

Jeju Vision for the Future and Special Law on Jeju Island

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Abstract

Special law on the development of Jeju Special Self-Governing Province and the formation of Jeju International Free City is the basic law that regulates the order of Jeju society. However, with Jeju Special Law considered to be the development law, criticism has been raised on what was the purpose of the Special Self-Governing Province. Efforts are also being made to reflect the position of Jeju in the constitution in 2018, but it is not easy to drop the label of development-oriented laws again if the actual direction of special laws on Jeju is not established properly. The wrong meeting between Jeju's special autonomous province and the international free city has led to criticism on various issues, such as reckless development, environmental degradation, and the rise of land prices and damage to residents.

Key words : Special law on the development of Jeju Special Self-Governing Province, Jeju International Free City, purpose of the Special Self-Governing Province, reckless development, environmental degradation, the rise of land prices

〈 제주미래 비전 및 실행목표 〉



Considering the major issues and tasks presented in Jeju's future vision plan, we can check the reality and direction of Jeju's alternatives.

- Planning tasks according to major pending issues

〈 Planning tasks according to major pending issues 〉

Section	Major pending issues	Planning issues
Eco-friendly energy	Concerns about reckless development and overdevelopment of mid-medium, Gotjawal, and coastal areas	<ul style="list-style-type: none"> - A measure to reinforce standards of development activities, such as tourism development projects, to manage the preservation of intermediate areas - Regionalization of legal preservation zones and preparation of management standards for the Oreum and Gotjawal - Integration of spatial information and measures to operate the indicator system - Prepare guidelines for development and conservation in consideration of ecosystem services
	Environmentally sensitive Lack of management system in environmentally sensitive and high-value areas	<ul style="list-style-type: none"> - Establishment of a standard model of an integrated management system for the international protection areas of Jeju - measures to encourage participation by residents designated as international protected areas Establish a visitor management system
	Environmental deterioration concern	<ul style="list-style-type: none"> - Prepare policies for disposal of waste in response to the influx of tourists along with an increase in population - Expand infrastructure to handle growing waste - Prepare a joint treatment facility and a collection system for pig manure processing in Jeju.
	Lack of quantitative and qualitative management system of water resources	<ul style="list-style-type: none"> - Establish a plan for stable water supply <ul style="list-style-type: none"> - Improving public management of groundwater resources - Policy study for the conservation and management of underground water - Transformation of the integrated water resource management system
	An unstable energy supply system	<ul style="list-style-type: none"> - to develop offshore wind power for stable power supply in the future. - to expect expanding business after Smart Grid demonstration project - to promote activating ESS: Energy Storage System
	Fragrance of disaster response crisis management systems	<ul style="list-style-type: none"> - Construction of a disaster safety management integrated control tower - Implementing a preemptive crisis management system - Set up a disaster safety experience facility to minimize natural and social disasters
	Deepening the effects of climate change	<ul style="list-style-type: none"> - Prepare for the effects of climate change <ul style="list-style-type: none"> - Response to changes in habitats and reduction in resources - Preparation plan for sea level rise

Section	Major pending issues	Planning issues
Tourism	Lack of Residents ' Experience Sensibility in the Tourism Industry	<ul style="list-style-type: none"> - Increase tourism activities in Jeju by continuously expanding direct and regular routes and establishing shopping infrastructure - Increase the ability of visitors by establishing a civilian-led large travel agency - Developing and supporting products for the convergence of the 1st, 2nd and 3rd industries with the feeling of the residents
Industry Economy	A surge in foreign investment	<p>Review on the improvement of the real estate investment immigration system Establish employment-generated foreign investment policies to enhance local impact</p> <ul style="list-style-type: none"> - Measures to prevent speculative investment in the real estate registration system - Proposing guidelines for selective activation of investment inducement in Jeju Island and abroad
	A weakened competitiveness of primary industries due to FTAs	<ul style="list-style-type: none"> - Securing competitiveness with Jeju's unique " taste and quality " (in the field of citrus fruit and fruit tree) fruit sector - Improving basic constitution such as reducing production costs and improving quality in the field of eco-friendly farming (field) - breed development, mechanization, 6th industrialization, and enhancement of agricultural capabilities (agricultural technology R&D) - Support of the leading food industries in the world of Jeju (Food industry field) <ul style="list-style-type: none"> - Enhanced competitiveness in the production of quality livestock products combined with clean images of Jeju Island (Animal industry field) - superior in developing high-quality clean Jeju fish products and expanding export (Fish industry)
	Deepening the stiff rate of the economic structure according to the depends on tourism industry	<ul style="list-style-type: none"> - Enhancement of competitiveness of primary and second infrastructure industry - Promote the next generation convergence industry
	The continuation of qualitative missteps in the job	<ul style="list-style-type: none"> - Strategies for Personalized Job Projects based on Academic Cooperation - Reset detailed job-creation goals to reflect local conditions - Establishment of standards and monitoring system for the suitability assessment of employment structures - Search for a way to reverse the perception of local businesses and local jobs by residents

Section	Major pending issues	Planning issues
Growth management	A Study on the Rise of Real Estate Prices and the trouble in Supplying and Demanding of House	<ul style="list-style-type: none"> - Stabilizing housing prices and rent - Preparing solution for housing shortage due to imbalance in supply and demand
	Recession of the old and original city center as suburbanization of Development	<ul style="list-style-type: none"> - Setting the basic direction of urban regeneration strategy in Jeju - Proposing a collaborative system of urban regeneration strategies - Operation and role task of Urban Regeneration Support Center in Jeju
	Lack of urban infrastructure to accommodate the elderly, women, and the underprivileged	<ul style="list-style-type: none"> - Creating Universal Design City beyond Fault Tolerant City(Barrier Free)
	Damage to the Jeju Landscape's Identity	<ul style="list-style-type: none"> - Maintenance of the downtown street - Comparison of views on main roadways or views on the nearest climb along the before and after change
Living infrastructure	Increased traffic congestion caused by increased tourists, and the passenger car-centered transportation system	<ul style="list-style-type: none"> - Policies to reduce the ownership and use of passenger cars in Jeju region - To identify and utilize car ownership, transportation, and traffic in Jeju
	Reducing convenience of airport availability by the increasing visitors and the saturation of airport capacity	<ul style="list-style-type: none"> - Review on the efficient use of the current Jeju Airport - Review on ways to expand infrastructure of Jeju Airport through cases of overseas airport development. - Review on alternatives to expand infrastructure at Jeju Airport
	Increased demand for infrastructure as population increases	<ul style="list-style-type: none"> - Preparation for shortage of supply facilities for current water supply sources and water supply facilities - Improving sewer system for the current sewage treatment system
	Increased number of traffic accidents and crimes	<ul style="list-style-type: none"> - Greater accessibility of detail data on traffic accidents that reflect characteristics of Jeju - A detail study on the characteristics and the cause of traffic accident in Jeju - Establishment of cooperative system for promoting traffic safety in Jeju and establishment of mid - to long-term plans - Provide opportunities for residents to actively participate in traffic safety enhancement

Section	Major pending issues	Planning issues
Culture Welfare Community	Greater imbalance due to regional gaps	– Prepare balanced regional development
	Lack of Foundation for the Succession of Traditional Culture, History, and Regional Assets to Jeju Island	– Preservation and succession of Jeju cultural resources – Setting up a commercial foundation for the Jeju traditional language
	The erosion of the public and civil consciousness of the inhabitants	– Promote awareness and capacity of inhabitants of the – Creating a clean public office culture without corruption
	Insufficient conflict management and coordination system	– Construction of the Jeju Type Public Dispute Management System – Reinforcing the status of the Social Convention Board
	Poor delivery of social welfare services	– Preparation for the supply of water supply facilities for the current water supply source and water supply facilities – Improvement of sewage treatment facilities for existing sewage treatment facilities

And unlike the existing International Free City Comprehensive plan, the new Jeju Vision Plan is based on a 1) future vision based on future values, 2) design a development model only fit for Jeju, 3) a harmony of environmental conservation and growth strategies, and 4) emphasis of accepting the opinion on diverse fields

If the 1997 financial crisis meant that a International Free City was planned as one of the strategies for opening up and attracting foreign capital, the global financial crisis sparked by the collapse of Lehman Brother's bankruptcy in 2008, and questions and challenges have been raised here and there in the past 10 years , and the economic scene here is to be revised – to make up for the need of a major overhaul in Jeju's international free city.

In relation to this, a member of a provincial assembly, Yu Seong-gon , declared that ' social and economic test cities and free international cities can not coexist '

○ In therefore, under the government of Moon Jae-in, the direction of Jeju Special Self-Governing Province's revised special act should include detail efforts. Because of the new transition on the reflective base including disposal.

In particular, a new vision should be established by a convergence of two visions: the Government's Jeju vision and Jeju Future vision "Sustainable Jeju through pristine and co-exist" And then the legal work should be done.

2. The Plan to Rename Special Law of Cheju

Special law on the installation of Jeju Special Self-Governing Province and the creation of Free International Cities is currently in the process of improvement of the so-called 6-stage system

However, even in the process of improving the six-stage system, the government's stance so far has not continued to change the name of the law.

Summary of the promotion history of Jeju International Free City is as following

Promotion history of Jeju Free Internation City

- Establish " Jeju Free City Promotion Board " (Executive Committee Chairman) and " Jeju Free City Master Plan " between January and December in 2001
- Enactment of the Jeju International Free City Special act in December, 2001 (Enforcement on April 1st, 2002)
- Establish "Jeju International Free City Comprehensive Plan (Plan 2002.~2011)" from January in 2002 to February in 2003
 - Provincial governor established by "Jeju International Free City Special Law" and is the plan is settled in accordance with the president through the deliberation of Jeju International Free City Committee (Feb, 2003)
- Enactment of "the Special Law for the Establishment of Jeju Special Self-Governing Province and the Establishment of Free International Cities" in February, 2006
 - started as a special self - effort map that enables the government to establish and promote Jeju Island's own development master plan to efficiently promote the regional decentralization strategy and Jeju International Free City (July, 2006)
- Establish the " Jeju International Free City Comprehensive Plan " in December 2006
 - Supplement of the existing 1st comprehensive plan to the 4 + 1 core industries (Tourism, Education, Medical, Cleaner Primary Industry + Advanced Industries) based on the selection and concentration principle
- Establish " Jeju Island's Second International Free City Master Plan (Plan 2012-21) ", December 2011

And also, the detail comments of Jeju Special law related to Moon Jae-in government's 100 challenges.

- Discover and transfer the Transfer Service and JeJu Special Self-Governing Province's task of decentralization by 2018
To complete Jeju Island as a special autonomous province with high autonomy, revise the Jeju special act by 2019,
- By establishing a free market economy model and fostering key industries, the government plans to create a competitive International Free City with free transportation of capital and mankind.

〈Comment of Jeju among Moon Jae-in government's 100 challenges〉

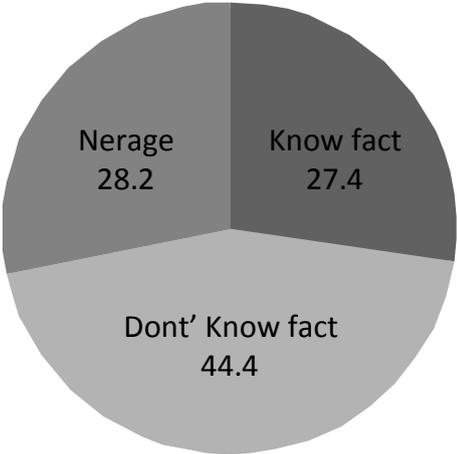
As a result, Special Self-Governing Province system reforms are still aimed at creating a competitive international free city with free movement of people, goods and capital.

However, the fact that the residents ' perceptions of the free international city are still weak and only show the external performance of the development, criticism raises that the changes to be made to alternative concepts with the apperance of the new government.

- ... according to the Jeju Development Institute's 2015 survey, about 27.4 % (slightly understood : 18.5 %, very well understood) of Jeju's free city concept :

Most residents (44.4 %) do not understand the concept of Jeju Free International City

〈Table〉 Jeju International Free City Concept Intelligation/Evaluation of International Free City Master Plan for Jieu Development Institute 2015



Category	Rate (%)
Never know	20.7
Not sure	23.7
Normal	28.2
Slightly know	18.5
Know well	8.9
Total	100.0

Jeju Development Institute finds that the residents of Jeju has low empathy for the international project to build free cities

Moreover, a substantial number of residents are negatively aware of Jeju's formation of an international free city due to 'worries about foreign capital' and 'worries about damage to the natural environment' (Satisfactory: 37.0%, Unsatisfactory: 30.4%)

<Table> Assessment of six core projects(from a contribution to local development)

(Unit: %)

Six core project	Never help	Not helpful	Normal	Be helpful	Be very helpful
Recreation-type housing complex Recreation-type housing complex	12.3	21.7	37.3	24.1	4.5
An English education town	6.4	17.2	38.3	31.6	6.3
Sinhwa Historical Park	13	25.3	36.5	22	3
Health Care Town	14.5	26.9	35.2	20.2	3
High-tech complex	6.1	14.8	33.5	36.4	9
Seoguipo tourist port	10.8	21.3	37.6	24.7	6

While the residents positively evaluate establishment of high-tech complex and an English education town among the first comprehensive 6 core project. Relatively more residents think that the large scale tourism development is helpless; such as establishment of a recreational residential park, and the Sinhwa historical park, Health Center Town, Seoguipo tourist port.

Renaming the law is the first basic step in changing the overall basis of a law

Concerning autonomy, current special law recedes than Jeju Development Special Law. The ultimate aim of the current special law is to 'contribute to the development of the nation'

Not to ensure substantial autonomy, but to use autonomy as to mitigate regulations for the development of the nation. It is the inversion of the way and manipulating decentralization and autonomy.

The general trend of the Special Law is the establishment of a international free city by deregulation, and the amendment of the clauses relating to the purpose does not the whole conception. However, The importance of this clause can not be overlooked in view of its pre-founded importance in revising other clauses.

Civic groups already propose that the bill be named in accordance with the new Jeju's future vision, excluding the International Free City.

In particular the government of Moon Jae-in suggests that the 'Northeast Asia's dream of peace and human rights environment capital'. with a completion of special autonomous through the designed future of Jeju.

Reflecting this trend, the new name of bill has relevance when it is called "the Jeju Special Self-Governing Province Installation and International Environment City Creation Special Act" or "the Special Act on the Establishment of Jeju Special Self-Governing Province and the Establishment of Peace and Ecological City."

3. Changing the Article of Jeju Special Law's Purpose

□ In the past, there has been a relatively active social discussion about changing the article of Jeju Special Self-Governing Province.

In particular, it has been continuously criticized that the purpose of the current bill has retreated from the Jeju Special Development Act in 1991.

Article(Purpose) 1 of the Special Act on Jju Island Development

The Act provided for the establishment and implementation of comprehensive development plans on Jeju Island, which protected the residents of Jeju to creatively inherit, develop, and promote rural cultures of Jeju Island and other land and natural resources. The Act also protect and raise the industry of agriculture, livestock, fishery and etc as well as set up pleasant living and tourism condition at the same time. All of this Act aims to improve the welfare of Jeju residents.

Article 1 (Purpose) of the Special Law for the Establishment of Jeju Special Self-Governing Province and the Establishment of Free International Cities

The Act provided for the establishment of the Jeju Special Self-governing Provincial Government, which ensures the development of autonomous governments and their substantial autonomy based on autonomy, responsibilities, creativity and diversity, and provided for the existing local, historical, and humanistic characteristics of Jeju Island. The aim of contributing to the national development by creating an international free city through the application of global standards and the mitigation of administrative regulations.

In fact, civil society demanded at local election, parliamentary elections and president election for this purpose clause in the process of continuous improvement.

The Jeju Special Law has deleted the phrase, although the Freedom City Special Act in 2002 was also stipulated as the main act for "the welfare improvement of Jeju residents" and "The residents is the principal body."

As Won Hee-ryong has recently adopted clean and coexistence as 100-year-old future vision, it

is necessary to enact a law and change the name, "Free City", of the neo-liberalistic ideologies in accordance with the changed times.

Accordingly, civic groups have requested that the provisions of Article 1 of the Special Law be changed to :

The aim of ensuring substantial autonomy and decentralization of the local government was to contribute to the improvement of the quality of life and the national development of Jeju residents by creating an environmentally sustainable Jeju Special Self-Governing Province.

○ Moon Jae-in government was plan to push forward about changing the purpose article change through Jeju Special Self-Governing Province Support committee meeting.

The current purpose article reflects ' environmentally friendly international free cities ' for the sustainable development of Jeju and ' welfare promotion for residents ' to improve the quality of life of residents.

Therefore, in the next legislation process, the purpose article should be changed in accordance with Jeju's future vision and suitable for Moon Jae-in government through accepting the civil society's request.

4. Revision of Special Autonomous Sector at Jeju Special Law

□ Moon Jae-in government run an election pledge and promised to practice the completion of Jeju Special Self-Governing Province as level of federalism

It has been announced that the government will complete a model of decentralization and autonomy that meets the requirements and characteristics of Jeju Special Self-Governing Province.

The detailed initiative to complete the Jeju Special Self-Governing Province Decentralization model presented in the national affairs tasks △ Strengthen authority of finance and tax, etc., △transfer of the business of the destination environment, investment, tourism, transportation, future growth engine, etc. △Reinforcement of the self-determination in the model of the special autonomy and development direction △Strengthen the authority of the local police △Enhancement of Community Service Committee △Empower parliament and organization includes security for the

future development of Jeju Island, but no specific details have yet been designed.

To realize this, legislative efforts in the field of autonomy should be supported.

Contents that need to be revised regarding the Autonomous Communities of Jeju that are currently at issue can be summarized as follows

1) Providing residents with the right of choice for getting basic autonomous right

“For a past decade, Jeju provincial government has pursued the transition of right to the region, but it was transition of central power from the president to autonomous provincial governor, rather than “the realization of the system of self-government” It shows that it has had the side effects of being a

small country, not a local government.

When unpredictable local governor’s free power combined with the will to power of the central government, the governance practices of the local autonomous communities that lost their foundations, and by doing so, hurt the actual feasibility of autonomous governments,

In reality, despite the loss of autonomy, the financial obligation is entirely imposed on Jeju residents, and the rights of the residents of the island are effectively decreased and only duties increased.”

○ Residents ‘ perception of autonomy in Jeju Special Self-Governing Province In reality, because of abolition of city and province in 2005, Jeju is the only metropolitan government in the nation with no basic administrative city plan, excluding the plan by Sejong City built as Administrative Complex City.

◆ Comparison of Jeju Special Self-Governing Province and other province’s administrative systems

Sortation		Jeju Special Self-Governing Province	Other Province
① Legal status		Metropolitan local government (Including basic local government functions)	Metropolitan local autonomous government
② City·County		Noninstallation in City·County ※ Autonomous class stratification 1	Installation in City·County ※ Autonomous class 2
③Administrative City	Installation	Install administrative city	Not install administrative city
	mayor	Appoint provincial governor Notice system(Political Service)·open position	Mayor notice general district ward chief
	deputy mayor	Approval of the deputy mayor’s organization	No second ward chief at general district
④Town Township Neighborhood		Install town, township, neighborhood in administrative city	Install town, township, neighborhood in city, county and general district
⑤ Community Center and Community Service Committee		Installation and Operation according to Law	Installation and Operation in accordance with the Act
⑥ Congress		·Regulation by ordinance of the entire number of members and districts ·No municipal assembly	·The election law for all members and districts shall provide for this in accordance with the Public Officials Election Act ·the municipal assembly

⑦ Office	Special Self-Governing Province Office (Special business case) No city and county affairs	Provincial affairs city and county affairs
⑧ The power of independent legislation	Act of Special Self-Governing Rules and Regulations No city and county ordinance, no rules.	Province ordinance and regulation City and county ordinance and regulation
⑧ Local tax	Special autonomous provincial tax(11 details) No tax for city and county	Provincial tax(7 details) city and county tax
⑨ Public official	Special autonomous provincial public official No city and county public official	provincial public official city and county public official

- Unreachable solution due to conflicts over grassroots democracy and the governorship

Discussion whether to direct appointment system of head of the municipal government or restoration basic autonomy has been carried out

The commission recommended the introduction of direct appointment system of head of the municipal government, but Won Hee-ryong, the governor of the province, recently decided not to accept the recommendation and decided to delay the implementation of the 2018 amendment process.

Civic groups responded to this by announcing that, "If the discussion of the administrative system is carried out through the amendment of the Constitution in 2018 and the Special Law in 2019, it is not possible to revise the administrative system, and that the local elections in June 2018 will take place in Jeju, making it impossible for the local elections to take place within this year.

In a statement, Jeju Residents Autonomous Solidarity has emphasized "Moon Jae-in, the president, promised that making Jeju Special Autonomy Organization of the Law of the special clause when he was candidate." Also he said, "A golden opportunity to decide the administration district system for themselves.

In this regard, the referendum should be held, but in reality, it is the Minister of Government Administration and Home Affairs who has the authority to conduct it. In this regard, it is suggested

that residents should have the authority to choose.

2) The legislative bill of the provincial assembly

○ Opinions on the establishment and revision of the Jeju Special Self-Governing Province Act are submitted to the Central Administrative Service by the Central Committee of Public Affairs after obtaining the consent of two-thirds or more of the lawmakers concerned under Article 19 of the Jeju Special Act. However, the process is very complicated and it is not easy to obtain active cooperation from relevant ministries, and some say it is necessary to review Jeju Island's method to directly grant the initiative to the National Assembly.

These are based on the special circumstances and needs of Jeju Island, so it is appropriate for Jeju Island to have legislative power, but the National Assembly lacks the constitutional power to make laws on Jeju Island. Most likely the National Assembly makes laws.

If so, it is necessary to actively review ways to allow the National Assembly to submit bills before submitting them to the Jeju Island Assembly rather than submitting them through the heads of central ministries.

3) Need to reinforce function of town, township, and neighborhood

○ Establishment of administration, operation standards, and fixed number of a local public

service employee can be prescribed that it is possible to enact an ordinance despite the provisions of the Local Autonomy Law (Article 44 Special Cases of Jeju Community Service)

However, since it is not included in the exceptional

articles of the Local Government Act about town, township, and neighborhood, Article 117–119 above, it is necessary to prepare an amendment to the Jeju Special Act to reflect the local characteristics of town, township, and neighborhood and strengthen its functions.

1) 20 tasks on the decentralization of the Regional Development Committee

o 8 Major Challenges

- | | |
|--|---|
| ① Maintaining the separating system of the autonomous affairs and the national affairs | ② Transfer to local of central authority and office |
| ③ Expansion of local finances and enhancement of soundness | ④ Linkage and integration efforts between educational autonomy and local autonomy |
| ⑤ Introduction of the local police system | ⑥ Improve special cases in big cities |
| ⑦ Reorganization of positions and functions of special and metropolitan districts and counties | ⑧ Introduction of a local council |

o 10 general tasks

- | | |
|---|---|
| ① Promote the local council and raise accountability | ② Improvement of the local election system |
| ③ Improvement of the boundary adjustment system between local governments | ④ Establishment of a cooperative system between the state and local governments |
| ⑤ Maintenance of special local administrative agencies | ⑥ Improvement of evaluation system for local governments |
| ⑦ Establishment of an administrative cooperative system between local governments | ⑧ Community participation system is strengthened directly |
| ⑨ Community small town, face, and east | ⑩ Unification and discovery of exceptions in the municipal government |

o 2 Major Future Development Challenges

- | | |
|---|--|
| ① Diverify the structure of local governments | ② Reestablishing the status and functions of a map |
|---|--|

It lists reinforcing the direct participation system of residents among tasks on the decentralization of the Regional Development Committee.

The Community Service Council should be established as the basis for living autonomy and neighbourhood autonomy.

The Community Service Council should be a substantial organization for grassroots autonomy, not formal ones

It is mostly operated with a focus on its programs and currently evaluated that its specific roles in local development are not properly performed

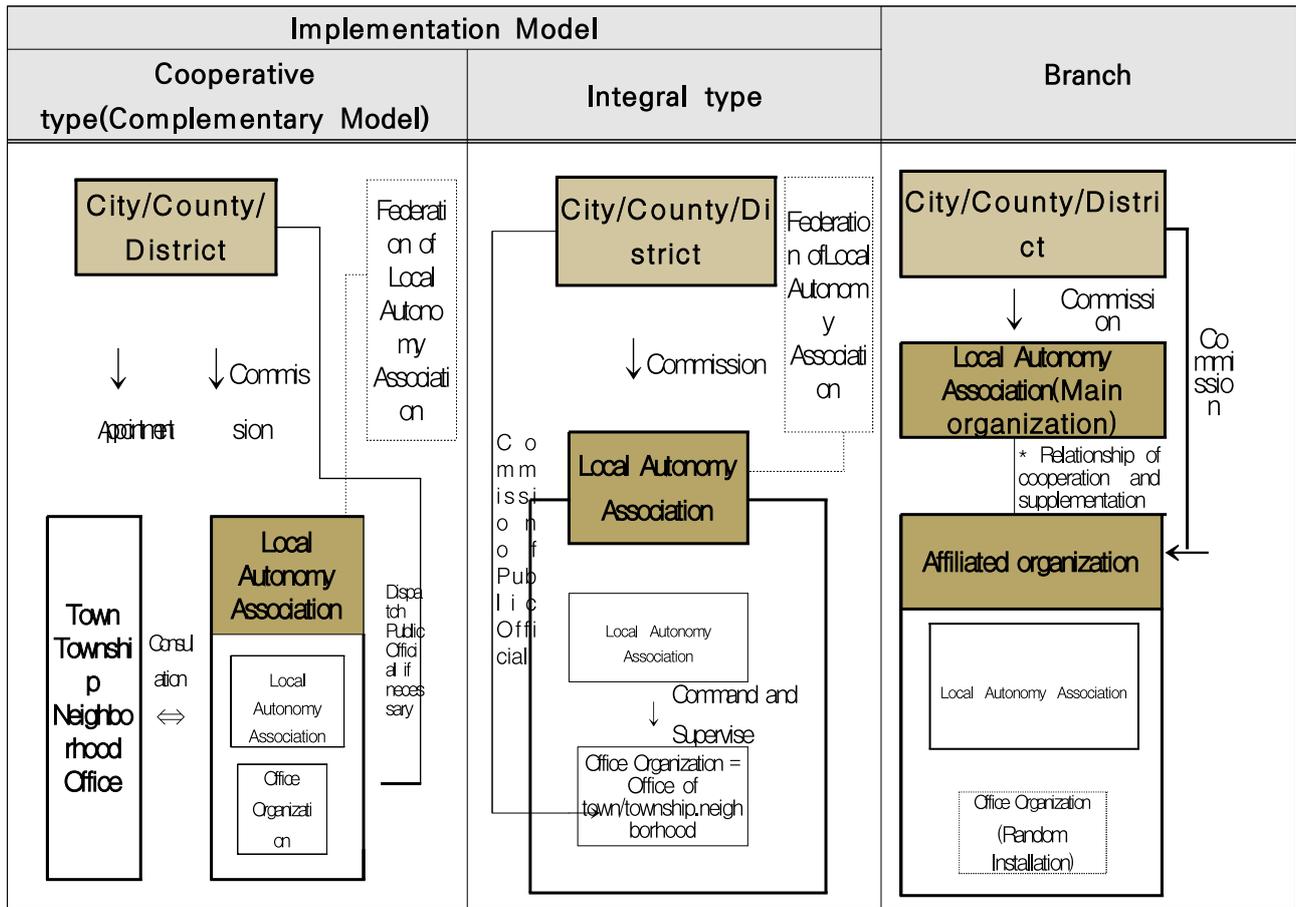
The authority of Autonomous Committee, not the lower administrative units leading to Province, Administrative city, Town, Township, Neighborhood, should be greatly strengthened and improvement

measures should be devised to improve the system that would extend the representation of residents.

Concerning the enhancement of authority, ▲ A plan to have the right to ask for examination and implementation of important matters in the town, township or neighborhood as voting rights ▲ A plan to supplement and expand the review and resolution ▲ Establishment of the Regulations on which the Community Service Committee can directly hire the Secretary of the Community Service Committee ▲

Improving the system for right of pre-conservation, prior consultation, plural recommendation when naming, proposing retirement to the chief at town, township and neighborhood;

› Local Autonomy Association's Implementation Model



- (Cooperative type) Cooperative organization with town, township and neighborhood(present day town office)
 - Consultations and reviews on the functions of residents ' autonomy, delegation, or commission of consigned office, and close consultation of residents ' lives in the town
- (Integral type) legislative organization of town, township, neighborhood administrative office(town, township, neighborhood office deals executive function)
 - Perform administrative functions of the town sides and functions of residents ' autonomy, and handle entrusted or commissioned tasks
- (Residention type) Execution organization of a resolution(present day town office abolished)
 - Local autonomy and processing of delegation or consignment tasks

Source : Local Government Development Committee (April,2015), Plan to Introduce the Community Service Council. Kumchang Ho (2013)

4) Way to secure the right to fiscal autonomy

○ Article 4 of the Jeju Special Law, “The country should induce and carry out promptly administrative and financial benefits such as transition of national tax from Jeju Self-Governing Province or transition of tax items for Jeju Self-Governing Province’s voluntary performance increase.

Particularly, as the national taxes collected in Jeju Island in 2007 were around 400 billion won and the amount of the national taxes from Jeju exceeded 1 trillion won in 2015, the Jeju Special Self-Governing Province should provide a detailed implementation of Article 4.3.

Jeju Special Self-Governing Province is also discussing ways to make adjustments to the national tax and ways to increase its own financial resources, such as entering tax, and requiring the government and the National Assembly to include the Jeju account to transfer the amount of the national office. However, these need the cooperation with the government and parliament.

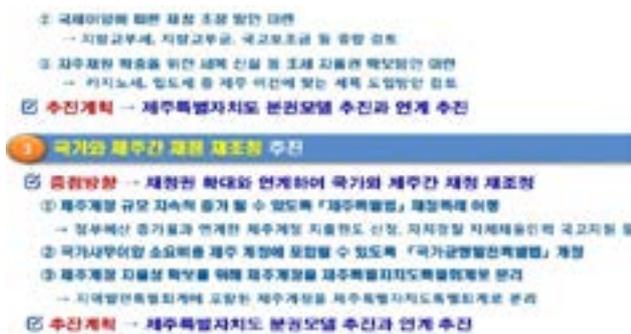


Figure Jeju government strategies according to Moon Jae-in government’s 100 tasks / Source: Jeju Provincial government’s internal data

5) Reinforcement of Independence of Audit Committee

The Jeju Board of Audit and Inspection shall investigate the reason of installing audit committee, audit’s duty, and processing of autonomous audit’s result at Jeju Special Law(Article 131 to 139). and also it decides the important things about a special case.

- Chairman of Audit Committee is resigned by a provincial governor through Jeju Island’s parliamentary confirmation hearing procedure and consent. Jeju Island’s parliamentary recommends 3 candidates for the 6 chairmans of Audit Committee, Jeju Island recommends 2, Provincial educational office recommends 1.

○ Audit Committee belongs to provincial governor. However, it has legislative characteristic as consensus administrative agency enjoying the independent position while performing. Jeju Special Self-Governing Province Audit Committee currently owns the provincial governor’s office. The Audit Committee guarantees professional independence. However, the fact that the head of a provincial governor’s office is subject to fundamental limitations in ensuring the independence of the audit committee, whose main duty is to audit the local autonomous government.

Under Jeju Special Law, the audit committee chairman is a political affairs official who goes through a personnel hearing on Jeju Island’s parliament, is appointed by the Provincial Governor with the consent of the Jeju Island council, and the auditors are appointed by the Provincial Governor. 3 of chairmans are appointed by Jeju Island’s parliament’s recommendation.

Maintaining professional independence and regularity is the core of Audit Committee chairman’s job. Audit Committee belongs to provincial governor and the provincial governor appoint the chairman of the committee. Therefore, it has fundamental limitation.

The provincial governor still has personnel right of public official in general service among public officials belong to Audit Committee.(Jeju Special Law Article 133, Clause 1). As the current law says that the provincial governor exert right to personnel of chairman and majority of audit committee members and those below the secretariat, the audit committee chairman’s personnel appointment is relatively nominal.

A more substantial problem is that audit committee members may return to enforcement agencies after their term in office. Therefore, it is hard to expect strict and effective autonomous audits from a neutral point of view.

The current audit committee imposes limitations on the independence, neutrality and professionalism of audit personnel when it comes to affiliation and personnel.

As a result, some civic groups say that Audit Committee should belong to provincial council,

which is the representative body of residents, not the provincial government.

5. Revision Method of the Jeju Special Law in Free International Cities

The Jeju Support Committee discussion on Jeju's 6-stage administrative system was deleted on August 4, but it needs to discuss again through legislation by lawmakers about the provisions made

through the parliamentary discussion process on Jeju Island.

1 > When referring to Jeju International Free City Development Center, legislation efforts should be made for the return of tax free duty shop revenues to the local community.

<Table> JDC Financial procurement and Investment status(Dec, '15)

(Unit: KRW 100 million)

Sortation	~'08	'09	'10	'11	'12	'13	'14	'15	Total
Financial procurement (A)	3,305	1,802	1,019	1,283	1,469	1,717	2,998	2,174	15,767
○Duty free shop net profit	2,855	748	842	945	905	722	814	1,097	8,910
○Development work for sale	468	1,054	177	338	564	995	2,184	1,077	6,857
Investment status(B)	4,474	2,318	1,719	2,405	1,847	1,641	2,328	1,404	18,136
Over and short(A-B)	△1,169	△516	△700	△1,122	△378	76	670	770	△2,369
○External borrowings	1,489	760	1,000	1,200	260	-	-	-	4,709

Data : Reconstruct Jeju International Free City Development Center Project Plan and Budget (2008-2016)

Main contents submitted by Jeju Island are improvement of method of participating in local farming and fishing villages promotion fund of development center (Jeju Special Law Article 267, Clause 4)

The requirement for participation by the Act was adjusted to " 5 % of the operating profit from the previous fiscal year's domestic duty-free shop operation " to secure stable funds for local farming and fishing villages promotion funds, but was discontinued in virtually government discussion.

However, the JDC Duty Free shop, the only socially operated in Korea, operates on the premise of sacrificing other similar businesses in rural areas, and the net income of the duty-free shop has increased by one billion won every year since 2015 but it has much lack of reverting to local or contribution to the Rural Development Fund

Accordingly, the legislative effort to make concrete returning JDC profit through supporting the reason of participation in funds for farming and fishing villages by regulating the duty about duty free shop's profit.

If the regulation on the clarification of the duty free tax revenue for Jeju Island is difficult, it is necessary to review the way to oblige participate in funds for farming and fishing villages instead of turning over the rate to provincial ordinance.

2 > ... The tourism promotion fund is necessary when it comes to foreign duty-free shops. In the meantime, Shilla and Lotte Duty Free Store in Jeju has enjoyed virtually the greatest benefits as a result of a sudden increase in the number of foreign tourists.

However, the return of profits to the region is virtually insignificant. As such, it is necessary to share the profits by imposing a tourism promotion plan in Jeju.

- In fact, according to figures analyzed during an audit by the National Assembly's Budget Committee in 2016, the total sales at four foreign duty-free shops in Jeju, including Lotte, Silla, JDC, and JTO, were estimated to be 1.1726 trillion won.

- Lotte and Shilla Duty Free Store, excluding JDC and JTO duty-free shop sales, saw its sales rise from 180 billion won in 2011 to 510.6 billion won in 2013, 613.1 billion won in 2014, and 629.4 billion won in 2015.

- The benefits from the increase in tourists are clearly being reflected in the large enterprise tax exemption stores.

- On the other hand, the two duty-free shops in the Jeju region paid only about 300 million won in patent fees last year, including 114 million won for Lotte and 200 million won for Silla.

- for duty-free businesses that are exempt from duties and VAT as a result of their exclusive status, only 0.05 % of sales amount is paid as patent fee.

- This is in stark contrast to the casino industry, in which 10 % of sales are paid for by the Tourism Promotion Fund, 16 % of revenue from leisure tax in horse racing, and the home shopping business, in which is paid 15% of revenue by the Korea Communications Development Fund.

- Still, some analysis shows that duty-free shops were the most expensive places for foreign tourists besides basic tours such as accommodation, food and transportation.

- Jeju is spending tens of billions of won every year to build infrastructure for the tourism industry, but the revenue is taken from large corporations and legislative efforts must be made by Tourism Promotion and Development Fund

3 > Casino related systems need to be more specific. Since the launch of Won Hee-ryong provincial politics, the international level of transparent casino supervision and regional reduction have been reviewed several times and also reviewed in the process of improving six-stage system.

But most of the key things fail to review at the government level, clear casino operations and local

benefit reduction measures have virtually failed

▲Special case for introduction of Casino Business's Qualification System
 Casino Business's transfer, taking over and transfer of status as exceptions to the preliminary approval system
 ▲A special case on the pre-report of closing Casino Business
 ▲Special cases concerning cancellation of business license for casinos
 ▲Legislation has been halted in all major areas, including the addition of penalty rules to casino owners.

In addition, the promotion of special cases concerning
 ▲Casino Business Guidance and Supervision
 ▲Introducing registration system of Casino employee and a professional recruitment agent
 ▲Foreign Exchange Transaction Act has been discontinued.

○ National assembly even can not discuss the reason for local society reduction of Casino's sales profit. Because of the Jeju Special Law, Article 245, revision of provision 246, new 10 of Article 244; The Jeju Tourism Promotion Fund collection rate has been extended from the 10 % range of total sales to the 20 % range, Use half of the payments as funds for the development of the Jeju Community and appropriate fees for casino permit etc.

Therefore, it is important to seek legislation and resolve the provisions relating to casinos that have been discontinued in the 6-step system improvement process.

As Jeju Island is also considering creating a casino tax as a way to raise its own funds, it should have a comprehensive system inspection and legislative efforts.

In particular, in the second half of 2017, Lamjeong Jeju Development announced its plan to relocate its landing casino in the Jeju Hotel to Sinhwa World in Jeju Island, raising the issue, even the scale is over 10,000 m²

Jeju society, including the promotion of the Dream Tower large-scale casino, is set to intensify its argument over casino policies in the future.

As large-scale casino installation is becoming a reality, the social conflict over casino policies is bound to grow unless legislation is in place to effectively control it transparently.

As some argue that all transfer, segmentation and consolidation cases must be approved in advance from the current ex post facto report, the related casino law must be revised in the process of revising the law.

4) Legal discussion is needed on how to readjust the status and role of Jeju International Free City Development Center.

○ The Jeju Free International City Development Center recently stated after discussion that it intends to change the name of the organization. ' Was Jeju International Free City Development Center (JDC) trying to delete the word 'development' for its criticism as the main actor of Jeju reckless development.

JDC recently conducted a naming survey for its internal employees, confirmed the final version, and reported the name to Director Lee Kwang-hee, while all six candidates for JDC's naming contest have lost the word ' development '

The candidate works are △Jeju International City Design Center △Jeju Future Advance Center △Jeju International Free City Public Corporation △Jeju Global Center △Jeju International Free City Center △Jeju International City Public Corporation etc.

JDC also added that the purpose of the naming process was to " improve the institutional functions by changing the names to match the local and international environment, " adding that it is also intended to " improve the residents' negative perception of development.

Civic groups in Jeju have criticized JDC's involvement in Jeju's 7 major projects, including English education town, Shinhwa Historical Park, Yerae Recreational Residential Park, the advanced residential area and health care town.

Some civil society members are also criticize 'JDC: Jeju Dapanda Center': It means the center sells everything for its profit in Korean.

The reform process of the 6-stage system was an attempt to open up the community of residents to JDC by revising the special law, but the government has failed to make progress because of government's resistance.

More participation by residents in Jeju Free International City Development Center

① Authority to recommend provincial governor for one JDC director (non-executive) (amendment to Article 172 of the Special Law on Jeju)

② Add hearing by the council when setting up a development center implementation plan

- Currently, when the Minister of Land approves the development center implementation plan, he listens to the opinion of the Provincial Governor and consulted with the head of the relevant central administration.
- When JDC establishes a development center implementation plan, it improves it by listening to provincial governor and provincial council opinions (amendment to Article 179 of the Special Act on Jeju)

To increase participation by residents, the provincial governor requested the provincial governor's right to recommendation of JDC director and he requested that the clauses of the governor and the provincial council reflect their opinions when setting up an implementation plan, but was rejected by the government support committee.

JDC is a special corporation for the Ministry of Land, Infrastructure and Transport, which claims the status of JDC is that of Jeju residents, and is fundamentally more important for the Ministry of Land, Infrastructure and Transport to pay taxes than provincial governor's.

In reality, Jeju Island's highest court plan, the Freedom and Comprehensive Plan, was established by the Provincial Governor and approved by the Provincial Council, but its implementation plan is approved by the Land Minister and JDC gets Land

Minister's approval.

In particular, the project is being established on a certain basis except for Yerae residential area, which is still a controversial issue, and Seoguipo tourist port, which was not fully established at the time of JDC's launch.

In reality, ▲ Advanced Science Park ▲ English education town ▲ Health Care Town are completed and the basic direction of the project has been set.

JDC promoted composite transfer center and housing projects as a key future project after lead project, however, this area can be fully resolved by Jeju Island's own capabilities or private sector

This opportunity should therefore have a device to alter the legal status of JDC and should include name, function and membership changes

6 > Improvement of the Investment Promotion Area System

○ There has been a continuous voice to improve the investment promotion zone system but it has not been properly maintained by the law.

The exemption or reduction of national taxes (corporate tax, income tax), local taxes, and other various levies to businesses that have invested a certain amount to attract private investment, resulting in investment focusing on real estate development.

In reality, 41 out of 48 areas that are promoting investment are concentrated on tourism hotels, general or professional vacation businesses, showing an imbalance in the business sector.

Despite the huge gap in investment amount due to characteristics among projects targeted at investment promotion zones, the investment amount is uniformly set at US\$ 5 million (tourism project costs US\$ 20 million). Accordingly, standards need to be adjusted according to the nature of projects.

○ The overview of the current investment promotion zone system is as follows.

- Object : Corporate Tax · Income tax, customs and acquisition tax, and property tax
- Key contents of tax reduction법
 - Income tax: Relieved for three years + reduced by 50 % for two years
 - Customs : Relieved from imported capital goods for direct use in targeted projects for three years
 - Local taxes : exemption of acquisition tax, exemption of property tax for 10 years, etc.
- Additional tax amount for the reduction of the investment promotion area
 - If the cancellation is made, the amount of reduction within three years is collected retroactive to the designated cancellation date.
 - If the amount of investment is not met, the entire reduction will be collected.

※ Evidence : Article 121 of the Act on the Limitation of Taxation and Article 24 of the Act on Special Self-Governing Activities Reduction in Jeju

〈Table〉 Current status of Chinese investment projects in Jeju area (Greenfield project)

Year	Investment Corporation Name	Corporation Name	Total project size (KRW 100 million)
	14 business	a total	
2010	Jeju Bundu Mihorand	Jeju Bundo Miholand(Co)	4,212
2011	Jeju Baektong Shinwon Resort	Baektong Shinwon (Co)	2,432
	China Biyondhill Tourist Park	(Ltd)Heung-yu Development Company	7,410
2012	Musucheon Resort	(Ltd)Jeju Golden Pine Resort & Club	2,537
	Ocean Star	Osam Korea(Co)	1,100
	Health Care Town	Green Korea Investment Development(Ltd) Green Jeju Health Care Town (Ltd)	10,130
	Topyeong Rural Tourism Complex	(Ltd)Victor Investment Development Deoklim Hotel	155
2013	Deoklim Hotel	Deoklim (Co)	149
	Yulhaedang Resort	(Co)Yulhaedang Resort	1,300
	Sangmo Recreation Area	Shinhaewon(Ltd)	4,327
	Lachenne Resort	Jeju Yongsaeng Development(Co)	1,000
2014	Teddy Pellis	China Teddy(Co)	2,373
	Jeju Green Valley Tourist Town	Sahap(Co)	600
2015	Huada Tourist Hotel	Korea Huada(Co)	240

Data : Jeju Special Self-Governing Province Investment Policy Division (As of June 30, 2015)

It is necessary to expand the sectors that have a great influence on the local economy, such as utilizing local resources and creating jobs, to those that will lead Jeju's economy in the future.

○ Improvement process in the 6-stage system reflected the expansion of the details of the designated areas for investment promotion, establishment of a penalty regulations, establishment of the period of investment promotion zones, adjustment of designated areas for investment, and adjustment of the requirement for cancellation of investment promotion zones.

However, the Jeju committee did not approve the provision of tax reduction when lifting the investment promotion designation, which has been controversial over social issues.

This is to increase the amount of tax reduction from the current three years to five years when the investment promotion zone is de-designated (amendment to Article 116 of the Enforcement Decree of the Special Taxation Act).

Jeju Investment Promotion Districts are exempt from the targeted criteria according to Article 163 of the Jeju Special Act and 23 of the Enforcement Decree of the same Act, however, the Act on the Classification of Non-deductible Taxes and Special Taxation Act provides for the cancellation of investment.

When the investment promotion area is de-designated, the system needs to be improved since the penalty effect is strengthened so that the investment is carried out in accordance with the tax reduction period stipulated in the Promotion Act.

Some even suggested that refund system after the Investment Promotion District reduction should be adopted to block the controversy.

7 > Land Reserve System Improvement

○ Public land accumulation system is implemented in Jeju Special Self-Governing Province, but the project targets are development projects, and the procedure can be administrative expediency managed without the provincial council examination and resolution procedure.

In 2014, Won Hee-ryong, provincial politician, announced the direction of Jeju Island's land conservation policies, which were intended to protect the environment and not develop the land

Accordingly, the land reserve for development projects has been purchased by absolute or relative conservation areas, including Gotjawal and GIS third grades, to obtain development clearance to preserve the environment. He also announced that

he would purchase the land interlinked in the state-owned land and common ranching grounds for sale.

However, such policies are not related to the improvement of the system, and they are only being used as slogans. In addition, Won Hee-ryong has recently run counter to the policies of the system themselves.

Jeju Special Self-Governing Province purchased the land, the site of a commercial tourist resort in Aewol-eup blocked of 'Guidelines to limit the development of Jungsangan' in July. Jeju Special Self-Governing Province instead sold reserve land to businessman.

Jeju Autonomous Province announced on 26th, it would hold a land accumulation committee and approve a conditional proposal to sell the land reserved by the public around 280 thousand m² in Eoem-ri, Aewol-eup, Jeju City to Cheongbong Investment(Co).

As the proposal is passed, Cheongbong Investment & Securities must buy the land and go through the approval process to carry out its development projects within four years, and the business operators must promote the business, 'Green Eco Healing Composite Complex' with the K-pop stage, a healing center, a sports complex and an experience center, and accommodation facility.

However, the sale of the reserved land is in conflict with the decision of Won Hee-ryong to rent the land for a long time, instead of selling the land related to development projects that he has repeatedly announced.

○ As the function and role of land accumulation system is carried out mainly in development projects and tourism projects, the role of land accumulation in the environment and environmentally friendly agriculture needs to be extended. As the land reserved for sale is also shared property, it is necessary to obtain the consent right of the provincial council

○ As a vision for future agriculture, a cluster policy should be established to foster environment-friendly agriculture in a detailed manner

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