

Deepening the Path Choice of Jilin Province's Economic and Trade Cooperation with the DPRK

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Abstract. In recent years, China has proposed the “One Belt, One Road” development strategy and promoted economic and trade exchanges between countries. Jilin Province’s economic and trade cooperation with the DPRK is not only a historical choice, but also an inevitable trend in the development of foreign trade. In this paper, based on this background, the author explores the current situation of Jilin Province's economic and trade cooperation with the DPRK and proposes a path to deepen economic and trade cooperation.

The process of global economic integration has deepened, which has promoted the establishment of friendly trade relations between countries and promoted the overall improvement of the economic level. At the same time, China has proposed the “One Belt, One Road” development strategy which is undoubtedly an important measure to promote the further development of foreign trade. In this context, as the Northeast Asian region where the grouping of the world economic region is relatively lagging, the voice of economic cooperation is rising. In particular, Jilin Province is mainly engaged in economic and trade cooperation with the DPRK. How to deepen the economic and trade cooperation between Jilin and the DPRK has become an important research topic. This paper mainly studies the current situation of Jilin Province's economic and trade cooperation with the DPRK, briefly analyzes the existing deficiencies and problems, and puts forward countermeasures to promote the long-term development of Jilin Province's economic and trade cooperation with the DPRK.

Part One Analysis of the current situation of Jilin Province's economic and trade cooperation with the DPRK

At this stage, the development of foreign trade between China and other countries is on the rise, and Jilin Province which is an important province in Northeast Asia plays an important role in the trade with the DPRK. However, there are still many weak links in the current economic and trade cooperation between Jilin and the DPRK which affect the trade between the two sides.

(1) The characteristics of Jilin Province's economic and trade cooperation with the DPRK

After years of development, Jilin Province's economic and trade cooperation with the DPRK has gradually formed the following characteristics: a. Jilin Province's economic and trade cooperation with the DPRK has shown an unbalanced development, and the reason is that Jilin Province has invested heavily in the DPRK, and the DPRK is facing Jilin. The province has less investment and the investment is mainly distributed in areas and products with low technology. Moreover, Jilin Province has always shown strong export ability in economic and trade cooperation with the DPRK, but the DPRK has weak ability to pay. The serious trade surplus has become an important factor affecting Jilin Province's economic and trade cooperation with the DPRK. b. The trade method is more flexible. The trade methods of Jilin Province against the DPRK mainly include border small-scale trade, general trade, import and export of bonded goods and processing trade. There are many trade enterprises in the DPRK with many types of products, few quantities and low grades of commodities. c. The scale of Jilin Province’s trade is constantly expanding. The process of global economic integration has been continuously promoted, and the trade of Jilin Province towards the DPRK has gradually diversified, and various cooperation projects have been increasing.

(2) The main problems in Jilin Province's economic and trade cooperation with the DPRK

The trade cooperation between Jilin Province and North Korea has been going on for many years and has promoted the economic development of both sides, but there are many problems in this

process.

a. Jilin Province's economic and trade cooperation with the DPRK is mainly private enterprises with a small scale, and the overall quality of business personnel is not high. At the same time, border trade of China and DPRK often has disorderly competition and management is not in place which is likely to cause economic losses to foreign trade enterprises in Jilin Province.

b. Jilin Province did not have a long-term plan for trade with the DPRK and lacked attention. At present, Jilin Province has shown its self-destructive situation in its economic and trade cooperation with the DPRK, and has not considered long-term development. All along, Jilin Province attaches importance to economic and trade cooperation with Japan, South Korea, Europe and the United States, which neglects the importance of border trade and even lowers its expectations and its investment.

c. The foundation of Jilin Province's economic and trade cooperation with the DPRK is still unstable, and there are still many bottlenecks. Jilin Province's economic and trade cooperation with the DPRK has always been dominated by private enterprises. Some enterprises are not registered, and economic and trade cooperation are not guaranteed. In trade, it is often the use of emotions to communicate. At the same time, the customs of both sides are not efficient and mutually restrictive, which have brought about no small impact on the import and export trade between Jilin Province and the DPRK.

Part Two Main factors affecting the further development of Jilin Province's economic and trade cooperation with the DPRK

For a long time, North Korea has been implementing the “first army economy” policy, and with the slow economic development of the DPRK, there are inevitably various external factors in the economic and trade cooperation between the DPRK.

(1) The impact of North Korea’s “first army economy”

North Korea has always implemented a planned economic system. Under this system, the economic chain is out of line, and the central government has a high degree of centralization. Foreign trade must be carried out at various levels. This policy has seriously restricted the smooth development of economic and trade cooperation between Jilin and the DPRK, and even caused a huge economic loss.

(2) Affected by the soft and hard environments of North Korea

North Korea’s foreign exchange is insufficient and its ability to pay externally is weak. It is relatively backward in terms of infrastructure conditions, and the economic policies implemented by the DPRK are seriously out of touch with international practices. Under such circumstances, the fact that North Korea’s unilateral change of contracts and the non-payment of goods are often imposed on economic and trade cooperation with the DPRK is an important factor that restricts Jilin Province’s economic and trade cooperation with the DPRK.

(3) The North Korean port is not smooth and the facilities are backward.

All along, Jilin Province’s economic and trade cooperation with the DPRK has problems in that the ports are not smooth and the infrastructure is seriously backward. Moreover, there are many charging items in North Korea, and the phenomenon is more serious. Repeated inspections affect the efficiency of customs clearance. At the same time, in the inspection process, the equipment is backward and the efficiency is not high, and there is often a problem of vehicle stagnation. At the same time, the tolls in the territory of the DPRK are high, and there are even many other charging items, such as insurance premiums and health inspection fees. These costs will undoubtedly increase the cost of China's trade in goods and services.

(4) The international community’s sanctions against North Korea continue to deepen affecting the foreign trade between Jilin Province and North Korea.

China is the main country in North Korea’s foreign trade accounting for 90% of the total. In 2015, North Korea’s exports to China were 2.484 billion U.S. dollars, of which more than 50% were minerals and exports were 1.315 billion USD. In recent years, the upgrade of North Korea’s missile test and nuclear test has enabled the international community to expand the scope of

sanctions against North Korea. In addition to nuclear missiles, weapons and technology, it has gradually extended to the fields of finance, coal and so on. In 2017, this scope of sanctions has expanded to include areas such as aquatic products and labor output. Because China's trade with North Korea accounts for a large proportion of coal, aquatic products and labor, and the direct impact on North Korea's sanctions is China's trade with North Korea.

Part Three Ways and suggestions on deepening Jilin Province's economic and trade cooperation with the DPRK

In the context of economic globalization, trade between countries has become more frequent, and China's "One Belt, One Road" development strategy has brought countries together. In this context, it is very important to do trade with border countries. By summarizing the foreign trade experience of other provinces and cities, the author puts forward suggestions for deepening Jilin Province's economic and trade cooperation with the DPRK.

(1)Government leaders at all levels should increase their emphasis on economic and trade cooperation with the DPRK

In response to Jilin Province's economic and trade cooperation with the DPRK, government leaders should actively improve the border trade mechanism and set up corresponding coordination agencies, such as inspection and quarantine, taxation, customs and border trade management departments to effectively guarantee the smooth development of economic and trade cooperation with the DPRK. At the same time, it is also necessary to provide policy support for economic and trade cooperation in terms of national policies, and encourage enterprises with outstanding performance in economic and trade cooperation. Relevant departments are required to coordinate the problems in foreign trade. In addition, the Jilin Province Economic and Trade Cooperation Promotion Association was established, and the functions of the association were fully utilized to build a platform for effective communication between enterprises and effectively protect the rights and interests of enterprises.

(2)The state should increase protection and appropriately relax restrictions on the export of Jilin Province to the DPRK

The in-depth development of Jilin Province's economic and trade cooperation with the DPRK requires strong support and guarantee from the national policy. Therefore, the state should do a good job in the coordination and management of various departments, improve the meeting mechanism at all levels and sign the foreign trade framework agreement. In light of the situation of Jilin Province's economic and trade cooperation with the DPRK, under the premise of ensuring that it does not violate international rules and national security and economic development, and it is possible to appropriately relax restrictions on exports to the DPRK, such as quotas for exporting grain and refined oil products.

(3)Accelerating the improvement of RMB settlement bank transfer channels

Judging from the actual situation of Jilin Province's economic and trade cooperation with the DPRK, the export enterprises have not enjoyed the "Notice on the Pilot of the General Trade in Border Areas and the Export of Small-scale Trade in Border Areas in the Renminbi"'s referential policies. At present, export enterprises in the border areas of Jilin Province are still mostly settled by RMB cash in the process of economic and trade cooperation with North Korea. Because the method of RMB bank transfer and settlement is required, there must be a bank settlement account between the two banks. Therefore, in order to promote the long-term development of Jilin Province's economic and trade cooperation with the DPRK, it is necessary to pay attention to speeding up the establishment of the RMB settlement bank transfer channel between Jilin Commercial Bank and North Korea Bank and provide payment convenience for economic and trade cooperation.

(4)The state should attach importance to the policy and financial support for Jilin Province's foreign trade.

On the one hand, it is supported by the export enterprises of Jilin Province in terms of funds. In order to promote the development of Jilin Province's economic and trade cooperation with the DPRK and cater to the development strategy of the Belt and Road, the state can adopt a special fund

to support it. Help Jilin Province to further develop the North Korean market for border trade enterprises, establish cross-border economic cooperation zones and implement import subsidies. On the other hand, the state should provide support in taxation, such as project support, export discounts and corporate income tax incentives. By implementing these effective support policies, it will help to promote the growth of export enterprises and promote the economic level of Jilin Province.

(5) It can try to use tourism as a new breakthrough in Jilin Province's economic and trade cooperation with the DPRK

North Korea used to be a special economic zone dominated by manufacturing. The effect of manufacturing development was not satisfactory due to backward infrastructure. The construction of a special tourist zone to obtain certain funds is an important way for North Korea's economic development. Moreover, the current North Korea is in the context of international sanctions, the economic situation is getting more and more tense, and the foreign trade with Jilin Province also shows a downward trend. Under such a severe development situation, North Korea can acquire some capital through the construction of sightseeing special zones. Because of the international sanctions, Jilin Province has fewer and fewer types of trade products, and the development of tourism will become an important breakthrough for further cooperation with North Korea.

Promoting the in-depth development of economic and trade cooperation between Jilin and the DPRK has become an important research topic in the development of China's foreign trade. At this stage, there are still many shortcomings and weak links in the economic and trade cooperation between the DPRK. The state and the government must pay attention to it by increasing funding and policy support, and actively establish relevant coordination institutions, relax restrictions on export enterprises and channels for RMB settlement banks. It is necessary to provide guarantees for the development of economic and trade cooperation with the DPRK.

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