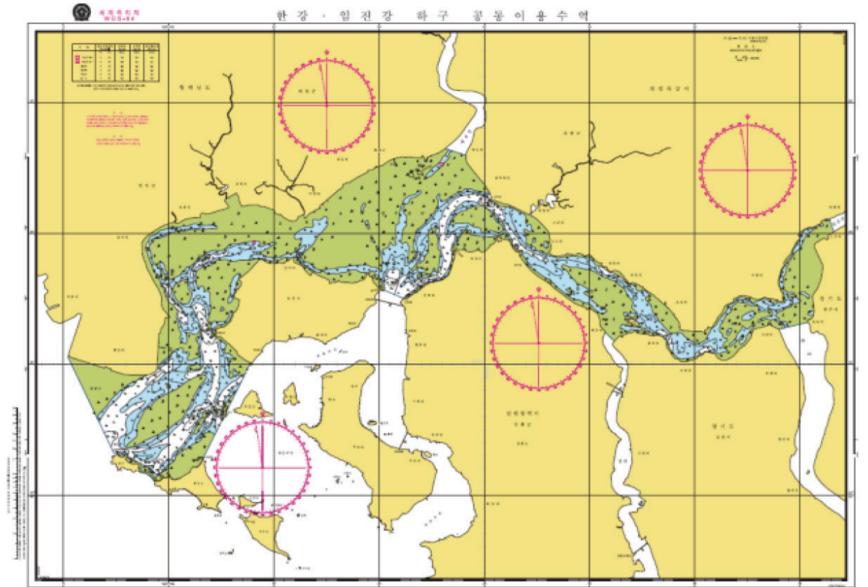


Destruction of Guard Posts on the Central Front in Cheorwon



Pilot Withdrawal of Guard Posts

The Nautical Chart in the Hangang River and Imjin River Estuary

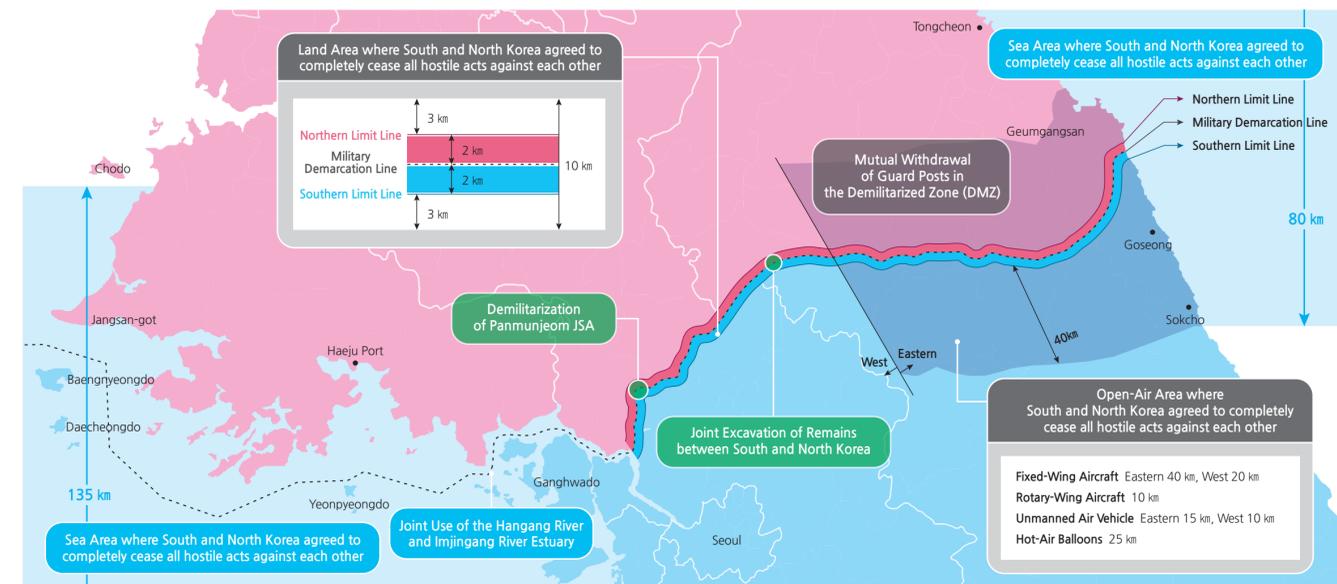


Mutual Verification of Withdrawal of Guard Posts between South and North Korea



Removal of Landmines

Inter-Korean Military Agreement at the September 2018 Summit



On September 19, 2008 at the Pyeongyang Summit, both Korea adopted the "Agreement on the Implementation of the Historic Panmunjom Declaration in the Military Domain" as an annex to the Pyeongyang Declaration. It includes existing military agreements between the two Korea such as ceasing military hostilities in regions of confrontation, turning the area around the Northern Limit Line in the Yellow Sea into a maritime peace zone, devising military assurance measures necessary for invigorating exchanges, cooperation, contacts and visits, and arranging various measures for mutual military confidence-building. To implement this agreement,

both Korea began to remove about 800,000 landmines buried at the frontline area called "Arrow Head Hill" for joint excavating of remains from the Korean War. In addition, the two Korea and the UNC (United Nations Command) took measures to withdraw firearms and military posts from the Joint Security Area, cutting the numbers of personnel stationed there, and conducting a joint verification by the end of October 2018. On November 1, 2018, South and North Korea also began dismantling guard posts (GPs) within 1 km of each side of the demilitarized zone (DMZ) on a trial basis and completed the removal of ten GPs except for one on each

side. On December 12, 2018, the two Korea inspected each other's military facilities for the first time since the Armistice Agreement in 1953. Representatives from the South and North Korean armies visited each other's guard posts (GPs) to verify the demolition of GPs in the demilitarized zone (DMZ). From November 5 to December 9, 2018, both Korea conducted a hydrographic survey to guarantee freedom of navigation by civilian vessels in the Hangang River estuary. These changes show that improvement in the inter-Korean relationship leads to the relaxation of tension in the border region.