

Robust Bilateral Trade and Economic Cooperation between China and North Korea

The economic trade between China and North Korea has been robust since early this year. China's Ministry of Commerce announced on February 29 that bilateral trade between the two countries just in January 2012 reached 418 million USD, an 18 percent jump over the same period last year. North Korea's exports to China increased 7 percent to 139 million USD, while imports also increased 24 percent to \$278 million USD.

Coal is North Korea's largest export item to China -- totaling almost half of total exports -- and the total export sales are roughly worth 70 million USD. In contrast, crab and seafood exports to China were greatly reduced. This can be analyzed as one of North Korea's measures to stock up on food to provide to its residents for the upcoming centennial birthday celebration of Kim Il Sung on April 15 (otherwise known as the Day of the Sun in the DPRK).

However, North Korea's rice imports from China this past January plummeted 90 percent against the previous year. China's Ministry of Commerce announced in the *January 2012 Agricultural Import-Export Statistical Report* that North Korea imported 614 tons (236,000 USD) in January compared to 18,140 tons (630 million USD) the same month last year, a drop of more than 94 percent. On the other hand, corn imports -- the most popular grain import from China -- tripled to 1,809 tons (596,000 USD) compared to last year's import figure of 600 tons (174,000 USD).

Upon evaluation, China's exports to North Korea appear to have increased one billion USD every three years. Based on the data collected from Chinese customs, the Korea Trade-Investment Promotion Agency (KOTRA) analyzed that China's exports to North Korea were reported to have steadily increased from 1.08 billion USD in 2005, 2.03 billion USD in 2008, to 3.10 billion USD in 2011.

The major export items of China were crude oil and minerals, machinery, electrical equipment, vehicles and parts, and plastic products. These five categories showed steep growth from 30 to 60 percent against the previous year. Last year, China exported crude oil worth 518 million USD and petroleum products valued 192 million USD, which is a 59.1 percent and 83.4 percent rise, respectively.

In addition, 46.8 million USD of aviation kerosene and 58.31 million USD of aviation gasoline were exported to North Korea. Other export items such as fertilizers (134.4 percent) and grains (71.2 percent) steadily increased every year. KOTRA also confirmed China's trade with North Korea peaked both in exports and imports last year, and the total trade volume towered at 5.64 billion USD. Last year, China's exports to North Korea totaled 3.17 billion USD and imports from North Korea were 2.47 billion USD.

Trade regions that demonstrate robust economic activities include not only Dandong and Shinuiju but Hunchun, Rajin-Sonbong (currently being jointly developed) and Yanji (China)-Namyang (North Korea) areas. Trade volumes are increasing centered around these areas with expansion of bilateral economic cooperation projects and import of North Korean underground resources. Yanbian Prefecture put forth construction plans to build a new Tumen River Bridge connecting the two countries from this year, announcing the desire to continue to promote trade and economic cooperation with North Korea.