

Trilateral Economic Cooperation Between Russia, the Republic of Korea and the DPRK: Prospects and Obstacles

Y Dyomina¹

¹Economic Research Institute FEB RAS, Tikhookeanskaya Str. 153, 680042 Khabarovsk, Russia

E-mail: yandemi@yandex.com

Abstract. The author analyzes economic development zones (EDZs) in the DPRK as a part of the trilateral economic cooperation between Russia, the Republic of Korea and the DPRK. The study overviews EDZs created in the DPRK before and after 2013 when the new law was passed. There are 25 zones of various types (industrial, agricultural, high-tech and tourism development zones, export processing zones and comprehensive zones) that have been created since 1991; however, only 23 zones are currently functioning. Policy situation in the region and the DPRK's denuclearization fully determine the future of these projects and prospects of the trilateral economic cooperation.

1. Introduction

In December 2011, Kim Jong Un became the DPRK's leader and he started carrying out economic reforms in the country, similar to the Chinese policy of "reforms and openness" [1]. As a part of this policy a network of economic development zones (EDZs) has been established to attract foreign investment, promote external economic cooperation and exchange, develop national economy and improve living standards. The DPRK Law on Economic Development Zones was adopted on May 29, 2013 (with amendments and additions in August 2016 and September 2017).

In November 2013, 13 territories in 8 provinces were announced for accelerated development with the help of foreign investment. Most of these EDZs occupy a small area (2 to 4 square kilometers) and are located in different parts of the country: 5 of them are on the border with China, 3 – on the West coast and 5 – on the East coast [2]. In June 2014, an international tourist zone in Wonsan was created. The EDZ's plan considers it as a part of a single tourist area of Wonsan – Mt. Kumgang (Wonsan, Tongchon, Sokwang Temple, Masikryong Ski Resort and Ullim Falls) [1; 3]. In July 2014, six more economic development zones were set up [2; 3]. In April 2015, Mubong Special Zone for International Tourism was also added [4].

In accordance with the DPRK Law on Economic Development Zones, EDZs are created in order to promote external economic cooperation and exchange, develop national economy and improve living standards of the population (Art. 1). Economic development zones are special economic areas where preferential treatment is accorded to economic activities pursuant to the laws and regulations specially enacted by the state. EDZs shall include industrial development zones, agricultural development zones, tourism development zones, export-oriented processing zones, high-tech development zones and others in the fields of economy, science and technology (Art. 2). Depending on the management body EDZs shall be classified into local-level and central-level zones (Art. 3). Creation of economic

development zones is carried out under the control of the Ministry of Foreign Economic Relations of the DPRK. EDZs shall be developed on the principle of (Art. 19):

1. Making development stage by stage in accordance with a plan;
2. Diversifying investments;
3. Conserving the natural ecological environment of EDZs and the surrounding areas;
4. Making rational use of the land and resources;
5. Raising international competitiveness of production and service;
6. Ensuring both the convenience of economic activities and public interest; and
7. Ensuring sustainable and balanced development of the EDZs concerned.

A foreign investor may, subject to approval, undertake development of an EDZ either jointly or severally. Institutions and enterprises of the DPRK may, subject to approval, also undertake development (Art. 20). In the field of land lease, employment and taxation the state promises investors' preferential conditions for doing business. The term of land lease in EDZs shall be 50 years at maximum, which shall run from the date of issuance of a certificate of land use to the enterprise concerned. An enterprise may, upon expiry of the term of lease, re-enter into a contract for the continued use of the leased land (Art. 25). Enterprises may buy, sell, re-lease, donate or inherit the land use right and ownership of buildings. The price of buying, selling or re-leasing the right to use developed land and buildings shall be set by the developer (Art. 29).

Enterprises in EDZs shall primarily employ the labour of the DPRK. In this case an application for employment of labour shall be submitted to the labour administration institution concerned. Where foreign labour is to be employed as circumstances so require, concurrence of the management body shall be obtained (Art. 41). Goods and services traded between the enterprises in EDZs and the goods traded between an enterprise in EDZ and the institutions, enterprises and organizations of the DPRK outside it shall be priced by reference to the international market price (Art. 43). The rate of corporate income tax in EDZs shall be 14% of the net profit and 10% for the enterprises in the priority sectors (infrastructure construction, high technologies and production of goods competitive on the world market) (Art. 45). In the rest of the DPRK, the rate of corporate income tax is 25 % [5; 6].

Enterprises operating in EDZs for more than 10 years shall be entitled to reduction or exemption of corporate income tax. The term and rate of reduction or exemption from corporate income tax and the starting point of counting the said term shall be prescribed by the regulations (Art. 53). Preferential tariff system shall be enforced in EDZs. Customs duties shall not be levied on the goods and materials necessary for the construction in EDZs, brought in for processing, transit trade and barter trade, and for the production or operation of the enterprises, as well as on goods produced to be exported, daily necessities of investors and others designated by the state (Art. 56). It should be pointed out that the Law shall not be applicable to the Rason Economic and Trade Zone, Hwanggumphyong and Wihwado Economic Zone, Kaesong Industrial Zone and Mt. Kumgang Special Zone for International Tourism. Mentioned zones were established before the Law adoption.

2. Pre-existing special economic zones

Before the adoption of the DPRK Law on Economic Development Zones, there were five zones in the country (Table 1), however, one of them – Sinuiju Special Administrative Region – was not developed until 2014 [5; 7]. The first ever special economic zone established in the DPRK is Rajin-Sonbong Free Economic and Trade Zone (currently Rason Economic and Trade Zone). It was set up in December 1991 [1; 6]. Three more zones were created in 2002: Sinuiju Special Administrative Region, Kaesong Industrial Zone (KIZ) and Mt. Kumgang Special Zone for International Tourism [8; 9]. And Hwanggumphyong and Wihwado Economic Zone was established in 2011 [1; 10].

Table 1. Pre-Existing Special Economic Zones.

Name	Category	Established
Rason Economic and Trade Zone	Comprehensive	December 1991
Sinuiju Special Administrative Region	Comprehensive	September 2002
Mt. Kumgang Special Zone for International Tourism	Tourist	October 2002
Kaesong Industrial Zone	Industrial	November 2002
Hwanggumphyong and Wihwado Economic Zone	Comprehensive	December 2011

Rason Economic and Trade Zone is situated in the northeastern part of the DPRK, bordering on Hunchun, Jilin Province, China and Khasan, Russia. The infrastructure includes ports, roads, railway, communication, etc. The Zone has the Rajin Port, the Sonbong Port and the Ungsang Port, all of which are ice-free ports in winter, making it possible to be operational in all seasons. Nearby railways are the Rajin-Tumangang Railway, which is linked to the Trans-Siberian Railway of Russia through Khasan, and the Hongyi-Nanyang Railway connecting this routine with Tumen, Jilin Province, China. The Rason City is linked to China via the border bridge between Wonjong of the DPRK and Quanhe, Hunchun, China on one hand, and to Russia via the Tumangang Bridge and the Khasan Bridge on the other hand. The envisaged goal of the project is to develop the Zone into the hub of advanced manufacturing industry, logistics and tourism in the Northeast Asia by laying stress on co-development and construction of basic establishments, industrial districts, logistic network, tourism in order to develop 6 major industries, including raw material industry, equipment industry, hi-tech industry, light industry, services and modern high efficiency agriculture. It's planned to develop the Zone into an integrated transit processing trade zone with 4 pillars, namely entrepot trade, export processing, finance and service. The master plan is to build up a coastal industry zone covering Rajin, Sonbong, Ungsang and Gulpho which are closely linked to each other in the principle of proper distribution, industrial intensification and concentration on the project [3; 11].

Kaesong Industrial Zone and Mt. Kumgang Special Zone for International Tourism were set up as inter-Korean joint ventures [2; 12]. KIZ was the largest and most effective zone. The Republic of Korea provided capital and technology, and the DPRK provided labour and land resources. At its peak in early 2013, Kaesong Industrial Zone had attracted 123 South Korean companies employing over 50,000 North Koreans and about 800 South Korean staff [3; 13]. The KIZ mainly produced textiles, electrical goods and equipment; 90 per cent of the products were exported to and consumed in the Republic of Korea. The remaining 10% were exported to third countries, including China, Russia, the Middle East and Europe [2; 3; 13].

The complex was shut down in April 2013 during a period of high tension between the two Koreas, but reopened in September of that year with most South Korean investors returning, and an agreement between the two Koreas to seek international investment in the zone [6]. On February 10, 2016 Kaesong Industrial Zone was completely closed on the initiative of the South Korean side after the North Korea tested a long-range missile [13; 14].

Thanks to the investments of Hyundai Corporation, Mt. Kumgang Special Zone for International Tourism was developed very successfully. During its operation, the zone was visited by more than 2 million tourists from the Republic of Korea (84727 people in 2002; 345006 people in 2007 – the all-time high) [1; 15]. However, in 2008, the zone was suspended due to the death of a South Korean tourist who entered the prohibited area [2]. In 2011, the North confiscated South Korean assets and tried to manage the zone on its own, but the project failed [1; 16].

Currently, the Ministry of Unification is considering the resumption of suspended inter-Korean projects (in particular, Kaesong Industrial Zone and Mt. Kumgang Special Zone for International Tourism) [17]. The leader of the DPRK Kim Jong Un called for the resumption of these projects without preconditions in his new year's speech. However, in the Republic of Korea, such a call was taken with caution, saying that it was first necessary to agree on such an opportunity with the world community in order to create "suitable conditions" [6; 18]. Currently, the DPRK is subject to a wide range of sanctions imposed by the Security Council of the United Nations (UNSC), the United States and the Republic of Korea itself. In fact, sanctions make impossible any form of bilateral or multilateral cooperation except humanitarian [5; 6; 17; 19; 20]. The sanctions can be lifted only in the case if the DPRK will carry out a complete nuclear disarmament – this is the position of the United States, a permanent member of the UN Security Council with veto power [17].

In November 2017 Institute of Economic Research of Hyundai Corporation presented a report on the Mt. Kumgang Special Zone for International Tourism. It states that 86.8 per cent of experts hold the view to renew the project [13; 17].

A survey among the owners of companies operated in Kaesong Industrial Zone shows that 27 companies will return to the complex as soon as it will be reopened, another 70 companies will wait for some time and only 4 companies will not return under any circumstances [17]. Low wages were called the main attractiveness reason of the KIZ by 80% of respondents [13].

However, the US State Department warned that South Korean companies including Hyundai, KORAIL and KT, should moderate their enthusiasm in trying to develop cooperation with the DPRK [17]. On July 31, 2018 the Department representative declared on air of the radio station "Voice of America" that the decision to close the Kaesong complex in 2016 was taken as a response to the growing threat from the DPRK and its disregard of the UNSC resolutions [13].

Hwanggumphyong and Wihwado Economic Zone is an integrated development zone majoring in IT, light industry, agriculture, commerce and tourism sectors. Hwanggumphyong-ri, being an island located at the mouth of the Amnok River, face Ryongchon County to the east and the Pidan Island to the south with the Amnok River in-between, and Xindan-dong, China to the west with a dry brook in-between. It is planned to establish a residential area in the center of the Zone, where 15~25 storied apartments are to be built in various styles and appearances so that one section can accommodate around 10 000 residents. In the public area, buildings for finance, commerce, hotels, sports and cultural recreation, tourism, public health, education, etc. are expected to be built at the both sides of the principle road and auxiliary trunk roads. In addition to above, the pleasure parks furnished with varieties of recreation facilities are to be established on the topside of the island, where foreigners enjoy tourism and amusements. It is also planned to construct warehouse, logistic area and wharf in accordance with the characters of the Zone [11].

3. Newly created EDZs

Currently, there are 23 economic development zones in the DPRK, 21 of which were created after the Law adoption. As noted above, EDZs can be of central and local subordination. Among newly created EDZs there are only five central-level zones [6; 11] (Table 2).

Table2. Newly Created EDZs of central subordination.

Name	Category
Sinuiju International Economic Zone	Comprehensive
Kangryong Model International Green Zone	Comprehensive
Unjong Hi-Tech Development Zone	Comprehensive
Jindo Export Processing Zone	Export Processing Zone
Mubong Special Zone for International Tourism	Tourist

Sinuiju International Economic Zone is a revised project Sinuiju Special Administrative Region. It was established in September 2002 (but has not been put into de facto operation as of 2014)¹ in an area including parts of Sinuiju and the surrounding area, in an attempt to introduce market economics, and is directly governed as in the case of "Directly Governed Cities". The special administrative region was modeled after China's Special Administrative Regions (SARs), Hong Kong and Macau, and, like them, has a "Basic Law" [1; 3; 11]. This project is to build a combined economic development zone that involves ultra-modern technical industry, trade, tourism, finance and bonded processing. The project offers enormous potentials for development of an international metropolis for its geographic advantages as a littoral city. About over 10 million tourists visit here from Dandong, which means huge tourist revenue there from if fun fair and sightseeing tour courses are created along the River Amnok. The Korea-China Amnok River Bridge that was built in 2014 besides to the existing Korea-China Friendship Bridge will be connected the international airport, trade port, road and railway networks to be constructed newly. Later on, the zone will become a comprehensive economic zone with advanced IT industrial zone, competitive production industrial zone and combined economic zone that houses trading center, trading and financial area, public service center, tourist zone and bonded port.

Kangryong Model International Green Zone is located in southwest area of township of Kangryong County in Kangryong peninsula of southern part of South Hwanghae Province. The green industrial park will be created to the production base of green goods and their trade. The Kangryong County has rich marine resources and ecological conditions and thus, it can be developed into the zone with natural energy and environmental conservation technical center, green industrial technical research, dissemination center, fish breeding and seafood processing hub. As Kangryong Township has right soil for various farm crops like sweet potatoes, it can be developed into an experimental base for chain cycle production system of stockbreeding, the production and processing base of organic farm products and tourist service base [3; 11].

The aim of Unjong Hi-Tech Development Zone is to develop the EDZ into an ultra-modern technology development zone, the pivot of which is to set up ultra-modern industry in the fields of information industry, nano- and new material and bioengineering and a base for manufacturing ultra-modern industrial equipment, accompanied with some processing trade and commercial service activities. It is planned to be developed Section No.1 and Section No. 2. The pivotal infrastructure projects such as traffic network, power grid, water supply and sewage system and communication system will be planned as demanded by the zone, while the first section will cover management and service district, information industry district, bio-industry district, material and equipment industry district and technical engineering district. The second section will be developed in such a way as establishing enterprises based on latest technology in the fields of agriculture, stockbreeding, pomiculture, fish farming, industrial crops farming and biofuel energy production. Hillocks around the zone will be rearranged and developed into the generating area by installing the solar panels [11].

Jindo Export Processing Zone is located in the water area of the Yellow Sea Barrage where the Yellow Sea and the River Taedong join together. It is also some part of area of Ryongnam-Ri, Waudo District on left and right highway directing from downstream of River Taedong to the Yellow Sea Barrage. This project is to import raw materials by duty-free and produce and export a variety of light industrial goods and chemical products by taking the advantages of the favorable conditions of Nampho City with the industrial foundation. EDZ has Nampho Port, international trade port from which one can directly go to China and Northeast Asia. By utilizing the regional advantages of Pyongyang and Nampho with decades of development history of machinery, electronics and light industry and rich labor force, it will process and produce export goods with imported raw materials. By transferring the technique from other countries environment-friendly and energy-effective

¹Chinese-Dutch businessman Yang Bin was appointed to be the first governor by the SPA Presidium in 2002. Before he formally assumed his post, he was arrested by Chinese authorities and sentenced to 18 years in prison for tax evasion and other economic crimes [1; 3].

businesses will be introduced and new products and industrial fields be explored for the expansion of domestic markets [3; 11].

Mubong Special Zone for International Tourism is planned to import wooden houses (fabricated houses) from Russia to set them up around Lake Mubong. Villas and hotels will be built along shore of Sokul Streamlet (or Lake Mubong) and Sinchon Water. The blueberry garden will be remained intact, enabling travelers to pick and process blueberries by themselves as part of experimental tour. Loft villas will be built on upper part of blueberry garden. Water Park, an integrated service center and other relevant service facilities are to be built along shore of Sokul Streamlet (or Lake Mubong). A horse riding area, a folk village, sports and entertainment facilities and in-door shooting range will also to be established in the zone [4; 6; 11].

EDZs of local subordination, created after the adoption of the Law, include 16 zones: 4 comprehensive, 4 industrial, 3 agricultural, 2 export processing and 3 tourist ones (Table 3).

Table 3. Newly Created EDZs of local subordination.

Name	Category	Estimated investment, USD million
Manpho Economic Development Zone	Comprehensive	120
Chongjin Economic Development Zone	Comprehensive	200
Hyesan Economic Development Zone	Comprehensive	100
Amnokgang Economic Development Zone	Comprehensive	240
Hyondong Industrial Development Zone	Industrial	100
Hungnam Industrial Development Zone	Industrial	100
Wiwon Industrial Development Zone	Industrial	150
Chongnam Industrial Development Zone	Industrial	n/a
Pukchong Agricultural Development Zone	Agricultural	100
Orang Agricultural Development Zone	Agricultural	70
Sukchon Agricultural Development Zone	Agricultural	n/a
Waudu Export Processing Zone	Export Processing	100
Songnim Export-processing Zone	Export Processing	80
Sinpyong Tourist Economic Development Zone	Tourist	40
Chongsu Tourism Development Zone	Tourist	n/a
Onsong Island Tourist Development Zone	Tourist	90

Manpho Economic Development Zone covers some areas of Mitari, Manpho City in Jagang Province facing with Jian City and Tonghua City, Jilin Province, China. It is designated and planned to establish EDZ majoring in modern agriculture, tourism and trade. The international service center of tourism and trade is planned to be established in Mitari area. In Posangri area, it is also planned to establish the modern agricultural base majoring in farming and stock-breeding and herb-cultivating based on the modern circular system. Recreational activities and tourism could be enjoyed by many people visiting some famous places and Amnok River. It is planned to develop the bonded processing

of the foreign enterprises in the EDZ and to extend out processing industry of abundant resources in Jagang Province [11].

Chongjin Economic Development Zone has a plan to be developed majoring in technical compact processing industry depending on abundant labor sources and science and technical resources. This zone has also plans to be expanded and developed into multiple economic development zone combining high-tech zone and modern goods servicing zone (metal processing, machine manufacturing, building materials industry, electric products and light industry products and export processing in combination with marine transportation via Chongjin Port) [6; 11].

The purpose of Hyesan EDZ's is to establish an economic development zone intensifying the economic development that mainly relies on export processing, modern farming, tourism and trade, etc. (international service center including tourism, recreation, modern light industry base of clothing, weaving, hop and linen processing, construct mining-machine product base or lumber industry machine base, wood-processing base). It covers some areas of Sinjang-Ri, Hyesan County, Ryanggang Province facing Jilin, Jangbaek County, China, with Tuman River between both sides of it. The large areas around Lake Samsu enable to build modern Koryo traditional medicine base, relying on cultivating or processing medical plant. Mt. Chilbo, Bochon hot well and Lake Samsu will attract a lot of tourists [3; 11].

Amnokgang Economic Development Zone is designated and planned to establish EDZ majoring in modern agriculture, tourism and trade. It is planned to establish circular production system combining farming with stock-breeding, the research centers for seed selection and breeding and the facilities for vegetables and houseplants. Middle-scale factories producing equipment and materials including complex organic fertilizer and assorted feed, and the basic processing line for the products from agriculture and stockbreeding are going to be established. Excursion and yacht tour are going to be widely enjoyed around the Guri Island [11].

It is planned to establish Hyondong Industrial Development Zone by using its favorable geographic condition near Wonsan port, the main seaport in the Korean East Coast. Its main industry includes information and light industry combining with tourist souvenir industry [3; 11].

Hungnam Industrial Development Zone mainly includes processing-on-commission, production of chemical products, building materials and manufacturing of machine equipment. This area is near to Hungnam Seaport and it has been a main chemicals industry and large-scale machine manufacturing zone for a long time. There are large-scale factories and enterprises such as Ryongsong Machine Complex, 2.8 Vinalon Complex, Hamhung Woods Processing Factory and Hamhung Silicate Brick Factory located around the EDZ which could produce and supply necessary equipment, resources and bonded products [11].

Wiwon Industrial Development Zone's purpose is to establish the EDZ combined with science research base for sericulture or freshwater fish breeding, majoring the mineral material processing, wood material processing, machinery-making, agricultural products [1; 11].

Chongnam Industrial Development Zone is to introduce the advanced technology and ultra-modern equipment in some areas of Ryongbuk-Ri, Chongnam District, South Phyongan Province which has huge deposit of brown coal and a lot of local industrial factories and thus, it is to establish the EDZ which produces, sells and exports the chemical products by coal as well as equipment, accessories and tools for mining industry [3; 11].

Pukchong Agricultural Development Zone is planned to be a modern EDZ with a chain-circulation system majoring on fruit-farming, fruit processing and stock breeding. The zone has a suitable condition for fruit cultivation. Processing industry using medical herbs and mountain resources growing in the area and sea resources will be encouraged as well [1; 11].

Orang Agricultural Development Zone is planned to build a modern and intensified EDZ majoring in agricultural scientific research development base (using greenhouses with water saving and non-soil vegetables) including stock breeding, seed-selection, breeding introduced by chain circulation production system [11].

Sukchon Agricultural Development Zone has planned to establish the center of research, development, production and processing for modern agriculture with the chain cycle production system together with base for seed-selection, breeding and processing of rice, corn, fruit and silkworm and base for organic farming, an organic fertilizer and organic agro-chemical production. Processing industry will be developed by use of apatite mine and factories nearby the zone. Processing base will be set up by use of medicinal herbs resources which is rich in the province [1; 3; 11].

Wau-do Export Processing Zone is nearby to Nampho Port which links directly to China and Southeast Asia and it is also located close to Pyongyang and Nampho, equipped with advanced industry. Due to its geographic advantages and abundant labor sources the zone is also favorable to establish a model of export processing zone majoring in the export orientated processing industry by using enough manpower and import materials. After completing the construction on the first stage, this zone could be expanded to Jindo, Wau-do District. Prospectively, it shall be built the EDZ majoring financing, tourism, real estate, and food processing [1; 6; 11].

Songnim Export-processing Zone is laid on hill area along downstream of Taedong River. It is planned to establish the EDZ majoring in export-processing by using the factories and enterprises of the nearby cities, Songnim and Sariwon, and facilities of Songnim and Nampho ports. It is also planned to develop storage and transportation services [11].

Sinpyong Tourist Economic Development Zone covers some areas of Pyonghwa-Ri, Sinpyong County, North Hwanghae Province situated at the foot of Mt. Mannyon, the Kubiryong Mountain Chain and along the basin of Doha stream, which flows into River Nam. It is planned to establish the zone providing services such as the circulation tourism which includes climbing, sight-seeing, enjoying wonderful scenery of mountain peaks, cliffs, waterfalls, tourist service on Mt. Talhae and Munsongjin, well-known as historic relics. It is also planned to develop complex tourist services including all kinds of sports and entertainment, physical training, accommodation and so on [1; 3; 11].

Chongsu Tourism Development Zone is opposite to Zhenan District, Dandong City, Liaoning Province, China and Kuandianmanzu, Dandong City with the Amnok River in-between. It is planned to build up infrastructure and public facilities needed for tourist services in a modern style and to construct various bases for specialty processing, stock breeding, fruit farming and fish farming, thus developing the zone into the world-famous tourist development zone furnished with up-to-date tourist service facilities in Korean style [11].

Onsong Island Tourist Development Zone covers some areas in Onsong County, North Hamgyong Province adjacent to Daomen City, Jilin, China with Tuman River in between those two places. It is planned to establish tourist resort with service facilities such as hostels and relaxation stops and golf course. The restaurants serving Korean special food shall be set up in several places. A number of facilities for sight-seeing including boating shall be installed along the area of the island to provide sight-seeing services on the Tuman [3; 11].

4. Concluding remarks

Five economic development zones were established in the country prior to the Law adoption, however, currently only two of them are functioning – Rason Economic and Trade Zone and Hwanggumphyong and Wihwado Economic Zone. The inter-Korean zones – Kaesong Industrial Zone and Mt. Kumgang Special Zone for International Tourism – were suspended in 2016, and the Sinuiju project was frozen until 2014, when it was revised under the Law. The newly established zones require significant investments ranging US\$ 40-240 million (see Table 3) and their development, as well as the functioning of the previously created EDZs, is impossible without the lifting of international sanctions against the DPRK.

The UN Security Council has passed a number of resolutions since the DPRK's first nuclear test in 2006. Resolution 1718, passed in 2006, demanded that the DPRK cease nuclear testing and prohibited the export of some military supplies and luxury goods to the country. Since the testing of nuclear weapons did not stop, in subsequent years the UNSC expanded and tightened sanctions against the DPRK.

In accordance with Resolution 2094, sanctions were imposed on remittances to the DPRK from the international financial system. Resolution 2270 prohibited the export of gold, vanadium, titanium, rare and rare earth metals, as well as coal and iron from the DPRK for profit. Resolution 2321, adopted in November 2016, restricted the export of coal and banned the export of copper, nickel, zinc and silver. Subsequent Resolutions 2345, 2356, 2371, 2375, 2397, 2407 and 2464 suggest a complete ban on the establishment of joint ventures with the participation of North Korean capital, the export from the DPRK of its main export goods, restrictions on the import of oil products and the use of North Korean labor abroad. The imposed sanctions are valid until April 24, 2020. In addition, the USA and its allies imposed "secondary" sanctions aimed at the complete financial isolation of the DPRK, the organization of its trade and naval blockade.

Thus, the prospects for the functioning of EDZs in the DPRK and the possibility of participation of Russian and South Korean companies into these projects are fully determined by the foreign policy situation in the region and the process of denuclearization of the country.

5. Acknowledgments

The study was supported by the grant of the President of the Russian Federation for young Russian scientists, project MK-1111.2019.6 "Trilateral Economic Cooperation of Russia, the Republic of Korea and the DPRK: Prospects and Obstacles".

References

- [1] Mimura M 2015 The Newly Created Economic Development Zones in the Democratic People's Republic of Korea: in Relation to the New Economic Policy under the Kim Jong Un Government *The Northeast Asian Economic Review* **1** 27-37
- [2] Zakharova L 2016 Economic Development Zones in the DPRK: Status and Prospects Korean Peninsula in an Era of Change 238–248 (Moscow)
- [3] World Free Zones Organization <https://www.worldfzo.org>
- [4] Cha M International Special Tourism Zone to Be Built <http://www.pyongyangtimes.com.kp/?bbs=20222>
- [5] Dyomina Y 2018 Economic Cooperation of Russia, the Republic of Korea and the DPRK In: *Science Notes* vol 14 53–58 ERI FEB RAS (Khabarovsk)
- [6] Lim H, Kim J 2015 DPRK's Special Economic Zone Policies: Recent Development and Future Challenges KIEP World Economy Update 5
- [7] Bardal A, Demyanenko A, Dyomina O, Dyomina Y, Lomakina N, Minakir P 2018 About the Trilateral Economic Cooperation of the Republic of Korea, the DPRK and Russia *Regionalistics* **6** 18–36
- [8] Kukla M 2017 Realities and Prospects of the Russia-North Korea Economic Relations *Ojkumena* **2** 61–71
- [9] Abrahamian A 2014 The ABCs of North Korea's SEZs US-Korea Institute at SAIS Report 14–17
- [10] Zakharova L 2013 Foreign Economic Relations of DPRK in XXI Century and Prospects of Their Development under Kim Jong-un *The Far Eastern Affairs* **4** 81–97
- [11] Foreign Trade of the DPR Korea <http://www.kftrade.com.kp:8888/#/index/devsite/list/1>
- [12] Zakharova L 2016 Inter-Korean Economic Ties after the «Sanctions of May 24 2010 *The Far Eastern Affairs* **3** 101–111
- [13] After tragic losses Hyundai aims to reverse N Korea fortunes <http://www.asahi.com/ajw/articles/AJ201810310021.html>
- [14] South Korea Has Resumed Economic Cooperation with North Korea <https://ria.ru/economy/20180625/1523316615.html>
- [15] Subregional Office for East and North-East Asia <https://www.unescap.org/subregional-office/east-north-east-asia>
- [16] Zakharova L 2015 Russia-North Korea's Economic Relations in the 21th Century *Asia and*

- Africa Today **5(694)** 15–21
- [17] Asmolov K Kaesong Complex: Businessmen Do Not Lose Hope <https://ru.journal-neo.org/2018/08/19/ke-sonskij-kompleks-biznesmeny-ne-teryayut-nadezhdy>
- [18] South Korea Can "Unfreeze" the Kaesong Industrial Complex in the DPRK <https://regnum.ru/news/2548076.html>
- [19] Dyachkov I 2018 UN Sanctions Against the DPRK: An Assessment of Efficiency *Bulletin of the Tambov University Series: Humanities* **23(177)** 173–179
- [20] Trade and Economic Cooperation. The Russian Embassy in the DPRK <http://www.rusembdprk.ru/ru/rossiya-i-kndr/torgovo-ekonomicheskoe-sotrudnichestvo>