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## *Recent Amendments to Foreign Investment Related Laws in the DPRK (Summary)*

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In 1984, the Democratic People's Republic of Korea (hereafter the DPRK) enacted the Law on Equity Joint Ventures, which is the country's first foreign investment-related law open to countries other than socialist ones. Although the law was intended to open the country to investors in the west and Japan, its main market in the 1980s was the socialist market. Therefore, the targets of joint ventures in Japan were limited to Koreans living in Japan and the scale was rather small.

At the beginning of the 1990s, the DPRK lost its main market, the socialist market, due to the collapse of the Soviet Union and eastern European socialist regimes. Since then, the DPRK has had to struggle in the world market. One of its responses was to establish the Rajin-Sonbong Free Economic and Trade Zone (FETZ) in late 1991, the first special economic zone in its history.

In April 1992, the DPRK amended its constitution, changing its foreign policy from comradeship with other working class nations to Independence, Peace, and Solidarity. The change in the legal arena continued between

1992 and 1995; it established a series of foreign investment-related laws and established or revised basic laws, i.e. the Civil Law, Nationality Law, Civil Proceedings Act, Construction Law, Attorney Law, Notary Public Law, Insurance Law, and the Foreign Exchange Control Law, which regulate the whole of society.

After the amendment of the constitution in 1992, the DPRK tried to encourage foreign investment in the country, especially in the Rajin-Sonbong FETZ. It also changed its economic policy in 1993, to shift the focus from heavy industry to agriculture, light industry and trade. In spite of some of the action it took, the DPRK was unable to bring about the recovery of its economy to the level that it occupied before the loss of the socialist market.

In 1998, the DPRK amended its constitution again. This was mostly because of the structural change of its government as a result of Kim Il Sung's death. It was also due in part to changes in the country during the course of the economic hardship it endured during the 1990s, when its economic system fell into disorder and the leaders of its

economy changed.

On February 26, 1999, major amendments to foreign investment-related laws took place. The list contained the Law on Foreign Investment, which is the basic law relevant to foreign investment, and the Law on the Rason Economic and Trade Zone, which established the principle behind the only special economic zone in the country. The Law on Equity Joint Ventures, the Law on Contractual Joint Ventures, and the Law on Wholly Foreign-Owned Enterprises, which established modes of investment, were also revised. This was the third major change in the history of the DPRK's foreign investment laws. The list of recent foreign investment-related laws is as follows:

This paper makes a comparison of the five basic laws on foreign investment revised in 1999 and five laws/regulations newly enacted after Feb. 26, 1999. The former are the Law of the DPRK on Foreign Investment,

the Law of the DPRK of on Equity Joint Ventures, the Law of the DPRK on Contractual Joint Ventures, the Law of the DPRK on Wholly Foreign-Owned Enterprises and the Law of the DPRK on the Rason Economic and Trade Zone, with a Japanese translation of both the old and new texts. The latter are the External Economic Arbitration Law of the DPRK, the Processing Trade Law of the DPRK, the Bankruptcy Law of the DPRK for Foreign-Invested Enterprises, Regulations on the Introduction of the Latest Technologies by Foreign-Invested Enterprises and Fine Regulations for the Rason ETZ with a Japanese translation of each law/regulation.

The next paper will deal with Implementation Regulations of the three laws regulating modes of investment and will detail the DPRK's foreign investment procedure.

**Table 1 List of Current Foreign Investment-Related Laws of the DPRK**

No.	Name of laws/regulations	Date*
1	The Law of the DPRK on Foreign Investment	26-Feb-99
2	The Law of the DPRK on Equity Joint Ventures	26-Feb-99
3	Implementation Regulations for the Law on Equity Joint Ventures	11-Mar-00
4	The Law of the DPRK on Contractual Joint Ventures	26-Feb-99
5	Implementation Regulations for the Law on Contractual Joint Ventures	11-Mar-00
6	The Law of the DPRK on Foreign Exchange Control	26-Feb-99
7	The Law of the DPRK on Foreign Investment Banks	26-Feb-99
8	The Law of the DPRK on the Leasing of Land	26-Feb-99
9	Regulations on the Financial Management of Foreign-Invested Enterprises	04-Dec-99
10	The Law of the DPRK on Foreign-Invested Businesses and Foreign Individual Tax	17-May-01
11	Customs Law of the DPRK	28-Jan-99
12	The Law of the DPRK on the Protection of the Environment	04-Mar-99
13	Insurance Law of the DPRK	04-Feb-99
14	External Economic Arbitration Law of the DPRK	21-Jul-99
15	The Law of the DPRK on External Civil Relations	10-Dec-98
16	The Notary Public Law of the DPRK	02-Feb-95
17	The Civil Proceedings Act of the DPRK	25-May-94
18	Processing Trade Law of the DPRK	26-Dec-00
19	Regulations on Introduction of the Latest Technologies by Foreign-Invested Enterprises	24-Aug-01
20	Regulations on the Naming of Foreign-Invested Enterprises	13-Mar-99
21	Regulations on the Registration of Foreign-Invested Enterprises	21-Mar-99
22	Labor Regulations on Foreign-Invested Enterprises	08-May-99
23	Bankruptcy Law of the DPRK for Foreign-Invested Enterprises	19-Apr-00
24	The Law of the DPRK on the Rason Economic and Trade Zone	26-Feb-99
25	The Law of the DPRK on Wholly Foreign-Owned Enterprises	26-Feb-99
26	Regulations for the Implementation of the DPRK Law on Wholly Foreign-Owned Enterprises	27-Oct-00
27	Regulations on Resident Representative Offices of Foreign Enterprises in the Rason ETZ	27-Oct-00
28	Regulations on Entrepot Trade in the Rason ETZ	27-Oct-00
29	Regulations on Contract Construction in the Rason ETZ	27-Oct-00
30	Regulations on Forwarding Agencies in the Rason ETZ	21-Mar-99
31	Regulations on Statistics in the Rason ETZ	06-Mar-99
32	Regulations on Tourism in the Rason ETZ	29-Apr-00
33	Regulations on Financial Management of Foreign-Invested Enterprises in the Rason ETZ	13-May-00
34	Regulation on Foreigners' Immigration and Residence in the Rason ETZ	19-Feb-00
35	Customs Regulations for the Rason ETZ	23-Sep-00
36	Fine Regulations for the Rason ETZ	08-Dec-00

\*Date means the date of most recent revision or the date of enactment.