

# *The Effect of the International Financial Crisis on the Economies of China's Northeast and China-DPRK Economic Cooperation*

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## **Summary**

That the economies of the three provinces of China's Northeast have suffered a serious blow from the current international financial crisis is an obvious fact. For the economies of the three northeastern provinces, however, the degree of export-dependency was comparatively low because of the industrial structure of the manufacturing center, including heavy industry. As a result, the international financial crisis reached it later than in the coastal regions, and the impact was also comparatively small.

For the DPRK also it can be said that the effect of the current international financial crisis was limited. The reason for this is because the economy of the DPRK is an independent economy with the domestic market as its focus. The effects the current financial crisis brought to the DPRK were many, and mainly from the downturn in the Chinese economy. The slowing of the economic growth of the three provinces of China's Northeast had a large effect on the DPRK's overseas exports.

China and the DPRK, through the current crisis, have also given a positive meaning to the international financial crisis, in terms of having gained further confidence regarding the paths to follow in the future for their own economies. That is to say, the current crisis was an opportunity for China to be able to validate that the market economy course of socialism with Chinese characteristics is the right one. This is, as expected, the same for the DPRK too. It has been understood that the reform and opening-up which Western European countries have requested from the DPRK is a matter which does not suit the actual situation in the DPRK. The DPRK, not ceasing in developing the domestic economy, has pursued an economic development management strategy in order to construct Korean-style socialism, and has put it into practice; it will probably be the case that this kind of pursuit and implementation will be continued in the future, and that new results will come forth one after another.

Moving into a new century, China-DPRK relations entered a new stage of development. The furthering of economic cooperation between the two countries has become an important matter for developing China-DPRK relations further, and in the new century has become an important engine for developing China-DPRK friendly cooperation. Moreover, regarding the DPRK's economic development "management strategy" of the new century, it will be a matter of preparing a systemic basis to promote China-DPRK economic cooperation in stepwise fashion. As for the construction of the DPRK's infrastructure, it will probably be said that they have prepared a spacious arena to activate China-DPRK economic cooperation. Of particular note is that the ongoing strategies for the revitalization of the Northeast and the development of the Liaoning coastal economic belt will probably give great impetus to China-DPRK economic cooperation. The development of the Liaoning coastal economic belt will entail economic cooperation with the Northeast Asian region, accompanying an opening-up to the outside world on all fronts. For China economic cooperation with the DPRK holds special significance. The development of the Liaoning coastal economic belt will probably become a new spur to activate China-DPRK economic cooperation.

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