



REGULATIONS ON RESIDENT REPRESENTATIVE OFFICIALS OF FOREIGN  
BUSINESS IN FREE TRADE ECONOMIC ZONES

(Promulgated as Decision No. 8 of the Administration  
Council, dated Feb. 21, 1993)

SUBJECT:FREE TRADE ECONOMIC ZONES

ISSUING-DEPT: ADMINISTRATIVE COUNCIL

ISSUE-DATE:02/21/1993

IMPLEMENT-DATE: 02/21/1993

LENGTH: 1679 words

TEXT:

Article 1. These regulations, subject to the "Law of the DPRK on Free Economic and Trade Zone," are formulated to govern the establishment of resident representative offices of the foreign business and of the proper order in their practice.

Article 2. Subject to the these regulations, resident representative offices of the foreign business (hereinafter referred to as representative offices) shall be opened and operated, Koreans residing outside the territory of the DPRK may also open and operate representative offices according to these regulations.

Article 3. Representative offices can be established in the free economic and trade zone. Representative offices include missions, agencies or traveling agencies.

Article 4. The term of residence is up to three years and the numbers of officers shall not exceed five. The officers of the representative office include the senior representative and other representatives but exclude administrative and technical staff like interpreters, typewriters, bookkeepers and welfare men, and service personnel like drivers and watchman.

Article 5. Representative offices shall carry out service-related activities such as liaison, consultation and dissemination of economic and technical information related to transactions of the foreign business (hereinafter referred to as a parent business) and may engage in agent activities by entering into contracts with clients and by making payments and deliveries of goods along the line authorized by the parent business. In such a case, representative offices are required to submit the letter of authorization signed by the parent business to the provincial administration and economic committee (hereinafter referred to as the zone authority) and have it approved.

Article 6. Representative offices are not allowed to engage in profit-making activities such as importing goods from foreign countries for the third country trade or entrusted sale, and exporting goods obtained in the DPRK which are not authorized by the parent business. In case any agreement is entered into upon representative offices between the government of the DPRK and the government of other country, the representative offices concerned can align their activities therewith.

Article 7. Representative offices shall prepare applications for establishment, registration, alternation and renewal in both the Korean and foreign languages.

Article 8. Representative offices are duty-bound to respect and abide by laws and regulations of the DPRK.

Article 9. Legitimate rights and interests of representative offices shall be legally protected by the government of the DPRK.

Article 10. Where a foreign business opens a representative office, it shall submit the application signed by the parson in charge to the state external economic commission (or to the central bank in case of a foreign financial institution) through the zone authority. The application shall contain the names of both the parent business concerned and its representative office, the name of the senior representative, the number and names of representatives, the place of location, the range of their activities and the term of residence, and shall be accompanied by a copy of the certificate of registration issued by the authority concerned of the area or the country in which the parent business is headquarters or a letter of credit-worthiness issued by the bank in dealership and the letters of accreditation and the portfolios for the proposed senior representative and other representatives. In addition to above-mentioned particulars, the application by a foreign financial institution shall include the financial statement of the recent period, the profit- and loss-account, the articles of association, the list of directors of the parent business.

Article 11. The state external economic affairs commission or the central bank of the DPRK (hereinafter referred to as the screening body) shall, in consultation with other bodies concerned, screen and approve or disapprove the application within 30 days from the date of its receipt.

Article 12. The screening body shall deliver the letter of approval to the zone authority within 10 days from the date of the approval given.

Article 13. Representative offices shall apply to the zone authority for registration in 20 days from the date of the receipt of the letter of approval. The application for registration shall specify the content of the application for establishment and shall be accompanied by the letter of approval.

Article 14. The zone authority shall register representative offices and issue the certificates of registration and the certificates of resident representatives. The day on which the representative office is registered shall be considered as the day of its establishment.

Article 15. The officers of representative offices and their families shall register for residence in accordance with the regulations on residence of foreigners, shall have the certificate of residence or the certificate of resident foreigner issued and should abide strictly by the regulations related to entry and exit of foreigners for the free economic and trade zone.

Article 16. Both of the certificate of registration and the certificate of representative shall be valid for one year. Representative offices and their officers shall cause certificates of representative and registration to be reissued by the zone authority 15 days before the expire of the period of validity.

Article 17. Where a representative office alters the name and the place of location of the office, or changes the number of representatives, or replaces the senior representative or other representative, they shall submit the application for change to the screening body through the zone authority. In case of replacing the senior representative or other representative, the letter of accreditation and the portfolio for the new representative concerned shall be attached with the application for change. Representative offices shall register any change with the zone authority in seven days from the date of the change approved.

Article 18. Where the post of senior representative is vacant, or the senior representative is absent from the office for more than one month, one of the representatives shall act for him. In this case, the representative office shall send a written notice to the bodies concerned.

Article 19. Representative offices shall open accounts with the foreign trade bank of the DPRK. If needs be, they may open accounts with the other bank within the territory of the DPRK with consent of the foreign exchange control body.

Article 20. Subject to laws and regulations of the DPRK on tax levied upon foreign-invested business and foreigners, representative offices and their officers shall register with the financial institution of the area of their abode and pay tax due.

Article 21. Representative offices shall submit the annual report on their activities to the screening body through the zone authority within January every year. The annual report shall be prepared in the Korean language.

Article 22. Where a representative office renews the term of residence, it shall submit the application for renewal to the screening body through the zone authority three months before the expiry of the term of residence. The application for renewal shall specify the desired period of residence and the reason for it and shall be accompanied by the document specifying economic dealings that the parent business has had with the DPRK during the term of residence.

Article 23. In case of importing once materials, daily necessities and transport vehicles, representative offices shall have them cleared by customs office. Transport vehicles shall not be used unless they are registered with the traffic control authority to obtain the driving license and the car number and are insured against the third party liabilities. The office materials, daily necessities and transport vehicles brought in from other countries are prohibited from sale or from the use for other purpose. In unavoidable circumstances, they can be sold through the designated commercial (or trading) body only after they have been declared to the customs office and duties paid on them.

Article 24. In case of renting a building or of employing people needed for the office, the representative office shall enter into a contract with the property management body or the labor exchange. Both the buildings leased and the employees of the representative office shall be managed in accordance with the laws and regulations related to the transfer of buildings or labour applicable to the foreign-invested business.

Article 25. All communications, international and domestic required the business shall be provided by the relevant body of telecommunication and post of the DPRK. If necessary, international telecommunication facilities can be installed and used with the consent of the body concerned.

Article 26. Where any representative office withdraws at the expiry of or before the term of residence, it shall send written notices to both the screening body and the zone authority and settle all matters related to tax and claims/ liabilities 30 days in advance of its withdrawal. Upon the settlement of all matters, representative offices shall have the registration canceled by surrendering the certificates of representative and registration to the zone authority in 7 days from the date of the settlement. In such a case, the document issued by the financial institution certifying the payment of tax by the representative office concerned should also be presented to the zone authority.

Article 27. Fee shall be paid to the body concerned when representative offices and their officers have any certificates issued or reissued, or have them altered, registered or canceled.

Article 28. The screening body and the zone authority are authorized to inspect and examine activities of representative offices. In this case, representative offices should comply with the requirements of the inspector and allow him access to any document and information. Article 29. In case any representative office or any of their officers contravenes these regulations, fine up to 2,000 won shall be charged and if the consequence is serious, the person concerned shall be expelled from the territory of the DPRK.

Article 30. Any disagreement related to the activities of representative offices shall be settled through consultation. A case of dispute shall be heard and settled by the court of law or the arbitration tribunal of the DPRK.

---

Top of Form

---

---

Bottom of Form