

## **CHINESE PRODUCTS DOMINATE DPRK MARKETS**

Chinese products now make up more than 70 percent of goods available in North Korean markets, and this number continues to grow. According to some Chinese newspapers, Chinese goods make up around 70 percent of goods while North Korean goods account for 20 percent, with Japan and Russia making up the remainder. In addition, in department stores and underground markets, there continues to be a rise in the number of Chinese vendors.

Entering the market in 2002, investment by Chinese business interests in North Korea's service sector in 2003 was 11 million USD; 14.1 million in 2004; 14.9 million in 2005. In addition, the amount of trade between China and the DPRK in 2004 was 1.4 billion USD, and 1.6 billion USD in 2005.

In order to attract Chinese investors, North Korea has created investment projects in 38 different areas. The most highly promoted of these include mining, automobiles, and processed seafood, while Chinese investors appear to be most interested in developing North Korea's mining sector. China National Metals and the Minerals Import and Export Corporation are working in conjunction with the North's Ryongden Coal Mine, the largest anthracite mine in the country. The local government in Jilin Province has worked out a joint agreement with the DPRK, supplying the North with electricity in exchange for rights over its Youth Copper Mine. In recognizing and promoting specific sectors of their economy, North Koreans appear to be quite 'business-minded' when dealing with their Chinese counterparts.

One example of the inroads being made by Chinese investors is the recent success of the Guhui Trading Company, run by Lu Yunlei in China's Zhejiang province, in securing a

ten-year lease on 15,000 square meters in the Pyongyang Number One Store, the underground market beneath Pyongyang's Kim Il Sung Square, and an additional 9,000 square meters of warehouse space.

Last year, the Chinese government proposed the construction of a joint glass-making factory in the North Korean town of Daean, and is now planning to invest 7.3 million USD to construct a tire factory, as well. In addition, the two governments have entered a joint project to construct a hydroelectric plant on the Yalu River.

Currently, trading between the PRC and DPRK is active in Liaoning, Jilin, Zhejiang, Jiangsu, and Guangdong Provinces, with over 100 businesses in Dandong and 50 to 60 enterprises in Yenben carrying on trading activities with North Korea. During the course of one year in 2005, 240 thousand Chinese traveled to North Korea, with 125 thousand North Koreans making the trip north across the border into China.