The Current Situation and Trends for
ROK-Northeast China Economic Cooperation

LIM, Minkyung
Researcher, China Regional and Provincial Research Group, Center for Regional Economic Studies,
The Korea Institute for International Economic Policy (KIEP)

Summary

In the mid-late 1990s, Northeast China was a main region for ROK trade and investment relations with China, constituting more than 10% of the total amount. As China's eastern coastal area rose, however, Northeast China was pushed down the priority list for ROK entrepreneurs. Over a decade, the proportion which Northeast China accounts for within ROK-China economic relations steadily declined. Since the mid 2000s, with ROK firms' changing their strategies for entering the Chinese domestic market, Northeast China has resurfaced due to its market potential.

To summarize, there are three main characteristic features for recent ROK trade and investment relations with Northeast China. First, ROK entrepreneurs began to notice the potential of the Northeast Chinese domestic market. With years of experience in China's major cities, such as Shanghai, they are likely to consider Northeast China in terms of expanding new domestic markets in China. According to a recent survey, Dalian is ROK investors' most preferred city in Northeast China. In addition, provincial capitals, such as Shenyang, Changchun and Harbin, are normally regarded as potential markets to be entered in advance. Second, Liaoning Province, as an ROK trading partner, will continue consolidating its advantageous position among the three Northeast provinces. In particular, Shenyang has been emerging as the center of domestic consumption in Liaoning Province. Third, there still exists great potential for the agricultural products processing industry in Northeast China. With ROK advanced technology and the abundant agricultural resources of Northeast China, it is expected that many more business opportunities will be created for both sides.

As China has rapidly grown into the world's biggest market, the ROK's approach to China has also been changing. ROK entrepreneurs are exploring the Chinese domestic market more actively than ever. In this sense, the recent trends for ROK moves in Northeast China have significant implications for Japan. As the competition is growing stiffer between foreign and Chinese local firms, there is more need for seeking common interest among foreign investors. It is time that ROK and Japanese entrepreneurs attempt to develop mutual cooperation in Northeast China.