The Current Situation and Future Issues for Economy and Trade between Liaoning Province and the DPRK

YU Yingzi, Visiting Researcher, Research Division, ERINA/Associate Researcher, Institute for World Economy Studies Liaoning Academy of Social Sciences

Abstract
Liaoning Province and the DPRK, their border delineated by just one river, the Yalu, have had a close relationship since ancient times, and have come to occupy an important position in the economy and trade between China and the DPRK. Both parties’ trade makes up approximately 50% of the total China-DPRK trade, and the volume of cargo handled at Dandong port comes to approximately 70% of the China-DPRK total.

From 2000 on, the DPRK has introduced elements of a market economy, and accompanying the making of a start in increasing the closeness of economic cooperation with China, the pace of development in the economy and trade between Liaoning Province and the DPRK has quickened. In the process of economic and trade interchange, however, various problems have emerged which will impede further development in the future.

Within the international trade for Liaoning Province as a whole, despite the current economic relationship with the DPRK being of an insignificant scale, in the areas of resources and industrial structure Liaoning Province and the DPRK have a close complementarity, and also, when one considers things from the long-term strategic viewpoint of overall participation in planning for the Northeast Asian regional economy, the greater development of economic and trade relations with the DPRK undoubtedly holds major significance for the promotion of the strategy for opening up China’s border regions and the revitalization of the old industrial base in Liaoning Province.

Therefore this paper recommends as future issues for governments; striving to improve the trade environment at the international border between Liaoning Province and the DPRK; providing services and systems for information and support to businesses investing in the DPRK; and the immediate question of pressing forward the formation of a Dandong-Sinuiju economic area to give full rein to the regional advantage of Liaoning Province, and the Dandong peripheral area in particular.