

Recent Trends in Economic Development in the DPRK and Chinese Policy towards Northeast Asia

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1. The Current Situation for the Economic Development of the DPRK

The DPRK with Kim Jong Un at the helm adopted the “Byongjin policy of parallel economic and nuclear development” in 2013, and at the same time as continuing nuclear tests under its policy of the development of nuclear weapons, constructed Economic Development Zones one after another in the economic sphere, and has been striving to break through the bottlenecks constraining economic growth. Having fallen into a vicious cycle of nuclear tests and international sanctions, the instability of the situation on the Korean Peninsula, and by extension Northeast Asia, spread. Through the easing of tensions in the situation on the Korean Peninsula in 2018, that April the DPRK announced that it had scored a great victory for the “Byongjin policy”, and would go all out in proceeding with a new economic development strategy. At present the DPRK is under stringent international sanctions, and based on the five-year plan for national economic development (2016–2020), they are developing the nation’s economy in stepwise fashion. The objectives of the DPRK’s five-year economic development strategy are to vitalize the people’s economy, achieve balance among economic sectors, and to strive thereby to construct a platform for sustainable development. The main challenges for the five-year economic development strategy include: resolution of energy problems; the normal operation of the leading and fundamental industrial sectors of the people’s economy; the development of agriculture and the light industrial sector; and the raising of the living standards of the people.

Via the implementation of the five-year economic development strategy, the development of the DPRK economy has achieved a certain degree of results. In the electricity sector, they have saved power losses through the renovation and repair of the distribution network, constructed large-scale power plants and safeguarded the normal electricity generation of small and medium-sized power plants. In the coal and metal mining sectors they have guaranteed the technological level for the extraction and transportation of coal, and have introduced new steelmaking methods. In the chemical sector they have resolved the scientific and technical problems for the establishing of production processes for chemical fertilizers, and for the production of plastics. Other than that, they have also had positive results in sectors including the railways, construction, agriculture, and marine products.

2. The Changes in the Situation on the Korean Peninsula

In 2018, in the wake of its “Pyeongchang Winter Olympic diplomacy” the DPRK effected one after the other ROK–DPRK, China–DPRK and US–DPRK summits, and the situation on the Korean Peninsula changed markedly. Due to the nuclear issue, the issue of the ROK’s deployment of THAAD, and the issue of the US “rebalance to the Asia Pacific Region” up to that point, the situation of the DPRK, and by extension of the Korean Peninsula, had constantly been unstable. For that reason, for international politics, the confrontational situation under the Cold War architecture continued unchanged, and in the economic sphere Northeast Asian intraregional economic cooperation continued to make no progress.

The easing of the situation on the Korean Peninsula along with the sound development of the DPRK

economy will have the effect of promoting Northeast Asian intraregional economic cooperation. For China in particular, the importance of the Northeast Asian “Belt and Road” strategy has notably increased. China’s “Belt and Road” strategy was primarily aimed at opening up to the west at the same time as also opening up to the south, but the Northeast Asian region was not incorporated within a region prioritized for cooperation in the “Belt and Road” strategy. Northeast Asian regional peace and stability will put in place a favorable environment for the realization of the sustainable development of China, and the raising of Northeast Asia’s ranking within the “Belt and Road” strategy will deepen the joint prosperity of the nations in the region and regional cooperative development. Furthermore, it will be of advantage for the realization of the strategic objectives of the further opening of northeastern China and the revitalization of its old industrial base.

In order to raise the ranking of the Northeast Asian region within the “Belt and Road” strategy, China’s Northeast Asian strategy has leeway for executing such priority matters as the following. First, there is the proactive promotion of economic cooperation for the Eurasian continent, and via the construction of logistical and energy routes connecting the Korean Peninsula and Europe, it will encourage an open door and economic development for the DPRK. Second, the China–Japan–ROK FTA negotiations are gaining pace, and the countries concerned are bringing about relations of common interest and mutual trust via deep economic cooperation in other areas. With this they are pressing forward the construction of the “Belt and Road”. Third, in speeding up the improvement of the GTI regional cooperation mechanisms, they are providing safeguards to Northeast Asian subregional cooperation via powerful institutional mechanisms.

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