

## *The Trends in Trade Relations and the Structural Changes between the ROK and China's Northeast*

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### **Summary**

The bilateral trade volume between the ROK and China's Northeast has gradually increased since 1992. In terms of trade relations, however, structural changes have appeared which this paper mainly focuses on. First, China's Northeast is losing its attraction as an export partner vis-à-vis the ROK. This trend appears notably in Liaoning Province, the largest economy among the three northeastern provinces. Second, ROK investment in the service sector in China's Northeast has accelerated. From 2009 to 2011, the total rate of ROK investment in the service sector in China's Northeast reached 62.3%, far surpassing its rate for manufacturing industry (34.0%). The transition of the ROK's main investment sectors in the region shows that there still exists potential for further economic cooperation between the ROK and China's Northeast. Lastly, this article recommends policy suggestions to stimulate trade relations in the region. The ROK needs to recognize the position of China's Northeast as an import market and utilize items, such as grains, in which China's Northeast specializes. Also, other trade partners in China's Northeast—Jilin Province and Heilongjiang Province—need to be paid more attention by the ROK government. Finally, the ROK authorities need to diversify policy angles regarding China's Northeast. As China's Northeast is surrounded by key stakeholders, such as Russia, the DPRK and Japan—significant political actors in Northeast Asia—policymakers are often trapped in the political dimension and overlook the ample room for expanding domestic markets in the region. It is a time when a new framework is required to open up a new phase in economic relations between the two sides.

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