

## DPRK TRADE DEFICIT WITH CHINA NEARS 1.3 BILLION USD

As North Korean dependence on trade with China continues to grow, the amount of overall trade hit a record high in 2008, however its trade deficit rose along with it. According to recent statistics released by China's Customs Bureau and the Ministry of Commerce, trade between the DPRK and PRC in 2008 was worth a total of 2.78 billion USD, a 41.2 percent increase over the mere 1.97 billion USD recorded in 2007.

DPRK exports to China were worth 750 million USD, a 29.7 percent rise, while imports from China totaled 2.03 billion USD, up 46 percent, which led to a record 1.28 billion USD trade deficit. Mineral resources accounted for more than half (54.7 percent) of North Korea's exports to China, while the majority of imports were machinery and electronic goods.

The North's trade deficit with China has continued to grow for the past five years straight. In 2004, the North's trade deficit was a mere 210 million USD, but this more than doubled, to 580 million USD, in 2005, rose to 760 million USD in 2006, and then hit 810 million USD in 2007. The reason for the sudden jump in the North's trade deficit appears to be the globally rising cost of raw materials, and therefore Pyongyang's trade deficit is expected to continue to rise rapidly in the near future.

This deficit is exacerbated by the North's isolation from the rest of the international community, leaving it little choice but to continue trading at prices set by the Chinese. With the currently frigid relations between Pyongyang and Seoul, and the deadlock in 6-Party Talks, tensions on the Korean Peninsula make it increasingly difficult for North Korea to trade with other countries,

so its dependence on China and Chinese goods is expected to continue to grow.