ABSTRACT: Islands are associated with both high levels of autonomous status and sovereign status on the one hand and the creation of exceptional spaces on the other, both linked with the development of distinctive island cultures. This article argues that there is a tension between these tendencies, as is illustrated by the case of Jeju Island, South Korea. Jeju is a self-governing province and subnational island jurisdiction (SNIJ). Its autonomy is rooted in contested understandings of Jeju natives as an Indigenous people, distinct from the people of the Korean Peninsula. In practice, however, Jeju’s autonomy is used as a tool for containing a special economic zone (SEZ) aimed at attracting foreign direct investment (FDI) to South Korea as a whole. By taking an island studies approach, this paper shows how Jeju’s ostensible Indigenous autonomy has been compromised by the island’s use as an exceptional space crafted in conscious relation to the mainland. Key governance mechanisms on Jeju do not prioritise Indigenous rights. Studies of island political and economic development require careful analysis of how diverse political and economic processes are influenced by islandness itself.

KEYWORDS: foreign direct investment (FDI), Indigenous peoples, islands, Jeju Self-Governing Province, special economic zone (SEZ)

Introduction

Islands are special. They are special in part because their spatial characteristics (e.g. boundedness, remoteness, isolation) both encourage the development of distinctive cultures (including political, economic, and technological cultures) and prompt people to regard them as distinct and coherent units (Nimführ & Otto, 2020; Grydehøj et al., 2020). These processes mean that islands are more likely to be either sovereign states or to possess exceptional levels of autonomy within their national systems than are mainland land areas. The tendency to see islands as highly distinct and coherent units in turn renders islands
attractive to both islanders and mainlanders as sites for exceptional spaces (e.g. militarised areas, tax havens, special economic zones, ecological preservation zones). Clear territorial circumscription helps contain policy regimes that are consciously distinguished from those of the mainland, the nation, or the wider world.

The present paper argues that tensions may arise between these two general responses to islandness: There is a contradiction between the impulse toward greater island independence (whether in the form of sovereign state status or increased autonomy) on the one hand and the impulse toward crafting exceptional spaces on the other. There is a substantial literature on island autonomy and sovereignty, and this is often connected with discussions of how islands can reap the most benefit from their geographical advantages by crafting specialised policy regimes (Baldacchino, 2010). Yet there has been little recognition in the literature that, inasmuch as they are designed in explicit reaction to mainland or wider policy regimes, such island exceptional spaces often remain tied to the expectations and interests (e.g., economic, military, conservational, political, heritage) of external actors.

There are no universally accepted definitions for ‘sovereignty’ and ‘autonomy’. Peoples who claim sovereign rights may struggle to exercise these in practice, especially if they seek to exercise them in a space that is regarded as another people’s sovereign territory. Even recognition of sovereignty by the United Nations is no guarantee of actual power to make govern oneself in a complex and interdependent world. Autonomy exists on a spectrum, ranging from total dependence to total autonomy (Alberti & Goujon, 2020): when we speak of a subnational jurisdiction holding ‘autonomous status’, this is necessarily relative to other similar subnational jurisdictions as well as contingent upon relations with other actors. Attempts to measure autonomy or make extent of self-government a precondition for formal sovereignty or political independence often occur on the terms of metropolitan and non-Indigenous actors (Grydehøj, 2020).

This paper uses Jeju Island, a highly autonomous subnational island jurisdiction (SNIJ) of South Korea, to illustrate how these tensions may play out in practice. Jeju is particularly interesting for this study because its autonomy is rooted in contested understandings of Jeju natives as an Indigenous people, distinct from the people of the Korean Peninsula. Jeju’s autonomy is at the same time framed in terms of special economic zone status and operated as a growth engine for South Korea as a whole, without the explicit privileging of Indigenous interests or decision-making. Our study subjects Jeju to parallel deductive processes, analysing both its autonomous and special economic zone status in terms of the island studies literature more generally as well as showing the complex ways in which these two characteristics interact.

It is often expressed that Jeju natives differ from peninsular Koreans in essential ways in terms of their beliefs, language, economic practices, and manners of seeing and engaging with the world (e.g., Tran, 2022; Yoo, 2021; Pak, 2013; Ko et al., 2012; Kim, 2018; Yoo, 2020). The domination of Jeju by the Korean Peninsula has been influenced by but is also distinct from the processes of European colonialism, and it remains a matter of debate whether Jeju should be considered a ‘colonised’ territory. However, among many Jeju natives, there is a strong feeling of Indigenous status, of ancient roots on and rights to the island that are endangered by USA and South Korean militarism and by non-Indigenous settlers from the mainland (e.g., Chae, n.d.; Paik, n.d.; Koh & Barclay, 2007). With the globalisation of Indigenous activism, Jeju native social movements are likewise increasingly apt to call for ‘decolonisation’ (e.g. Oh, 2022; Baik, 2016). When discussing Jeju natives as an ‘Indigenous people’ in this paper, we are not addressing international law, which in any case offers...
insufficient protections to Indigenous peoples around the world and remains predicated on metropolitan understandings of sovereignty and territorial cohesion. We are instead addressing a locally felt need for acknowledgment of ancestral ties to the island, fundamental difference from peninsular Koreans, and a history of domination from the outside.

Other scholars have fruitfully studied Jeju’s development from different perspectives, including different perspectives within island studies (e.g., Tran, 2022; Dos Santos, 2022; Lee, 2020; Paik, 2020; Lee et al., 2017; Jung et al., 2018). Our own choice of an island studies perspective is linked both to our conviction that Jeju can help shed light on certain knowledge gaps within island studies and to our belief that research from island studies can assist in understanding why Jeju has developed in certain ways.

At the core of the present study is an analysis of national and provincial government planning documents and legislation concerning Jeju, from the 1960s through to the present, as well as documents produced by state-owned enterprises operating on Jeju, particularly the Jeju Free International City Development Center. The review was unsystematic but focused on ascertaining how Jeju’s relationship with the government of South Korea has been conceptualised and changed over time. A more comprehensive discussion of the contents of the national and provincial government documents in particular is available in Kim (2020). We also draw upon local and national media discussions of Jeju’s development. The article is also informed by co-author Kim’s experiences as a Jeju native.

We begin by discussing research into how island spatiality affects development in terms of moves toward autonomous territory or sovereign state status, perceptions of indigeneity, and the creation of special economic zones. We then describe how Jeju developed into a combined autonomous island territory and island special economic zone, with a focus on specific policies. This is followed by a discussion of negative impacts the special economic zone has had on local wellbeing. Next, we analyse the case of Jeju in terms of tensions between autonomous and special economic zone status on an island with an Indigenous population. The paper ends with a brief conclusion.

Islanded exceptional spaces

Many islands are regarded as home to unique cultures. Various spatial characteristics of islandness (e.g., boundedness, remoteness, isolation) are conductive to the formation of cultural difference. For example, physical separation from other communities can encourage cultural divergence (Messana, 2021; Grydehøj et al., 2020); restricted land area can concentrate and nurture cultural reproduction (Yamagiwa, 2022; Ronström, 2021); and water-facilitated connections can bring together influences from diverse cultures and thereby create new syncretic or hybrid forms (Mahajan, 2021; Prince et al., 2021).

This is, however, just one side of the widespread recognition that islands are often home to unique cultures. The other side is quite simply that people across cultures tend to perceive these same spatial elements of islandness as productive of difference from other places (Eyestone, 2022; Mereu & Gavelli, 2021). Boundedness, remoteness, and isolation are all relational characteristics: Island distinction can only be perceived in relation to other places (other islands or mainlands). Island coastlines in a sense naturalise territorialisation (Farinelli, 2021; Johnson, 2021; McGrath, 2021; Lin & Su, 2022). The cross-cultural tendency to create territorial or simply mental borders that align with ‘natural’ borders (e.g. coastlines, rivers, mountain ranges) means that, all else being equal, island societies are more likely to
be regarded as simple, distinctive, and self-contained than are mainland societies (Nimführ & Meloni, 2021; Grydehøj, 2018b). These same spatial attributes can also cause an elision of internal differences: If islands are supposed to be distinct from the mainland, there is also a sense in which people resist the idea of islands (or sets of islands that have been mentally grouped together into archipelagos) possessing highly disparate cultures. Island spatial characteristics can create an illusory sense of coherence. Islandness or insularity may thus be best “understood as a social phenomenon and an instrumental term, mainly used by islanders to create a unique identity and to legitimise their economic, social, cultural and political situation” (Nimführ & Otto, 2020, p. 188) or as a negotiation or conversation between diverse island and mainland identity discourses (Hong, 2022; Baldacchino, 2008; Nadarajah, 2021).

The combination of these factors has meant that islands are often treated and governed differently from other geographies. Islands are especially likely to be subject to calls for natural or cultural heritage preservation, but islands and archipelagos are also especially likely to be seen as forming ‘natural’ jurisdictions. In some cases, this results in SNIJs that are significantly smaller (in population size and/or land area) than the average subnational jurisdiction in a given national context. In other cases, SNIJs are granted exceptional legal powers (degrees of autonomy) relative to the average subnational jurisdiction in a given national context. Even when an SNIJ does not possess exceptional legal powers, its island- or archipelago-level government frequently plays an exceptionally large role in local society, simply because the per unit costs of supplying a given level of public services will be disproportionately high in a jurisdiction with a small population that is remote or isolated from its hinterlands, necessitating higher public employment and expenditure and, often, reliance on local state-owned enterprises to provide services that would otherwise not be commercially viable (Grydehøj, 2018a).

Because the divisions between island sovereign state, autonomous, and total dependence status are complex (Alberti & Goujon, 2020), there is often a degree of ambiguity regarding the appropriate site for decision-making when it comes to island governance. Powerful SNIJ governments or even simply island societies that assert strong cultural distinction may resist or complicate efforts by national governments to situate these islands as existing at subsidiary or lower governmental levels (Mut Bosque, 2020; Ferdinand et al., 2020; Favole & Giordana, 2018).

More generally, perspective matters: That which is perceived at one polity level (supranational, national, regional, provincial, city, village, etc.) as a move toward greater economic independence or decision-making power may be perceived as a destruction of rights, livelihoods, and self-reliance at another polity level. The ‘right to the island’ (Sabaté-Bel & Armas-Díaz, 2022) is subject to intense contestation. Such tensions may be particularly complex in small islands (in terms of land area and/or population size) with histories of colonisation or Indigenous populations. Islands and indigeneity exist in complex relation, with island geographies encouraging acknowledgment of Indigenous status but also the circumscription and essentialisation of Indigenous identities (Nadarajah et al., 2022; Grydehøj et al., 2020). That is, an Indigenous people are Indigenous regardless of whether settlers and other colonisers acknowledge them as such, but island space encourages the implicit or explicit recognition of indigeneity.

Korson et al. (2020) study how political rights of Indigenous peoples may be exercised in different ways in different kinds of SNIJs. They consider for instance the difference between, on the one hand, when Indigenous interests are represented within an SNIJ’s government
simply because of the demographic and electoral strength of the Indigenous population and, on the other hand, when customary authorities operate alongside an SNIJ’s government. This is highlighted by cases in which the securing of greater legal rights in some areas can be seen as placing Indigenous autonomy and values at risk (Vézina, 2020). Discussion of SNIJ autonomy frequently overlooks or conceals the distribution of benefits and hazards among Indigenous and settler populations (Androus & Greymorning, 2016). Meanwhile, the metropolitan tendency to see certain kinds of islands primarily in terms of their geostrategic importance means that many colonised SNIJs have been extensively or even comprehensively militarised or carceralised, notwithstanding their Indigenous societies or purported autonomous statuses (Na’puti, 2022; Grydehøj et al, 2021; Flint, 2021; Gonzalez, 2020; Fuggle, 2022, 2021).

Given that islands tend to be envisioned as exceptional spaces, it is no surprise that they have proven attractive as sites for special economic zones (SEZs) (e.g., Leou & Li, 2022; Hutchinson, 2015; Hampton & Christensen, 2002). SEZs are a governance tool that uses spatial bordering and containment as a means of boosting competitiveness, attracting resources, and attracting investment, including foreign direct investment (FDI). SEZs can be initiated, designed, and operated by actors working at different polity levels, and it is significant whether islands are created as SEZs by local or external actors.

As a category, SEZs cover a wide range of spatial tools and economic strategies that construct localised difference. The ostensible selling point of many SEZs is a low-tax status, but it is also common for SEZs to market themselves in terms of quality and for them to be governed by policies that place exceptionally tough restrictions of construction and industrial activity in order to encourage high-value projects and cluster development. Depending on the national context and industrial focus in question, SEZs may be referred to by a wide range of names, including urban enterprise zones, foreign trade zones, innovation districts, industrial parks, opportunity zones, smart cities, eco-cities, knowledge cities. This variety complicates the identification and comparison of SEZs internationally. While noting the many well-grounded attempts to define SEZs (e.g., Farole, 2011; Arnold, 2012; Moberg, 2015), we here use the following broad definition: SEZs are bounded spaces of economic and regulatory exception. A special economic zone must be special relative to something else and is contingent upon the policy environment of the polity with which it relates.

When discussing SEZs, it is thus necessary to consider the interests an SEZ is intended to serve. Government actors at a particular polity level may develop, implement, and carry out SEZ-related policies in a manner that has various positive and negative impacts on other polity levels (Sonn et al., 2017). This is connected not only with the needs of actors at different levels but also with the different resources upon which these actors are capable of drawing. Government actors at any level may be unable to exercise their legal powers in practice, on economic, institutional, or other grounds, and legal distributions of authority are liable to more-or-less overt challenge from above or below (Grydehøj, 2016). These limitations, potentials, and contestations always emerge relative to other actors and are perhaps particularly visible with respect to island SEZs, which are physically distinctive, territorially bounded, and straightforwardly relational (defined by their relative specialness and designed for cross-border impact).

Island governance actors, for example, have driven the construction of offshore financial centres linked to the United Kingdom or the British Crown (e.g., Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, the almost-island of Gibraltar). Such autonomous SNIJs have contested metropolitan dominance by creating themselves as SEZs.
relative to the metropole for their own benefit, exploiting the productive ambiguities related to their special territorial status (Baldacchino, 2010).

Elsewhere, islands have become convenient containers for spaces of economic exception desired and designed by higher-level urban, regional, or national polities. For example, national and/or provincial governments have promoted, designated, and planned the SEZ statuses of Indonesia’s Batam Archipelago, Malaysia’s Forest City, and China’s Hainan. Island SEZs are particularly useful for higher-level polities precisely because their spatial boundedness and distinction reinforce regulatory exceptionality when it comes to branding and marketing the zones while also restricting this exceptionality within a clearly demarcated space.

Ong (2004, p. 70) argues that “zoning technologies” such as SEZs are used to mediate cultural and political difference under the guise of economic growth. For Doucette and Lee (2015, p. 54), SEZs are “important spaces of contemporary political-economic experimentation in Asian contexts, where they have often been used to circumvent political obstacles and bridge politically divided entities.” This is the case for Jeju, where the transformation of the island into an SEZ (styled as ‘Jeju Free International City’) reinforces Jeju’s territorial distinction without compromising South Korean sovereignty or economic self-interest. Locally designed SEZs and nationally designed SEZs may thus attract and foster growth and economic activity along superficially similar lines while having differently spatialised political and economic impacts. An additional issue – and one that is crucial to the present study – is that locally designed and run SEZs will not automatically serve Indigenous interests even in Indigenous-majority settings, as management structures and organisational objectives may not prioritise the Indigenous community.

Jeju: From island state to SEZ

Jeju (land area 1849 km²) is an island and special self-governing province of South Korea, located around 90 km south of the Korean Peninsula (Figure 1). The province has a population of 677,143 (Korean Statistical Information Service, 2022).

Isolation from the Korean Peninsula and connection with other islands and ports along the Kuroshio Current contributed to Jeju developing a distinctive linguistic, religious, and societal framework (Hyun, 2018; Heo & Lee, 2018; Lee & Hyun, 2018). In ancient times, Jeju was the seat of an island state, Tamna, which was integrated into the peninsular Korean kingdom in CE 1105. Jeju’s distinctiveness was reinforced over the centuries by conflict-ridden relations with the mainland government. The island was conceived of as a place outside the Korean cultural, economic, and political system by both mainlanders and islanders (Kim, 2020). Indeed, Jeju’s cultural memory accords great significance to the ‘3 April Incident’, involving South Korean government-sponsored massacres and political violence in 1948-1949 (Eperjesi, 2019). Following the Korean War, Jeju was increasingly integrated into processes led by South Korea’s autocratic political system.

From 1963 onward, Jeju was a focus of successive national-level development projects (Ministry of the Commerce and Industry, 1963; Boo, 2012, pp. 86-87; Lee, 1987, pp. 40-41). These plans sought to use Jeju to support the national economy, deploying a variety of spatio-economic tools to variously transform the island into an ‘international special economic zone’, encourage tourism development, and promote industrial development, ultimately
causing Jeju’s conceptualisation as a tourism-oriented SEZ (Tran, 2022). Jeju’s promotion as a site for earning foreign exchange through tourism was linked to its island geography, which was deemed to be an impediment to secondary sector development (Lee, 1997, p. 197).

Confronted by a crisis of political legitimacy and pressure to repay foreign debts, the Chun Doo-hwan government (1980-1988) initiated economic liberalisation policies, in which Jeju played a key role as a combined free trade zone and tourism destination targeted at foreign visitors (Lee, 1987, p. 43). Declining domestic demand for Jeju tourism and agricultural products and South Korea’s 1997 currency crisis gave further impetus to the national government’s vision of Jeju as an SEZ (Kim, 2020).

The potential for truly local policymaking only arose with the revival of South Korea’s local government system in 1995. In 1998, the national government reacted positively to the Jeju Provincial Government’s proposal that Jeju should become a ‘free international city’ and a leader in high-value industries such as ICT, tourism, finance, and logistics. This resulted in a series of national-level plans and acts, culminating in 2002’s ‘Jeju Free International City Special Act’ (Republic of Korea, 2002), which institutionalised the Jeju as an SEZ aimed at attracting FDI. Jeju Provincial Government produced its own SEZ comprehensive plan in response, aligning national and local policies. The newly empowered SNIJ government embraced policies closely resembling those initially designed in the national interest.
In 2006, the national government adopted the ‘Special Act for the Establishment of Jeju Special Self-Governing Province and the Creation of Free International City’ (Republic of Korea, 2006a). Through this legislation (hereafter, the Special Act), Jeju’s creation as an autonomous territory (possessing de jure powers over most policy areas) was explicitly connected with an SEZ economic framework aimed at attracting foreign direct investment (Boo, 2012, p. 162). The new governance framework did not grant special rights or privileges to Jeju natives, and as immigration from the Korean Peninsula has increased, the proportion of natives to settlers has decreased, reducing the Indigenous population’s electoral, economic, and cultural authority on the island.

Although Jeju’s provincial government possesses considerable autonomy, much economic power lies with the Jeju Free International City Development Center (JDC), a state-owned enterprise established in 2002 (Republic of Korea, 2002, Article 72). JDC is tasked with acquiring, developing, managing, supplying, and leasing land on Jeju; creating and managing investment-promotion districts; and attracting investors to Jeju (Republic of Korea, 2002, Article 76). JDC is wholly owned by the national Ministry of Land, Infrastructure, and Transport.

Mechanisms for attracting foreign direct investment to Jeju

Jeju’s legal status as a special self-governing province was crucial for achieving the national government’s ambitions for the island, making possible a regulatory framework conducive to attracting FDI into the country. The three most significant regulatory tools in this regard have been the Jeju Investment Promotion District scheme, the Foreign Investment Area scheme, and the Immigration through Real Estate Investment scheme. All three systems target foreign business actors.

**Jeju Investment Promotion District scheme**

The details of the Jeju Investment Promotion District scheme are set out in the revised Special Act (Article 217) and its accompanying Enforcement Decree (Republic of Korea, 2006b, Article 36). Under this system, the governor can designate areas as investment promotion districts if they result in a significant amount of local expenditure and involve one of a number of specific business areas (e.g. tourism, elder care, youth training and education, renewable energy, medical services, advanced technologies, food and beverages). Potential investors must own or have usage rights to at least two-thirds of the land in question. Businesses within the scheme must be at least 30% foreign owned or have a foreign investor as the largest stakeholder (Korea Tourism Organization, 2016).

Participation in the Jeju Investment Promotion District scheme results in various direct subsidies for relocation and land purchases; infrastructure support services; education, training, and wages for Jeju residents and the elderly. Special grants are furthermore offered for large-scale investments and to improve conditions for foreign workers, including special foreign schools, childcare, medical facilities, and housing. Participating companies may also receive tax benefits. Depending on a company’s place of origin (foreign or domestic) and level of investment, it will see both its national taxes and provincial taxes reduced by 50%-100% for 3-15 years. Exemptions and reductions are provided for various other public fees (Investment Division, 2018, p. 15). In addition, the governor may choose to fund loans covering the leasing of land to companies that relocate to an investment promotion zone (on
leases of up to 50 years in cases of nationally or provincially owned land) and to exempt these companies from land rents.

Foreign Investment Area scheme

The Foreign Investment Area scheme targets high-value investors within the fields of manufacturing, high-tech, research, logistics, and tourism, offering tax benefits and assistance with land acquisition (Investment Division, 2018, p. 15). This scheme differs from the Jeju Investment Promotion District scheme inasmuch as it encourages investors to relocate into one of JDC’s large industrial parks. One example is Global Education City, dedicated to English-language primary and secondary education provided by campuses of overseas private schools (Kim & Yun, 2017). JDC has been developing a Myths and History Theme Park as a resort, hotel, MICE (meetings, incentives, conferences, exhibitions), culture, and leisure complex. This theme park is a joint venture by corporations in Singapore and Hong Kong, and the initial business and land purchase agreements amounted to what was at the time “the largest single investment in the history of the Korean tourism industry” (Invest Korea, 2017). JDC has also been developing the Healthcare Town medical tourism resort and R&D complex, featuring significant investment from China’s Greenland Group (Lee, 2014).

Real Estate Investment Immigration scheme and visa-free visits

The Real Estate Investment Immigration scheme, introduced in 2010, complements the above two area-based schemes by expanding the housing stock necessary to sustain Jeju’s economic growth. This scheme offers F-2 temporary residence permits to foreigners who invest significantly in residential buildings in designated investment districts between 2010 and 2023. F-5 permanent residence permits are granted to those who meet additional requirements (e.g., maintenance of investments over the course of five years). As of mid-2019, prior to the advent of the Covid-19 pandemic, 1954 properties had been sold under this scheme, and 1405 foreigners had received F-2 permits (Foreign Investment Promotion Division, 2019).

More generally, the provincial government’s authority over immigration has allowed it to institute visa-free visits for nationals of 187 countries. This is beneficial not only for the tourism industry in general but for the MICE industry in particular, which has been promoted at a national level, with national government bodies conceptualising, planning for, and investing in projects aimed at rebranding “the popular South Korean island as the leading MICE capital of the world” (Ho, 2019). For example, Seogwipo Innovation City and related MICE development projects have received substantial funding from the national Ministry of Land, Infrastructure, and Transport (Kang, 2018).

The Jeju Free International City project thus involves a complex system of both cost-cutting and value-creating methods to boost the island’s competitiveness. These mechanisms are managed in large part by the national state-owned enterprise, JDC.

An island SEZ serving the national economy

Jeju’s SEZ status has had complex effects at both national and island levels. In some senses, the Jeju Free International City concept has proven remarkably successful. Jeju’s economic
indicators have generally compared favourably with those of South Korea as a whole over the past years: prior to the start of the Covid-19 pandemic in spring 2020, Jeju’s economy had been growing at around double the national average; its unemployment rate was around half the national average; and its employment rate was significantly higher than the national average (Investment Division, 2018, p. 5). Although the pandemic harmed the island’s tourism industry, its economy as a whole rapidly recovered, including job growth (Invest Korea, 2021). Jeju’s unemployment rate was well below the national average in all four quarters of 2021, standing at 2.6% in the fourth quarter (Korean Statistical Information Service, 2022). Despite outmigration levels above the national average, Jeju’s population has expanded rapidly, with the island’s five-year population growth rate exceeding 10% in the 2010s (Ministry of the Interior and Safety, 2018) and consistently recording year-on-year population growth for the past many years, even during downturns (Korean Statistical Information Service, 2022).

Jeju’s development as an SEZ has occurred with general local political consent and indeed with the eager support of the local growth coalition (Lee, 2020), which has often benefited from JDC projects. JDC has made a point of directing contracts toward local businesses and supporting local employment. Nevertheless, JDC’s ‘business philosophy’ and ‘management strategies’ (JDC, n.d.-a, n.d.-b) are largely indistinguishable from those of profit-maximising private corporations, and its recourse to the language of ‘corporate social responsibility’ when expressing its contributions to Jeju society underscores the national orientation of the Jeju Free International City. Notably, JDC has no organisational focus on or mechanisms for supporting the interests of Jeju natives as such.

**Producing foreign exchange**

Jeju's economic and population growth has been driven by the island's FDI-attracting regulatory environment. The number of foreign invested companies on the island more than doubled and the quantity of FDI more than quadrupled in the mid-2010s (Investment Division, 2018, p. 14). However, Jeju’s booming economy is driven in part by rising house prices: Incoming workers compete with existing residents for housing, while individual investors attracted by the Real Estate Investment Immigration scheme invest in luxury residences that provide few benefits to islanders yet drive up overall prices (Chu, 2019). Chinese investors dominate the foreign real estate investment market, and around 80% of residential land purchases by Chinese investors in Jeju are for resorts and holiday homes targeting Chinese tenants (Lim, 2017; Wang, 2016).

Foreign investment in real estate and tourist spending in Jeju's duty-free shops help produce foreign exchange for South Korea but the effects for islanders themselves have been stark. In mid-2017, Jeju’s Korea-Housing Affordability Index (a measure of loan repayment burden for median-income homebuyers, representing percentage of income that goes to paying off a housing loan) was 85.1, second only to Seoul among South Korean provinces (Jackson, 2017). Over the past two years, even during the pandemic, house prices on the island rose spectacularly (Korea JoongAng Daily, 2021), driven by both Chinese property speculation (Yoon, 2021; Shin, 2021) and substantial immigration from the mainland. High demand for property, dependence on the relatively low-wage tourism industry, and a preponderance of self-employed individuals combine with the high prices and costs of living commonly associated with island communities (Dos Santos, 2022) to make life in Jeju difficult for a great many residents, incomers and Jeju natives alike. Exacerbating this problem have been Jeju's deep income inequalities (Jeju Branch Office of Bank of Korea, 2015), hardly surprising in light of efforts to attract wealthy individuals.
Jeju Free International City development across the island has been made possible by the lifting of construction restrictions on green belt and coastal land, and JDC has engaged in aggressive land acquisition strategies in the face of local opposition (Kang, 2015). The Yerae Recreation Complex provides an example of how FDI can straightforwardly disempower Jeju natives. This project is covered by the Jeju Investment Promotion District scheme and was once regarded as among the most significant projects within the Jeju Free International City. Although the project had initially been conceived as an amusement park (a recreational facility that could contribute to islanders’ welfare), the project’s main investor, the Malaysian-owned Berjaya Group, sought to construct a resort-type residential complex to generate tourism revenue. This lacked crucial local support, and some local landowners refused to sell their property. In 2006, JDC was permitted to expropriate 124,516 m² of land, leading dissatisfied landowners to lodge a lawsuit. In March 2015, the Supreme Court of Korea ruled that since the project was not in the public interest, the 2006 land appropriation had itself been illegal. Project construction was halted, with around 65% of the development having been completed, and the following year the Supreme Court invalidated the planning approvals for the project as a whole. The Berjaya Group demanded ₩4.4 trillion in damages through an investor-state dispute process. Following arbitration, JDC agreed in 2020 to pay ₩120 billion to the Berjaya Group. Efforts by local landowners to reclaim their land and buildings are ongoing, occasioning social conflict, as the provincial government struggles with the aftermath of this incomplete development zone (Huh, 2020).

Keeping capital within South Korea

From a national perspective, Jeju Free International City’s value goes beyond simply generating foreign exchange from international visitors: The development of Jeju as a ‘tropical’ island paradise for South Korean tourists reduces leakage of capital to overseas destinations. This is a factor in JDC’s development of the Global Education City. Besides supplying international-style English language primary and secondary education as a means of enhancing “Korea’s competitiveness by providing Korean and foreign students with competitive English education,” it provides an alternative to Korean students going abroad, thereby stemming foreign currency loss (Kim, 2016, pp. 72-73). The project has been criticised for catering specifically to children from wealthy families (Chyung, 2017). By mid-2018, 3326 households had moved to Jeju so their children could study at Global Education City schools (Yoo, 2018). With JDC’s own research suggesting that over 45% of parents whose children are enrolled in Jeju’s international schools would have otherwise opted to send their children overseas (Yoo, 2018), the Global Education City seems to present significant economic benefits to South Korea as a whole. As with the FDI in real estate though, the benefits for Jeju natives are less clear.

An Indigenous SNIJ or a Korean SEZ?

McLeod (2011) asks: “How do Jejuans want to participate in global society?” This begs the question of who ‘Jejuans’ actually are. Decades of immigration-driven population growth and increasing integration with mainland South Korea have complicated efforts to identify and pursue the interests of Jeju natives, even as the sense of island distinction has been emphasised by Jeju’s legal autonomy and unique status within South Korea.

JDC’s construction of the Jeju Free International City is propelled by its own growth-oriented logic. In this respect, it is significant that JDC is owned by the national government, in
contrast, for example, to the city government control exerted over the Incheon Free Economic Zone Authority (Shin, 2016), even as SEZ projects occurring in Incheon and elsewhere in mainland South Korea are dependent upon national government financial and policy support. It is not that JDC's activities are uniformly damaging to Jeju or do not contribute to the island's economy; the problem is that decision making power does not rest with Jeju natives as such, and the state-owned enterprise has no explicit or legal commitment to pursuing Indigenous interests.

How did Jeju—a relatively remote island territory and South Korea’s only special self-governing province—move so far from Indigenous control? Baldacchino (2020) argues that as an island society becomes more closely integrated with mainland economic, infrastructural, and political systems, it loses opportunities for independent decision making power. Jeju, however, is an example of an island that seems to have lost de facto decision making power at the same time as it was granted de jure autonomy: the island-facilitated ability to distinguish itself from mainland South Korea as a result of cultural, economic, and geographical differences underscored by indigeneity was precisely what allowed Jeju’s economy to be thoroughly reoriented toward improving South Korea’s national balance of trade. Jeju’s government is de jure free to exercise a wide range of powers, but its practical capacity to do so is limited by JDC’s strong role in the economy. Even if JDC’s activities were perfectly calibrated to serve local interests, the national ownership of the state-owned enterprise prevents it from serving as a support for Jeju natives’ autonomous governance.

There are numerous island SEZs that have little to no de jure power relative to the states with which they are associated. These include territories directly administered by the central government, such as Hwanggumpyong Island, North Korea; Kish, Iran; Labuan, Malaysia; and Svalbard, Norway. They also include territories that are simply governed as part of wider cities or provinces, such as Papirøen in Copenhagen, Denmark and Odaiba in Tokyo, Japan.

There are also numerous SNIJs that, like Jeju, combine significant de jure powers with special economic status. Examples include the British Crown Dependencies, Hong Kong SAR and Macau SAR in China, Puerto Rico in the USA, Sint Maarten in the Netherlands, and Åland in Finland, all of which benefit in some way from a combination of connection to and separation from the metropolitan states with which they are associated. The offshore financial industries, gaming industries, and other specialised industries facilitated by autonomous status have been criticised for putting the needs of global finance above those of islanders, with damaging political, economic, and environmental effects (Clark, 2013). However, it is not commonly argued that these SEZ-driven industries thrive at the behest of and in the interest of the metropolitan state.

Jeju at first glance seems unusual due to its combination of (1) significant de jure powers rooted in implicit recognition of Jeju natives’ Indigenous status with (2) an SEZ system guided by and for the national government on the mainland. While this situation may appear anomalous, it is not unusual for an island to sculpt its political and economic system in conscious reaction to that of a larger and more powerful polity. There are examples of autonomous SNIJs that have not pursued this strategy, including SNIJs with majority Indigenous populations, which might be expected to be most motivated to seek distinction from the metropole. For example, neither of the two autonomous SNIJs of Denmark, Kalaallit Nunaat/Greenland (with its history of colonisation and majority Indigenous population) nor the Faroe Islands (with its ethnically distinct population) has sought to diverge clearly from metropolitan governance practice. More generally, efforts at shaping a political and economic system in explicit reaction to that of the metropole seem to be less common in
island territories with significant Indigenous populations than in island territories in which distinction from the metropole is perceived as being grounded more in distance or ethnic difference.

In their study of Indigenous and customary authorities in SNIJs, Korson et al. (2020, p. 81) note that it is common that “SNIJs with Indigenous peoples have no distinct Indigenous or customary authority that exists alongside local metropolitan authorities,” with Indigenous rights and practices being governed within the metropolitan machinery of governance. This is in contrast to the smaller number of cases of:

Indigenous or customary authorities entangled in complicated negotiations for sovereignty and customary governance and law. They work alongside and in contradiction to metropolitan states and local metropolitan authorities or international bodies and they use their unique position (straddling traditional Western and customary political and legal systems) to gain greater autonomy.  
(Korson et al., 2020, p. 82)

One disadvantage to reliance on metropolitan machinery of governance to maintain Indigenous interests is that this maintenance may be imperilled by factors such as demographic change (e.g., when the proportion of an SNIJ’s population that is Indigenous decreases, thereby reducing Indigenous electoral influence) and attempts by national governments to claim or reclaim powers for the metropole.

SNIJs have used state-owned enterprises, charitable associations, and other locally controlled bodies as vehicles for parallel or alternative governance over island communities, often rooted in a desire to exercise decision making powers in excess of those allotted by the metropole (Grydehøj, 2018a, 2013). In Jeju, JDC plays the reverse role, enabling the national government to exercise decision making power in policy areas that would otherwise fall within the remit of the autonomous SNIJ government. While it is possible that Indigenous and metropolitan interests are aligned and that what is good for the national government is also good for Jeju natives, this would at best be a happy coincidence, for JDC is organisationally incapable of placing Indigenous interests first. That is simply not JDC’s purpose.

As South Korea exits its Covid-19 pandemic era restrictions, indications are that decision-makers are taking a ‘business as usual’ approach to Jeju, which continues to suffer from a lack of foreign (particularly Chinese) tourists but which has remained popular among domestic tourists. House prices are still rising, speculative real estate investment continues, and Jeju Free International City continues to be a focal point for capital from the Korean peninsula and abroad.

Conclusion

Jeju Free International City is a special economic zone (SEZ) designed, implemented, and operated by JDC, a national state-owned enterprise. The SEZ’s spatial extent is identical to that of Jeju Self-Governing Province, a subnational island jurisdiction (SNIJ) that possesses a high degree of legal autonomy. Both SEZ status and moves toward autonomy (in law or in practice) are associated with island geography and are linked to social, cultural, and economic effects of islandness as well as to the manner in which people perceive islands.
SNIJs’ ability to sculpt their own economic and political systems (including SEZs) has been the subject of a sizeable literature within the field of island studies. There has also been literature on the localised and globalised effects of island SEZs, both positive and negative. The case of Jeju illustrates how a tension can exist between moves toward SNIJ autonomy – even those rooted in indigeneity – and the use of SEZs as a means of funding autonomy and reinforcing distinction from the metropole. Jeju Free International City can be regarded as anything from a significant success story to a major failure, depending on the perspective one takes: metropole, Jeju native, investor, peninsular Korean incomer, etc. JDC’s pursuit of national needs rather than local ones is built into its ownership and business model, but this is not merely incidental to Jeju’s status as an autonomous SNIJ. The creation of Jeju as a special self-governing province was predicated upon the creation of Jeju as an SEZ in the national interest. For all that autonomous SNIJ status seemed to allow Jeju natives the opportunity to pursue their own Indigenous futures, the maintenance of metropolitan control over the SEZ that frames this autonomy has arguably led to a steady decline in the decision making powers of Jeju natives themselves.

The transformation of Jeju into an SEZ has occasioned many impacts (both positive and negative) for Jeju natives, but what is essential from our perspective is the recognition that Jeju natives have no special right or even special opportunities to control JDC operations and, by extension, the island’s development. JDC is not antagonistic toward the interests of Jeju natives; there is simply no legal requirement for JDC to pursue Indigenous interests on Indigenous terms. This is not to absolve provincial authorities of responsibility. The provincial government has made many questionable decisions, and JDC is deeply entwined with Jeju’s political and business elites (Lee, 2020). Furthermore, as the number of Korean immigrants to Jeju grows, and Jeju natives progressively lose demographic power, difficult questions arise, questions that are familiar from so many island societies with settler colonial histories (Androus & Greymorning, 2016).

The study of an island’s political and economic development requires careful analysis of how diverse political and economic processes are influenced by islandness itself. Every society is endlessly complex, and there are many aspects of the case of Jeju that the present paper has been unable to discuss with much thoroughness, notably including the wide range of interests among Jeju natives, who are no more a monolithic group than any of society or community; USA and South Korean military presence on the island; geopolitical factors related to Chinese activity in Jeju; and management processes within JDC and the provincial government. Nevertheless, our analysis has shown the manner in which island-related approaches to indigeneity, governance, economy, and distinction have combined to create a situation in which an ostensibly autonomous SNIJ with a large Indigenous population has come to be governed as an SEZ in the service of the metropole.

References


Dos Santos, L. M. (2022). Human resources and workforce shortages in Jeju Island due to islandness: The challenges faced by former hospitality and tourism professionals. *Island Studies Journal*, 17(2), 130-152.


