

## On the Situation Analysis and Developing Plan for International Seaborne Trade among South Korea, North Korea and China

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**Abstract** : Since 1990, North Korea's economic situation has drawn the international community's attention and became an important factor to analyze and judge the situation in North Korea, in the Korean Peninsula and even in the whole Northeast Asia. As North Korea's neighbors, Sino-Korean trade and Inter-Korean trade play an important role in North Korea's foreign trade. Based on situation analysis, the great connection and difference between Sino-Korean trade and Inter-Korean trade are given an introduction. Also by exploring reasons for Sino-Korean trade development, we can gather some insights for Inter-Korean trade development.

**Key Words** : Sino-Korean Trade, Inter-Korean Trade, North Korean Economy

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## I. Introduction

In recent twenty years, The North Korean experienced five stages of economy developing.

In the first stage, after the disintegration of the Soviet Union, Russia no longer used the original "Barter trade" form but in favor of hard currency, which severely restricted North Korea's foreign trade development, the original economy run collapsed instantly. What's worse is that North Korea went through four years of natural disaster beginning in 1994. Food shortage affected people's living standard in major ways. These two periods can be said as North Korea's economic difficulty and retrogression period, even now it is impossible to give an accurate estimation about economic loss in that time. The North Korean government began to implement a series of economic management and improvement measures since 1998.<sup>1)</sup> Internally, North Korea made an adjustment in wages, prices, and exchange rates gradually, gave more autonomy management right to enterprises; externally, set up the Kaesong Industrial Complex and Geumgang-san Tourist Region to carry out Inter-Korean trade, established the Sinuiju free trade zone to strengthen trade with China, and actively embarked on seeking trade opportunities in European countries and regions etc. These measures played an active role in economic recovery and development, so that North Korean consecutively maintained a positive economic growth for seven years. But due to North Korea's nuclear test event in 2006, relationship between North Korea and Japan, the United States became cooling rapidly. While North Korea's foreign trade keeps rising, its economic growth rate fluctuate around zero.

During this period, there are two obvious changes in North Korea's economy development. Firstly, the original trade with the Soviet Union turned to China; the North Korea's economic dependence on China is rising sharply. Secondly, the original trade with Japan turned to South Korea and China, and South Korea became North Korea's second largest trading country. Regardless of the difference

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1) Sun, Yong(2006), p.151.

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between Sino-Korean trade and inter-Korean trade, both of them have a great impact on North Korean economic development.

## II. Literature Review

Although it's difficult to obtain data information about North Korea due to its low openness level, research institute such as South Korean Unification Ministry, KMI, KOTRA, Korean Bank etc. have been making a lot of reports on North Korea providing a good database for us. Researchers from KMI<sup>2)</sup> published a report on logistics systems integration in the Korean peninsula. This research gave a detailed analysis on current status, policy direction, possibility and necessity of building logistics systems and operational scheme one by one. Lee Younghun<sup>3)</sup> made use of elasticity index and regression model to calculate impact of North Korea's foreign trade and Inter-Korean trade on North Korea's economy. The author thought that free assistance made up such a large part in Inter-Korean trade that its role in promoting North Korea's economy is larger than estimates. It is also believed that heavy trade deficit and low goods competitiveness would limit North Korea's economy rise. Therefore, international support, as well as its own change to introduce technology is inevitable in the future. Kim Hyon-hui<sup>4)</sup> analyzed reasons for rapid trade development between China and North Korea according to internal factors in North Korea, bilateral factors between China and North Korea and the Korean Peninsula situation. Yu Guangyi<sup>5)</sup> thought that even trade between China and North Korea is developing very well, due to the existing problems like high risk, small scale and so on, some political and economic policies should be put up to improve current cooperation level. Based on history retrospection and present situation analysis, Shen Xiaodan<sup>6)</sup> proposed some measures to develop small-amount boundary trade between Dandong city and North Korea. By using intra-industry theory and overlapping demand theory, Gao xinli<sup>7)</sup> discussed the potential impact on

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2) Jeong Bong-min et al.(2007), p.191.

3) Lee, Young-hun(2005), p.21.

4) Kim, Hyon-hui(2006), p.2.

5) Yu, Guang-yi(2008), p.32-34.

6) Shen, Xiao-dan(2009), p.51-56.

7) Gao, Xin-li(2008), p.45-49.

China's trade relation with Korean Peninsula from the increasing trade tie between South and North Korea and put forward that certain issues require highly attention in some trade areas in the markets of the peninsula.

Various reports on North Korea let us have an understanding of its basic situation to some extent, but due to language, region and data limitations, research scope is highly confined to one small area. What's more, papers both on Sino-DPRK and Inter-Korean trade are not too many so far. In view of this, this paper start with North Korea's two important foreign trade partners --- China and South Korea, and make an analysis of development status and trade structure of Sino-DPRK and Inter-Korean trade.

At present, China is North Korea's largest trading country and North Korea has been in trade deficit state, while South Korea is the only trade surplus one in North Korea's foreign trade. Thus expanding trade with South Korea, not only can get more foreign exchange for North Korea, but also can boost living standard and national economy. Through analyzing Sino-DPRK development, a few enlightenments are got for Inter-Korean trade, and hope this can do some help to the improvement of North Korea's economic situation.

### III. Analysis on Sino-DPRK and Inter-Korean trade

Among North Korea's trading partners, China has always been the largest one since 1990s and South Korea became the second largest trading partner in place of Japan in 2002. China and South Korea account for about 89%<sup>8)</sup> of North Korea's foreign trade and there is an increasing trend. So no need to say that North Korea's economy is mainly dependent on economic cooperation with China and South Korea.

#### 1. Trade development analysis

##### 1) Sino-DPRK trade

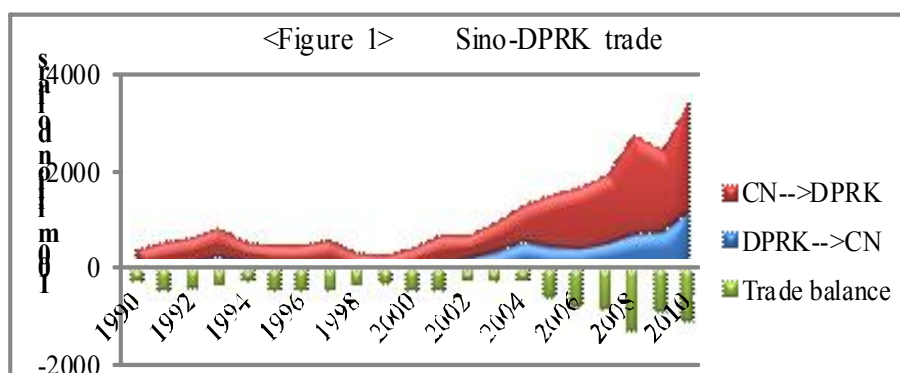
Trade relationship between China and North Korea was established in 1991, but

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<sup>8)</sup> This number is the average percent in recent years.

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subject to domestic economic crisis in North Korea, Sino-DPRK trade didn't get rapid growth until 2000. Trade volume has increased from \$371 million in 1999 to \$3465million in 2010 with an average annual growth rate of 22.52%, and Sino-DPRK trade accounts for 56.9%<sup>9)</sup> of North Korea's foreign trade in 2010.



Source : "North Korea's foreign trade trend" (KOTRA).

Exports to China in 1999 was \$42 million, accounting for only 6.3% of North Korean exports while exports in 2010 increased to \$1188 million, accounting for 46.46%. Average annual growth rate reaches 35.5%.

Imports from China increased from \$329 million in 1999 to \$2033 million in 2008, with an annual growth rate of 22.42%. The share of North Korean imports also increased from 27.95% to 56.19%, showing a high dependence on China for imports. With a decrease of North Korean imports from China, Sino-Korean trade reduced by 5.84% in 2009. However, in 2010 Sino-Korean trade was picked up again, achieving a high growth of 32.05%.

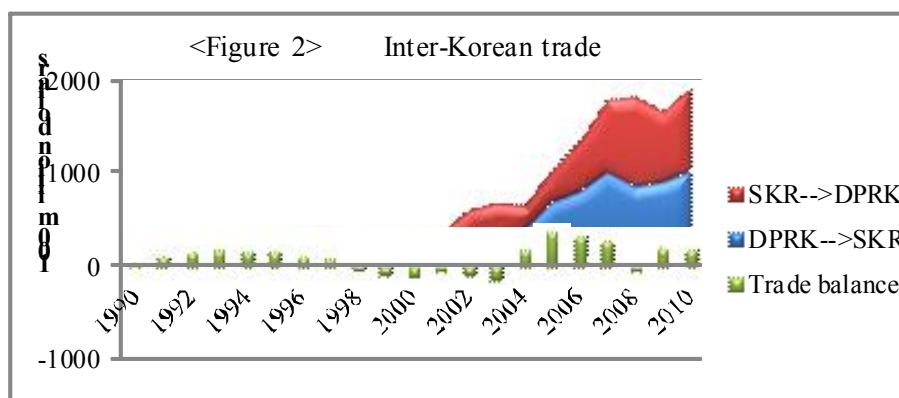
North Korean trade deficit with China reduced from \$414 million in 2000 to \$215 million in 2004, then began to expand year by year and reached its peak in 2008, up to \$1279 million.

## 2) Inter-Korean trade

Inter-Korean trade showed an opposite trade after Lee Myung-bak administration took office in 2008. From 1999 to 2007, trade volume increased from \$333 million to

<sup>9)</sup> In this part, all of the growing rates and percentages are calculated by the author according to yearly trade volume, so maybe they are different from other place.

\$1797 million with an annual growth rate of 23.45%, and the share of North Korea's foreign trade increased from 18.37% to 37.9%, South Korea became the second largest trading country after China. But inter-Korean trade stopped its rapid growth momentum in 2008 and reduced by 7.74% in 2009.



Source : <http://www.kita.net/>.

North Korea's exports to South Korea increased from \$122 million in 1999 to \$1033 million in 2007 with an average annual growth rate of 30.6%, accounting for 52.94% of North Korean exports. However, North Korea's exports to South Korea fell by 16.32% in 2008 and then increased again. Until 2010, North Korea's exports to South Korea reached \$1044 million, accounting for 40.82% of North Korea's total exports. South Korea has become North Korea's largest exporting country.

North Korea's imports from South Korea increased from \$212 million in 1999 to \$932 million in 2008 with an average annual growth rate of 17.88%, but 20.17% reduction can be seen in 2009 after Lee Myung-bak administration took office. It is clear that the political tension is the direct cause for decline in inter-Korean trade.

## 2. Trade structure analysis

### 1) North Korea's exports to China and South Korea

North Korea is rich in mineral resources, and over 300 kinds of minerals have been proven, including 200 kinds of minerals with mining value.<sup>10)</sup> Graphite,

<sup>10)</sup> <http://www.chaoxianmaoyiwang.com/do/alonepage.php?id=7>.

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magnesite reserves rank the first in the world, iron ore, non-ferrous metals like aluminum, zinc, copper, gold, silver and non-metallic mineral like coal, limestone, mica, asbestos are abundant. Water and forest resources are also in plentiful supply. So in its foreign trade, minerals, fiber products, agriculture, forestry and fishery products are major exports.

As showed in table 1, half of North Korea's exports to China belong to mineral products, followed by zinc, aluminum and other nonferrous metals and fiber products, these three accounts for about 85% of the total exports, which also is consistent with the current industrial structure in North Korea. But these exports tend to be unprocessed, low value-added natural resources, so that the market competition strength is weak.

**<Table 1> North Korea's Exports to China**

(Unit : %)

<i>HS code</i> <sup>11)</sup>	2008	2009	2010	2011
25 ~27	58.3	60.5	57.1	65.1
72 ~83	15.0	13.8	15.5	10.0
50 ~63	12.1	12.6	16.0	17.1
01 ~05	5.3	4.3	5.0	3.4
85	1.4	1.0	1.8	1.3
28 ~40	1.3	2.7	1.6	0.7
06 ~14	2.0	3.2	1.5	1.7
<i>Others</i>	4.6	1.9	3.2	0.7
<i>All</i>	100	100	100	100

Source : <http://www.kita.net/> (North Korea's foreign trade trend report from 2009 to 2012), China Foreign Trade Database.

As showed in table 2, North Korea's exports to South Korea are mainly in fiber, footwear and electronic products, making up more than half of the total export. In

<sup>11)</sup> HS code used in this paper is listed in detail as follows: 01-05 Animal & Animal Products 06-15 Vegetable Products 16-24 Foodstuffs 25-27 Mineral Products 28-38 Chemicals & Allied Industries 39-40 Plastics/Rubbers 41-43 Raw Hides, Skins, Leather 44-49 Wood & Wood Products 50-63 Textiles 64-67 Footwear/Headgear 68-71 Stone/Glass 72-83 Metals 84-85 Machinery/Electrical 86-89 Transportation 90-97 Miscellaneous 98-99 Service.

2011, fiber products and electronic products accounted for 42.6% and 30.2%, increased by 9% and 20.4% respectively comparing with 2008. Affected by the tension situation in Korean Peninsula, general trade in aquatic products and mineral products has been in decreasing trend. Animal products and vegetable products only made up 0.5% in 2011, reduced by 19.8% compared with 2008. Mineral products changed from 10.7% to 0.1% in these four years.

<Table 2> North Korea's Exports to South Korea

(Unit : %)

<i>HS code</i>	2008	2009	2010	2011
50 ~63	33.6	43.6	48.0	42.6
85	9.8	13.1	19.5	30.2
01 ~05	12.3	14.3	5.5	0.0
72 ~83	10.9	3.3	4.3	1.0
84	3.0	3.4	4.4	4.9
06 ~14	7.4	5.3	2.6	0.5
28 ~40	1.1	1.2	1.9	2.7
87	1.0	0.8	1.2	1.4
25 ~27	10.7	4.1	0.7	0.1
15 ~24	2.6	2.0	0.4	0.1
<i>Others</i>	7.6	8.9	11.4	16.5
<i>All</i>	100	100	100	100

Source : <http://www.kita.net/> (North Korea's foreign trade trend report from 2009 to 2012).

## 2) North Korea's imports from China and South Korea

Until the 1980s, North Korea mainly depended on the Soviet Union for crude oil and other energy sources. In the 1990s, due to the Soviet Union's collapse and North Korea's shortage in foreign exchange, North Korea turned to China. Since 1999, North Korea has been almost entirely dependent on China for crude oil, coke and other mineral products.

Besides, North Korea imported large quantity of grains and other food from China as a result of financial difficulties and severe food shortage (Tab.3). In 2011, the majority imports are crude oil, volatile oil, oil fuel, transport vehicles, nylon fiber products, fertilizers, telephones and other communication appliances, rice, flour, soybean oil and coal and other solid fuel.



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<Table 3> North Korea's Imports from China

(Unit : %)

<i>HS code</i>	2008	2009	2010	2011
25 ~27	29.3	18.7	21.4	25.1
50 ~63	14.9	17.5	13.7	14.1
28 ~40	12.1	11.8	11.6	12.2
84	7.2	8.2	10.8	8.8
85	5.0	5.8	8.4	7.9
72 ~83	5.8	8.0	7.0	5.8
87	3.3	5.7	7.0	7.0
06 ~14	4.1	7.1	6.3	6.1
15 ~24	6.9	6.2	4.4	4.0
01 ~05	1.8	2.2	1.1	1.3
<i>Others</i>	9.6	8.8	2.4	7.6
<i>All</i>	100	100	100	100

Source : <http://www.kotra.or.kr>(North Korea's foreign trade trend report from 2009 to 2012), China Foreign trade Database.

As showed in Tab. 4, most imports from South Korea are to meet the raw materials demand of Kaesong Industrial Complex and inland processing industry. Fiber products, electronic goods accounted for 37.4% and 28.0% respectively in 2011. But affected by "5 • 24 trade disruption measures" in 2010 and South Korea's domestic demand reduction, imports of general trade, especially non-ferrous metals, animal products and vegetable products decreased sharply in 2011.

<Table 4> North Korea's Imports from South Korea

(Unit : %)

<i>HS code</i>	2008	2009	2010	2011
50 ~63	23.4	36.0	39.8	37.4
85	12.3	24.5	27.4	28.0
84	11.3	8.4	5.9	4.8
72 ~83	18.9	5.2	3.3	2.8
25 ~27	5.7	2.9	3.1	3.9
39 ~40	3.7	2.9	2.7	3.3

<i>15 ~24</i>	4.0	2.0	2.3	2.3
<i>06 ~14</i>	3.8	2.4	2.1	1.0
<i>28 ~38</i>	3.4	3.9	1.9	2.3
<i>87</i>	2.7	2.2	1.4	1.4
<i>01 ~05</i>	0.3	0.2	0.2	0.0
<i>Others</i>	10.5	9.4	9.9	12.8
<i>All</i>	100	100	100	100

Source : <http://www.kita.net/>.

### 3. Relationship between Sino-DPRK trade and Inter-Korean trade

Firstly, though North Korean efforts to open up new trading partners, the trade tie with South Korea is still the main source for North Korea's foreign exchange. Trade surplus of Inter-Korean trade ensures North Korea's foreign exchange income, which make up trade deficit of Sino-DPRK trade. Once North Korea's foreign exchange income is reduced, North Korean will fall into a vicious cycle of "trade deficit --- foreign exchange reduction --- import reduction --- inadequate production capacity --- weak export".

Secondly, Sino-Korean trade is consistent with North Korea's current industrial structure, which is in favor of exporting natural resources and importing items required for production and living; while Inter-Korean trade is centered in Kaesong Industrial complex, importing raw materials for production and then exporting manufactured goods from the Industrial Park.

## IV. Causes for different development path

Although both South Korea and China are neighbors of North Korea, but Sino-DPRK trade is really can't compared with Inter-Korean trade in trade volume and items. Therefore, this part will analyze causes for the formation of different development path from political and economic aspects to find out how Sino-DPRK trade can maintain such a sound development momentum.

## 1. Evolution of the international political environment

After 911, The United States began to adopt a tougher line against North Korea, freezing North Korea's bank accounts in Macau. Coupled with North Korea's announcement about nuclear weapons test, DPRK-US relations got cooling sharply. Due to North Korea's nuclear weapons development, Japan imposed economic sanctions against North Korea since 2002. Japan strengthened check on import and export commodities and ships of the DPRK which made the original exports to Japan turned to China and South Korea, DPRK-Japan trade substantially reduced.

Due to the worsening relations with the United States and Japan, DPRK's nuclear issue, North Korea's foreign trade is limited. Especially with the deterioration of DPRK-Japan relationship, North Korea has turned to China for its imports in food, energy, raw materials, and consumer goods etc.

## 2. State-to-state relations

### 1) Stable relations between China and DPRK

Since 1999, frequent visits between China and North Korea play a positive role in promoting bilateral economy and trade cooperation. Economic cooperation is always one of the important issues in each visit. In the end of October 2005, Chinese President Hu Jintao visited North Korea, and talked about exploring new areas and new models to strengthen bilateral economic and trade cooperation. On the other side, Kim Chong Il visited China six times during his tenure, and other top leaders also visited China, showing high interest in China's economic development and trade cooperation.<sup>12)</sup> The consensus reached by China and North Korea promote their relationship development.

### 2) Changeful relations between South and North Korea

In November 1998, the tourism cruise successfully made its maiden voyage to Mount Kumgang. Afterwards, tourists to Mount Kumgang increased gradually and tourism industry developed stably. At the same time, Kaesong Industrial Complex made efforts to attract small and medium enterprises from South Korea. Kaesong

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<sup>12)</sup> Li Xiang-yang(2011),p.186-199 fair trade.

Industrial Complex makes South Korea's capital and technology and North Korea's labor resources connected perfectly. From then on, Inter-Korean trade started to appear a fast growth momentum and the gap with Sino-DPRK trade was narrowed gradually.

After Lee Myung-bak administration took office in February 2008, South Korea implemented a "Nuclear-free • Open • 3000" policy based on "reciprocity principle", and took North Korea's denuclearization and open-up as a precondition for cooperation. What's more, South Korea released "co-prosperity" policy of carrying up stage assistance through dialogue with North Korea that August. North Korea immediately made an outcry so that South-North political relations turned to tense up. After North Korea's second nuclear test in May 2009, South Korean government immediately announced that its intent to join the Proliferation Security Initiative (PSI) formally, and in favor of UN 1874 agreement which is against North Korean nuclear test, so Inter-Korean political relations further deteriorated. In 2010 the ship sank and Taeyonpyong shelling incident made the Inter-Korean political relations reach to freezing point.

### 3. Trade form

#### 1) Sino-DPRK: trade form is diverse

Sino-Korean trade is divided into border trade and non-border trade, border trade accounted for a large proportion of Sino-Korean trade. China-DPRK border trade is various in form, including border fair trade<sup>13)</sup>, small-scale border trade<sup>14)</sup> and water trade ship<sup>15)</sup>. In addition, Chinese enterprises carry on strategic investment in the DPRK aiming at resources and potential market development. In the help of developing North Korea's economy, the investment can also ensure China's domestic demand for mineral resources, and promote the implementation of Chinese enterprises' internationalization strategy.

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<sup>13)</sup> Border fair trade is limited to within 20 kilometers of the border, by the open points approved by the Government or the designated fairs, exchange activities should not exceed the prescribed amount or quantity, initially started in Yanbian, Jilin

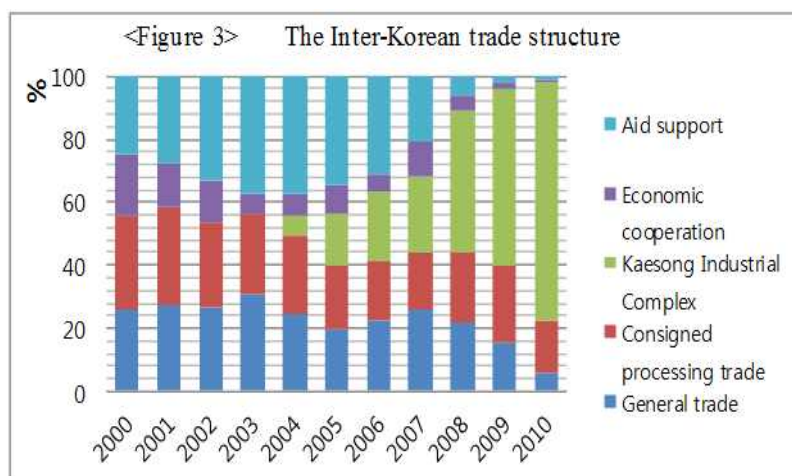
<sup>14)</sup> Small-scale border trade means the approved enterprises carry on trade activities with business or other trade bodies from neighboring countries by the border area.

<sup>15)</sup> Water trade ship, this form mainly exists between Dandong and Sinuiju, North Korea.

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### 2) Inter-Korea : aid support is primary and trade is secondary

Inter-Korean trade is divided into commercial transactions and non-commercial transactions. Commercial transactions include transactions (general trade and commissioned processing trade) and investment (the Kaesong Industrial Complex, the Mount Kumgang tourism and other economic cooperation). Non-commercial transactions mainly refer to aid support towards to the DPRK. In Inter-Korean trade, South Korea's direct investment on North Korea (the Kaesong Industrial Complex and Economic Cooperation) and consigned processing trade account for a large part while the proportion of general trade is very small.



Notice : economic cooperation means the Mount Kumgang tourism and other economic cooperation.

Source : Calculated according to "Exchanges and cooperation trends between North and South Korea" released by South Korean Unification Ministry.

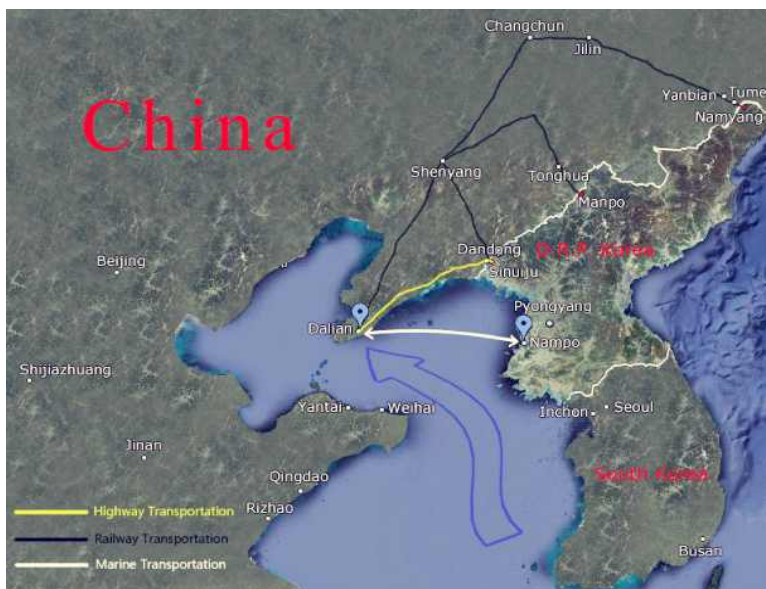
## 4. Trade transport system

### 1) Sino-DPRK: complete transport system

Trade promotes the appearance of transportation, while transport improvement in turn promotes trade development. Sino-DPRK has set 12 trade treaty ports along the border in order to quickly deal with cargo customs clearance, quarantine and passengers.<sup>16)</sup> What's more, compared with trade between North Korea and other

countries, China and the DPRK established a relatively complete transport system including land, sea and air way. Most trucks and trains go back and forth through Dandong, Liaoning. And Dalian, Liaoning has become the international transit center for container and bulk cargo (as showed in Fig.5). What's more, there is door to door service from Hong Kong to North Korea for small scale goods.<sup>17)</sup>

<Figure 4> Transport System with the DPRK from Dalian, China<sup>18)</sup>



## 2) Inter-Korean: fractured business road

Although diplomatic relations has been established for more than ten years, South-North Korea has not yet implemented "three links" until today.<sup>19)</sup> The Kaesong Industrial Complex and Geumgang-san Tourism were allowed to carry out in 1998, but even a small fluctuation in the Korean Peninsula situation will deeply affect the existing business activities.

16) <http://www.21chaoxian.com/>.

17) This is according to our research with some logistics company in China and we found HongKong is the biggest place to deal with DHL between China and North Korea.

18) I drew the transportation roads according to the information I got for this paper.

19) Jeong, Bong-min et al. (2007), p.191.

## V. Enlightenment for Inter-Korean trade

Last chapter analyzed political and economic reasons for the formation of Sino-DPRK trade and inter-Korean trade development path. We can see that compared with inter-Korean trade, there are more conducive environment for trade development between China and North Korea. But in view of Inter-Korean trade's important role in North Korea's foreign trade, it is necessary to enhance and strengthen the contribution of Inter-Korean trade. According to Sino-DPRK trade development, we can get some enlightenment for Inter-Korean trade.

### 1. Correctly position Inter-Korean Trade and economic cooperation

Situation on the Korean Peninsula has been in turmoil in recent years, affected by this, South-North relationship is unstable. But it is needed to realize that stable and continuous relationship is necessary for Inter-Korean trade development. Economic basis determines superstructure, we should believe that with the economic development of North Korea, turmoil situation will be eased.

### 2. Strengthen intergovernmental cooperation

The most important point for bilateral trade development is co-operation. Bilateral trade will never get great development unless reaching the interaction of staffs and goods. If North Korea wants to get improved, it has to shift domestic economic policy and carry out reform and opening-up. Because South-North Korea has not yet implemented "three links", trade development is largely restricted. If the two sides can conduct further communication and exchange about bilateral trade issues, we believe that Inter-Korean trade will get a big improvement.

### 3. Build Free Trade Area in the border areas

Compared with Sino-Korean trade, the development of Inter-Korean trade has inherent language advantages and national complex. In addition to maintain the existing economic cooperation projects, some new free trade zones should be built, such as establishing Inter-Korean economic zones and Inter-Korean Joint Free Trade Zone. Meanwhile, if some border trade ports can be opened, trade form will be more various and convenient.

#### 4. Carry out flexible trade form

North Korea's delta location in Northeast Asia is conducive to develop transit trade and triangular trade. For example, South Korea can export second-hand car and other products to North-Eastern China through North Korea. This continental transport route is so shorter than sea route that it has a time advantage. Of course establishment of railway lines throughout the Korean peninsula still requires joint efforts from international community, especially cooperation of neighboring countries such as China, Russia and Eurasia.

## VI. Conclusions

As North Korea's two biggest foreign trade countries, Inter-Korean trade and Sino-DPRK plays an important role in North Korea's economic development. In Inter-Korean trade, North Korea will export more goods than import. But in the converse, North Korea will import more goods from China than export. So to some extent, trade surplus of Inter-Korean trade ensures North Korea's foreign exchange income, which can partly make up trade deficit of Sino-DPRK trade. Once North Korea's foreign exchange income is reduced, North Korea will fall into a vicious cycle of "trade deficit - foreign exchange reduction - import reduction - inadequate production capacity - weak export". Besides, Sino-Korean trade is consistent with North Korea's current industrial structure, which is in favor of exporting natural resources and importing items required for production and living; while Inter-Korean trade is centered in Kaesong Industrial complex, importing raw materials for production and then exporting manufactured goods from the Industrial Park.



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Based on this situation, we analyze reasons from international political environment, state relationship and economic aspects. We found that political policy plays a dominant role in Inter-Korean trade while Sino-DPRK trade is more subjected to economic factors and has a much more flexible trade form.

In view of Inter-Korean trade's important role in North Korea's foreign trade, we think that not only other countries but also North Korea should make some effort to make a stable development environment. With the language advantages and national complex, North Korea should make good relationship with South Korea, build free trade areas and carry out flexible trade form with North Korea. We hope that every country can center in economic development and we believe with the economic growth, the countries will become closer than before and turmoil situation will be eased.

However, this article did not introduce some problems of China-DPRK trade development, and the latest North Korea's foreign economic activities, like sending labors to work abroad to earn foreign exchange, promoting marriage of North Korean women and entrepreneurs etc., actually these activities show North Korea's policy direction and will affect North Korea's foreign trade development.

In the next study, I will get an understanding of North Korea's foreign economic activities in detail, and will do some survey with Chinese logistics companies engaging in Sino-DPRK trade, and hope to grasp the future development trend of North Korea's foreign trade.

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