cooperation, throwing the future of the zone into doubt.

Wi Hwa Island Free Trade Zone

The DPRK plans to develop Wi Hwa Island in the Yalu River, which separates the country and China, into a free trade zone for which Chinese will not need visas, the Yomiuri Shimbun recently reported sources following China-DPRK relations as saying. Part of the DPRK city of Sinuiju, Wi Hwa Island is approximately 15.5 square kilometers in size. The Yomiuri Shimbum reported that Pyongyang plans to set up trade exhibition facilities on the island and allow Chinese to visit the island without visas. On the island, Chinese will be able to freely buy and sell daily necessities, food and other goods. The island sits near the Chinese city of Dandong in Liaoning Province. Wi Hwa Island is part of the North Korean city of Sinuiju and is part of the Special Economic Zone that the DPRK launched in 2002 as a means for the country to slowly open up to the outside world. It was based in part on China's model of SEZs that Deng Xiaoping launched in Shenzhen in 1979. As Jo-chung Uuigyo, or the China-North Korea Friendship Bridge that connects China's Dandong and Sinuiju, has deteriorated, China plans to build a new bridge. Wi Hwa Island is located inside a special economic zone that North Korea proudly launched in 2002 to open itself up to the rest of the world. But the zone ultimately flopped. The latest free trade zone plan can be seen an extension of the previous one. According to Chinese statistics, the total value of trade between China and North Korea from January to October last year was 2.12 billion dollars, up 31.7 percent from a year earlier. Late last year, North Korea opened in Dandong a branch office of its consulate general in Shenyang to stimulate border trade with China.

Khasan-Rajin Railway Project

After several years of talk's and various obstacles to negotiate around progression of the Khasan (Russia) –Rajin (DPRK) Railway project is underway. Success would ultimately mean greater trade volumes, quicker and cheaper trade between the Koreas and Europe as well as socio-economic upliftment for the North East Asian area. Successive negotiation eventually leads to the official launch of project the 4th of October 2008 by Vladimir Yakunin, CEO of the Russian Railways and the North Korean Minister of Railways Jon Kil-su. Some 50 km north east of the Rajin port, Russia has started reparations on the track to link this Special Economic Zone to its town of Khasan. China takes similarly speedy steps to develop an automotive highway to Rajin in the hopes of diverting some of the growing trade to its own borders. The project also includes modernization of the Rajin port itself. For the implementation of the project, the joint venture "RasonConTrans" was set up in 2008 for a term of 49 years, with the Russian Railways Trading House holding 70% of the registered capital and the port of Rajin the remaining 30%. A planned total of 10 stations, 2 tunnels, and over 40 bridges were expected to start transporting containers to Rajin Port by the end of 2009. Whether or not this target is met remains to be seen. The second part of the project involves construction of container terminal at Rajin port – to be built on 20 hectares of port territory owned by the joint venture North Korean authorities signed an agreement to open Rajin port to foreign trade. The project will enhance Russia's import and export capability in the Sea of Japan where South Korean and Japanese goods enter Russia' s Far East. Russia's rail will need to be renovated though if it is to realize the full potential in a transcontinental link to Europe. For North Korea the rail link will provide raw materials, food stuffs and manufactured goods to undersupplied industries and impoverished population thus providing long-term stability. It will provide the opportunity to develop the strategically located port for world trade and to refurbish its dilapidated rail system.

Japan

Economic Overview

Japan reported a sharp decline in GDP recently, and it's worse than the US. Among the three major economic players (US, Europe and Japan), Japan was the only entity which reported an annualized growth rate of minus 0.6%. In particular, the country posted a minus 12% annualized growth rate in the forth quarter of 2008. In particular, the fall of in external demand was a major stumbling block to Japan's economy. For instance, out of 12 percentage points of contraction in the fourth quarter of 2008, the decrease in Japan's exports alone was responsible for its 10 percentage points contraction. OECD sharply cut its forecast for Japan's real economic growth rate in 2009 to minus 6.6 percent from the previous year, much bigger than for the US and the Euro-zone economies (-4.3 percent)[11]. Worse than the forecast, official statistics show the Japanese GDP dropped by a staggering rate of 15.2 percent a year in the first quarter of 2009, a record since World War II. Japan has been hit hard by the global downturn because it relied on consumers abroad to buy its cars and electronics.

However, the world's second largest economy is forecast to grow modestly. Firms are benefiting from increasing demand from China where the Government is spending nearly $600 billion, some of it on infrastructure. And massive stimulus measures including cash handouts are starting to have an effect. Besides, the Japanese government has announced a series of policies to deal with the crisis. It amended the Act on Special Measures for Strengthening Financial Functions to build a solid defense line to protect financial institutions that have not yet been battered severely. Experts argue that the effects of the policies have become gradually evident since the new financial year began on April 1st, 2009. Some of them hope government stimulus plans such as tax cuts for eco-friendly cars and discounts on home appliances would work. The global financial crisis has only had a slight impact on the Japanese financial sector, and none of the country's financial institutions has gone bust. Japan's unemployment rate was 4.8 percent in March, 2009 compared with 9 percent in the US. With relatively stronger capability to deal with crises, Japanese firms are trying out innovations to move forward. And it's here that Japan's advanced energy saving and environmentally friendly technology could play a positive role.

In the long run, however, the greatest problem for the Japanese economy will be demography, especially its low birth rate and aging population. Since young and middle-aged people have the lion's share in production and consumption, the efforts of the Japanese government to stimulate domestic demand will not be very effective given this demographic background. More and more people realized that the only remedy for the Japanese economy is to invigorate itself from the growth of the whole Asian economy[12].

In terms of investment, Korea and Japan investment in China between 2004 and 2007 was between US $3 billion and US $6 billion reaching almost US $20 in total for the four years (Korea spent US $18.99 billion and Japan did US $19.64 billion)[13]. Chinese investment in Japan to the mid-sized manufacturing industry and etc. is at a beginning stage.

Trade

Japan's trade policy priorities include strengthening the multilateral trading system. Japan's overall objective is to ensure long-term prosperity and growth by promoting business activities in Japan and at an international level. Nonetheless, Japan is of the view that its regional and bilateral free-trade agreements complement trade liberalization at the multilateral level. Japan grants preferential treatment to products from certain developing and least developed countries under its Generalized System of Preference (GSP) scheme. The current GSP scheme, which is valid until 2011, extends to 141 countries and 14 territories. On 1 April 2007, Japan expanded the preferential (i.e. tariff-free and quota-free) treatment granted to 49 least developed countries (LDCs), covering 98% of all tariff lines. The main beneficiaries of Japan's GSP include China, Thailand, Indonesia, the Philippines, and Viet Nam. The GSP scheme excludes many agricultural products and some industrial products. Concurrently, Japan has been intensifying its pursuit of bilateral/regional arrangements involving free-trade agreements; the authorities state that this is not just in areas covered by existing WTO Agreements, but also in areas like trade facilitation, investment, movement of natural persons, competition policy, and improvement of the business environment.

Chart 8-1. Japan's main Export Partner in 2007

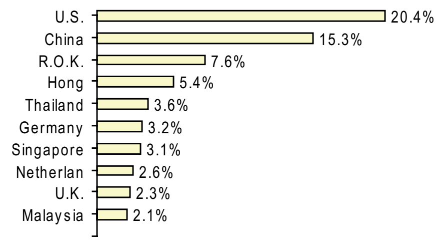
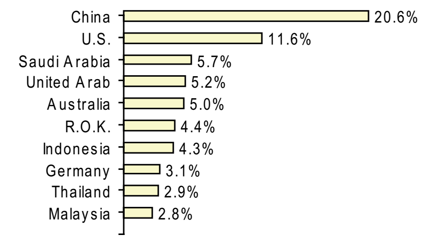


Chart 8-2. Japan's main Import Partner in 2007



**** Source:***
United Nations Commodity Trade Statistics Database (UN Comtrade)

Japan is the world's largest maker of machinery and transport equipment, much of the output of which is exported to countries such as the US, China and ROK. Japan buys Mineral fuels, lubricants and other raw materials from mostly Middle East and Australia and uses these resources to make high technology items. Japan and the United States are very important trading partners, and China is now becoming major partner.

Trade-related issues remain the responsibility of a number of ministries, including Foreign Affairs (MOFA), and Economy, Trade, and Industry (METI). Other ministries and agencies with responsibility for sectoral issues are also involved in trade policy formulation and implementation.

Chart 8-3. Export structure of Japan

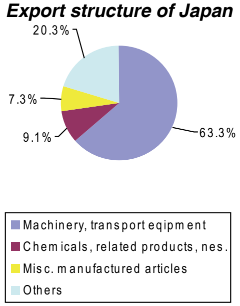
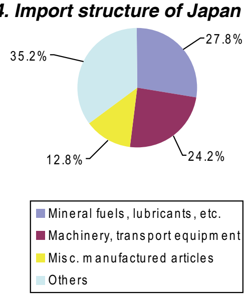


Chart 8-4. Import structure of Japan



**** Source:***
- United Nations Commodity Trade Statistics Database (UN Comtrade)
**** Note:***
- General Imports CIF by commodities of SITC, Rev.3
- General Exports FOB by commodities of SITC, Rev.3

Foreign Direct Investment

Inward FDI in Japan remains substantially lower than outward FDI, and is relatively low compared with that in other large OECD economies. Taking the year of 2007 as an example, inward FDI was US$ 22,549 million, while outward FDI flow was $73,549. Against this background, Japan has continued to take measures to make itself an attractive investment destination for foreign firms; in March 2006, it set a new goal of doubling the share of FDI in GDP by 2010. The authorities consider that FDI brings benefits to Japan by, for example, creating new management resources, such as personnel, capital, and sales networks and bringing in new technologies; creating employment opportunities; and increasing benefits to consumers by providing wider choices and better quality of goods and services resulting from intensified competition introduced by FDI.

The regulatory regime on inward and outward FDI is governed mainly by the Foreign Exchange and Foreign Trade Act, together with relevant cabinet and ministerial ordinances. There are no tax measures aimed specifically at FDI promotion (excluding provisions of tax treaties). The authorities maintain that no estimates are available for tax revenue forgone through measures to promote FDI, partly because some tax measures with other objectives may also contribute to increasing FDI. No financial measures have been introduced specifically to promote FDI in Japan. Japan's current measures, aimed at removing obstacles to FDI, appear to be associated largely with institutional reforms, such as those of regulations on cross-border mergers and acquisitions as well as movement of natural persons, improvement in infrastructure related to logistics and R&D, improvement in medical care and education for foreigners, and seminars and sales campaigns by ministers and local government leaders to invite FDI into Japan.

11. Institute of World Economics & Politics. Chinese Academy of Social Science.
12. China Daily, June 5th, 2009
13. Institute of International Relations & Areas Studies, Ritsumeikan Univ.

Countries in the region have different national situations, regulations, political systems and levels of development. It is crucial and critical for the region to intensify inter-governmental cooperation to increase the mutual trust and promote mutual understanding. To remove the investment barriers to facilitate capital flows and direct investment, cooperation in this region should be institutionalized and policy dialogue and coordination should be strengthened. In addition, micro-policy guidance is required for regional investment cooperation to upgrade the current information sharing facilities for better business service.

Steering economic transformation and to some degree also political transformation is an important indicator of coming economic opportunities. Issues of sustainability, of social fairness, welfare policies or equal opportunities are part of the challenges of Northeast Asia nations. Social policies and welfare systems are quite advanced in the region and fit within the margins of overall market economy development. The overall performance would certainly benefit from increased efforts to build the rule of law in all aspects of economic life. Economic perfomance is impressive in all countries, however, sustainability factors are significatnly weaker. Most countries in question pursue successful macro-economic policies of currency and price stability as well as in terms of market organization. Also, protection of private property as an essential precondition for foreign direct investments is on the rise.

Nevertheless, provided with rich natural resources and a huge potential in the market, the growing prospect and importance of the North-East Asia in recent years make the Greater Tumen region more attractive to domestic, regional and international investors. Sustainable development of the Greater Tumen region can bring both member countries and external partners an opportunity to make the best use of available resources in achieving the regional economic growth and human development. Regional economic cooperation opens up great opportunities for accelerating regionally balanced economic growth, reducing poverty, and raising productivity and employment. The more active regional political and economic actors have been, the more they have joined forces across the border and the better they have coordinated their planning and dealings within their national context, the more these regions have benefitted from this change. At the same time, the closer political relations have been among the capitals of the countries involved, the more effective economic development programs have become for regional cooperation along and across borders. Proactive efforts of member courtiers should be made to strengthen the activities and support from both public and private sectors should be expanded.

Financial markets are expected to remain strained during 2009. In the advanced economies, market conditions will likely continue to be difficult until forceful policy actions are implemented to restructure the financial sector, resolve the uncertainty about losses, and break the adverse feedback loop with the slowing real economy. In emerging economies, financing conditions will likely remain acute for some time—especially for corporate sectors that have very high rollover requirements[14]. Much tighter credit conditions, weaker capital inflows to middle-income countries, and a sharp reduction in global import demand are expected to be the main factors driving the slowdown in developing countries. Import demand is projected to decline by 3.4 percent in high-income countries during 2009, while net private debt and equity flows to developing countries are projected to decline from $1 trillion in 2007 to about $530 billion in 2009, or from 7.7 to 3 percent of developing-country GDP. As a result, investment growth in developing countries is projected to slow dramatically, rising only 3.5 percent in middle-income countries, compared with a 13.2 percent increase in 2007[15].

Chart 9-1. World Economic Forecasts

Global Conditions	2006	2007e	2008f	2009f	2010f
World Trade Volume	9.8	7.5	6.2	-2.1	6.0
Consumer Prices					
G-7 Countries [a,b]	2.2	1.7	3.3	1.6	1.8
United States	3.3	2.6	4.5	2.5	2.8
Commodity Prices (expressed in U.S. dollars)					
Non-oil commodities	29.1	17.0	22.4	-23.2	-4.3
Oil Price (U.S. dollars per barrel) [c]	64.3	71.1	101.2	74.5	75.8
Oil Price (percent change)	20.4	10.6	42.3	-26.4	1.8
Manufactures unit export value [d]	1.6	5.5	9.0	2.1	1.3
Interest Rates					
$, 6-month (percent)	5.2	5.3	3.3	1.9	2.5
€, 6-month (percent)	3.1	4.3	4.9	3.8	4.2
Real GDP Growth [e]	**2006**	**2007e**	**2008f**	**2009f**	**2010f**
World	4.0	3.7	2.5	0.9	3.0
Memo item: World (PPP weights) [f]	5.0	4.9	3.6	1.9	3.9
High Income	3.0	2.6	1.3	-0.1	2.0
OECD Countries	2.9	2.4	1.2	-0.3	1.9
Euro Area	2.9	2.6	1.1	-0.6	1.6
Japan	2.4	2.1	0.5	-0.1	1.5
United States	2.8	2.0	1.4	-0.5	2.0
Non-OECD Countries	5.5	5.6	4.3	3.1	5.3
Developing Countries	7.7	7.9	6.3	4.5	6.1
East Asia and Pacific	10.1	10.5	8.5	6.7	7.8
China	11.6	11.9	9.4	7.5	8.5
Indonesia	5.5	6.3	6.0	4.4	6.0
Thailand	5.1	4.8	4.6	3.6	5.0

**** Source:***
World Bank; Global Economic Prospects (2009)
**** Note:***
PPP = purchasing power parity; e = estimate; f = forecast.
a Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
b In local currency, aggregated using 2000 GDP Weights.
c Simple average of Dubai, Brent, and West Texas Intermediate.
d Unit value index of manufactured exports from major economies, expressed in U.S. dollars.
e GDP in 2000 constant dollars; 2000 prices and market exchange rates.
f GDP measured at 2000 purchasing power parity (PPP) weights.

Northeast Asia should brace for the sharp fall in the US consumption and create more regional demand; this will require a painful, but inevitable process for the region to maintain its growth. Under pressure to change is not only the region's under-consumption structure, but also its industrial system. The fact that Northeast Asian economies are based on international production networks, and there is no market for final goods within the region has posed the biggest threat to Northeast Asia, making it vulnerable to any external shocks. Boosting regional demand is not a choice but a must for Northeast Asian economies to survive[16]. Industrialized countries excluding Japan are under pressure to change their economic structures, as the global crisis has dealt a huge below to their financial assets, making any of their attempts to increase asset values and maintain economic growth futile. According to the ADB, the global crisis wiped a staggering US $50 trillion off the value of financial assets in 2008 the equivalent of over one year's worth of the global GDP.

Structural adjustments of Northeast Asia will be forced to be made in the global economy; export-dependent model needs to be shift away to demand-driven structure. The economy in Northeast Asia in the form of export, has depended on excessive consumption of the US with a privilege to issue the international currency, and provided finance capital for imbalance through export. In order to promote regional demand and make fundamental changes in the under-consumption structure, regional cooperation is a must. Besides, the infrastructure, industrial infrastructure, social infrastructure and education should be improved accordingly.

In order to overcome this challenges, more FTAs and bilateral trade agreements among NE Asia and outside of world will be increased in the region, but more significant progress of economic integration, international collective action and partnership should continue for the strong economic links. Participation in Northeast Asian Cooperation will be the concrete step to promote economic development and strengthen the partnership.

Chart 9-2. Status of FTAs in the Northeast Asia Region (as of year 2008)

	Russia	*Mongolia*	*Japan*	*ROK*	*China*
Russia		-	-	*BEPA – 2nd Fusibility Studies meeting*	-
Mongolia	-		-	-	-
Japan	-	-		*Under considering resumption negotiations*	*Fusibility Studies*
ROK	*BEPA – 2nd Fusibility Studies meeting*	-	*Under considering resumption negotiations*		*5th Fusibility Studies meeting*
China	-	-	*Fusibility Studies*	*5th Fusibility Studies meeting*	

**** Source:***
- The Economic Research Institute for Northeast Asia (ERINA)
- Ministry of Foreign Affairs and Trade of ROK

Although the global recession is likely to be protracted, some elements of an eventual recovery can already be discerned. These include early movement toward stabilization in the housing sector in the United States; continued progress on debt workouts and a strengthening of balance sheets among both banks and households; a gradual easing of credit conditions as government rescue packages take hold and investors begin to return to heavily discounted equity markets; increases in real incomes (stemming from lower food and fuel prices) among individuals with relatively high marginal propensities to consume; and increased space for fiscal and monetary policies as inflationary pressures ease and government outlays on food and fuel subsidies decline in tandem[17]. To accelerate this recovery and promote sustainable development, intraregional trade system and investment structure should be considered among the regional nations. Economic integration in Northeast Asia region is an opportunity at the critical moment.

14 IMF World Economic outlook (April, 2009)
15 World Bank; Global Economic Prospects (2009)
16 Institute of World Economics & Politics. Chinese Academy of Social Science.
17 World Bank; Global Economic Prospects (2009)

ABBREVIATION

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
BEPA	Bilateral Economic Partnership Agreement
CRS	Congressional Research Service
EFTA	The European Free Trade Association
ERINA	The Economic Research Institute for Northeast Asia
FDI	Foreign Direct Investment
FIFTA	the Foreign Investment and Foreign Trade Agency (Mongolia)
GDP	Gross Domestic Product
GTI	The Greater Tumen Initiative
IMF	International Monetary Fund
JETRO	Japan External Trade Organization
METI	The Ministry of Economy, Trade, and Industry (Japan)
MIT	The Ministry of Industry and Trade (Mongolia)
MKE	The Ministry of Knowledge Economy (ROK)
MOF	The Ministry of Finance (Mongolia)
MOFA	The Ministry of Foreign Affairs (Japan)
MOFAT	The Ministry of Foreign Affairs and Trade (ROK)
MOFCOM	The Ministry of Finance and Commerce (China)
NAFTA	North American Free Trade Agreement
NDRC	The National Development and Reform Commission (China)
RMB	Renminbi (Chinese currency)
Rosstat	Federal State Statistics Service
TRADP	The Tumen River Area Development Programme
UN Comtrade	United Nations Commodity Trade Statistics Database
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNSD	United Nations Statistics Division
WEO	World Economic Outlook of IMF
WTO	World Trade Organization

REFERENCES

Table 1-1. Growth rate of GDP (% per year)

	2005		2006		2007		2008	
	GDP (US$ in billions)/ GDP growth (annual %) [18]							
China	2,235.9	10.4%	2,657.9	11.6%	3,205.5	13.0%	4,401.6	9.0%
ROK	791.4	4.2%	888.2	5.1%	969.8	5.0%	947.0	2.2%
Russia	764.5	6.4%	990.6	7.4%	1,290.1	8.1%	1,676.6	5.6%
Mongolia	2.3	7.3%	3.13	8.6%	3.9	10.2%	5.3	8.9%
DPRK	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Japan	4,552.1	1.9%	4,376.0	2.4%	4,384.3	2.1%	4,923.8	-0.6%

* Source:
- World Bank – World Development Indicators database (April 2009) China, ROK, Russia, Mongolia and Japan figures of 2005-2007
- IMF – World Economic Outlook Database (April, 2009) for China, ROK, Russia, Mongolia and Japan figures of 2008

Table 2-1. Trade Volume by GTI Country per year *($ in billions)*

		China	ROK	Russia	Mongolia	DPRK	JAPAN
Export	2002	325.6	162.5	106.7	0.5	1.2	416.7
	2003	438.2	193.8	133.7	0.6	1.2	472.0
	2004	593.3	253.8	181.6	0.9	1.4	565.8
	2005	762.0	284.4	241.4	1.1	1.6	594.9
	2006	968.9	325.5	301.6	1.5	2.4	646.7
	2007	1,217.8	371.5	352.3	1.9	1.9	714.3
	2008	1,428.7	422.0	471.8	2.6	N/A	775.9
Import	2002	295.2	152.1	46.2	0.7	2.6	337.6
	2003	412.8	178.8	57.3	0.8	2.7	383.5
	2004	561.2	224.5	75.6	1.0	3.2	455.3
	2005	666.0	261.2	98.7	1.2	3.7	515.9
	2006	791.5	309.4	137.7	1.5	3.7	579.1
	2007	956.0	356.8	191.0	2.1	3.2	622.2
	2008	1,131.6	435.3	321.2	3.6	N/A	756.1
Total	2002	620.8	314.6	152.9	1.2	3.8	754.3
	2003	851.0	372.6	191.0	1.4	3.9	855.5
	2004	1154.5	478.3	257.2	1.9	4.7	1,021.1
	2005	1428.0	545.6	340.1	2.3	5.3	1,110.8
	2006	1760.4	634.9	439.3	3.0	6.1	1,225.8
	2007	2173.8	728.3	543.3	4.0	5.1	1,336.5
	2008	2,560.3	857.3	793.0	6.2	N/A	1,532.0

*** Source:**
- United Nations Statistics Division (UNSD) annual totals table (ATT) for China, ROK, Russia, Mongolia and Japan figures; year of 2002-2007. (October 10, 2008)
- Congressional Research Service report "The North Korean Economy: Leverage and Policy Analysis" (August 26, 2008) for DPRK figures
- IMF Statistical Databases; for China, ROK, Russia and Mongolia figures; year of 2008. (May, 2009)
- Japanese Trade and Investment Statistics for Japan figures; year of 2008. (2009)

*** Note:**
- General Imports CIF by country of origin
- General Exports FOB by country of last known destination

18 Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2000 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

Table 3-1. Foreign Direct Investment (in US$ millions)

	2005		2006		2007	
	Inward	Outward	Inward	Outward	Inward	Outward
China	72,406	12,261	72,715	21,160	83,521	22,469
ROK	7,055	4,298	4,881	8,127	2,628	15,276
Russia	12,886	12,767	32,387	23,151	52,475	45,652
Mongolia	185	0	290	0	328	0
DPRK	N/A	N/A	N/A	N/A	N/A	N/A
Japan	2,775	45,781	-6,506	50,266	22,549	73,549

***Source:**
UNCTAD – World Investment Report (September, 2008)

Chart 4-1. China's Trade share in 2007

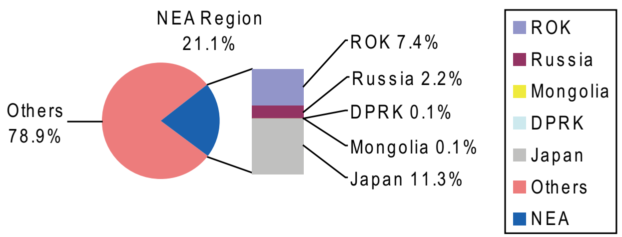


Chart 4-2. ROK's Trade share in 2007

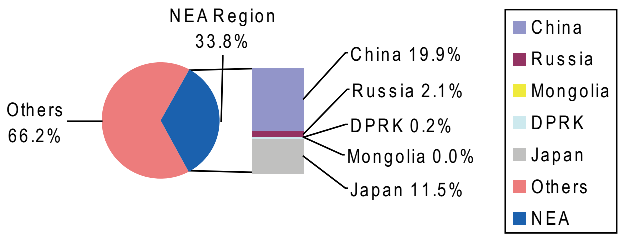


Chart 4-3. Russia's Trade share in 2007

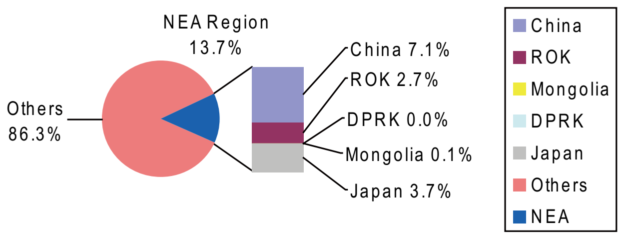


Chart 4-4. Mongolia's Trade share in 2007

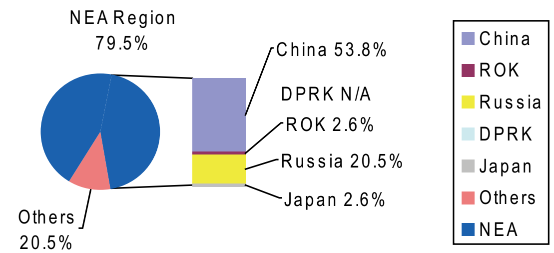


Chart 4-5. DPRK's Trade share in 2007

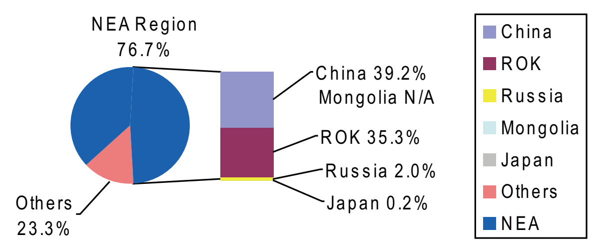
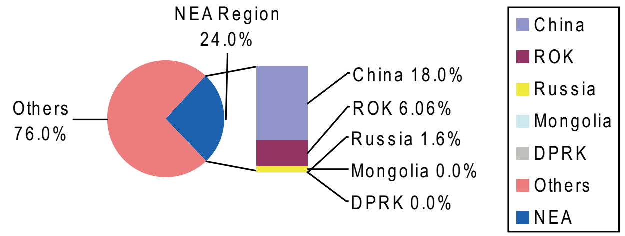


Chart 4-6. Japan's Trade share in 2007



***Source:**
United Nations Statistics Division (UNSD) annual totals table (ATT) for China, ROK, Russia and Mongolia figures.
United Nations Commodity Trade Statistics Database (UN Comtrade) for imports and exports partners
Congressional Research Service report "The North Korean Economy: Leverage and Policy Analysis" (August 26, 2008) for DPRK figures
***Note:**
General Imports CIF by country of origin and General Exports FOB by country of last known destination

Table 5-1 Intra-Regional Export volume by Country in 2007 (US$ in millions)

From \ To	China	ROK	Russia	Mongolia	DPRK	Japan
China	-	56,098.9	28,466.2	1,374.2	1,392.4	102,008.6
ROK	81,985.1	-	8,087.7	169.7	1,032.5	26,370.2
Russia	15,166.6	6,089.8	-	629.0	126.1	7,490.6
Mongolia	1,399.8	40.6	57.2	-	N/A	14.4
DPRK	584.0	765.0	34.0	N/A	-	0
Japan	109,270.0	54,333.5	10,769.8	153.6	9.1	-

Table 5-2 Intra-Regional Import volume by Country in 2007 (US$ in millions)

From \ To	China	ROK	Russia	Mongolia	DPRK	Japan
China	-	103,752.0	19,688.6	682.8	581.5	133,942.7
ROK	63,025.2	-	6,977.5	20.7	765.0	56,250.1
Russia	24,406.6	8,838.3	-	48.2	33.5	12,715.8
Mongolia	658.2	118.3	726.5	-	N/A	107.4
DPRK	1,393.0	1,032.0	126.0	N/A	-	9.0
Japan	127,922.4	27,307.1	10,562.8	16.2	0.0	-

*** Source:**
- United Nations Statistics Division (UNSD) annual totals table (ATT) for China, ROK, Russia, Mongolia and Japan figures. (October 10, 2008)
- Congressional Research Service report "The North Korean Economy: Leverage and Policy Analysis" (August 26, 2008) for DPRK figures
- Federal State Statistics Service for trade partners of Russia and Mongolia figures

*** Note:**
- General Imports CIF by country of origin
- General Exports FOB by country of last known destination

Table 6-1. Main Trade Partners in 2007 ($ in millions)

a. People's Republic of China

		Exports	Share		Imports	Share
	World	1,217,775.7		World	955,955.9	
1	USA	233,096.7	19.1%	Japan	133,942.7	14.0%
2	Hong Kong	184,436.2	15.1%	R.O.K.	103,752.0	10.9%
3	Japan	102,008.6	8.4%	USA	69,528.7	7.3%
4	R.O.K.	56,098.9	4.6%	Germany	45,383.1	4.7%
5	Germany	48,714.3	4.0%	Malaysia	28,697.1	3.0%
6	Netherlands	41,417.8	3.4%	Australia	25,843.2	2.7%
7	U.K.	31,656.3	2.6%	Philippines	23,117.8	2.4%
8	Singapore	29,620.3	2.4%	Thailand	22,664.7	2.4%
9	Russia	28,466.2	2.3%	Russia	19,688.6	2.1%
10	India	24,011.5	2.0%	Brazil	18,339.5	1.9%

b. Republic of Korea

		Exports	Share		Imports	Share
	World	371,477.1		World	356,841.0	
1	China	81,985.1	22.1%	China	63,025.2	17.7%
2	USA	45,883.9	12.4%	Japan	56,250.1	15.8%
3	Japan	26,370.2	7.1%	USA	37,392.9	10.5%
4	Hong Kong	18,654.4	5.0%	Saudi Arabia	21,163.2	5.9%
5	Singapore	11,949.5	3.2%	Germany	13,534.2	3.8%
6	Germany	11,542.5	3.1%	Australia	13,232.2	3.7%
7	Russia	8,087.7	2.2%	United Arab Emirates	12,655.9	3.5%
8	Mexico	7,482.0	2.0%	Indonesia	9,113.8	2.6%
9	UK	6,870.0	1.8%	Kuwait	8,746.8	2.5%
10	India	6,600.0	1.8%	Qatar	8,453.9	2.4%

c. Russian Federation

		Exports	Share		Imports	Share
	World	352,266.4		World	199,726.0	
1	Netherlands	41,840.7	11.9%	Germany	26,549.3	13.3%
2	Italy	22,631.1	6.4%	China	24,406.6	12.2%
3	Germany	18,604.9	5.3%	Ukraine	13,310.5	6.7%
4	Belarus	17,187.0	4.9%	Japan	12,715.8	6.4%
5	Ukraine	15,928.7	4.5%	US	9,407.7	4.7%
6	China	15,166.6	4.3%	Belarus	8,887.0	4.4%
7	Switzerland	13,857.5	3.9%	R.O.K.	8,838.3	4.4%
8	Turkey	13,392.6	3.8%	Italy	8,524.1	4.3%
9	Poland	11,784.5	3.3%	France	7,700.2	3.9%
10	Kazakhstan	11,548.8	3.3%	U.K.	5,639.6	2.8%

d. Mongolia

		Exports	Share		Imports	Share
	World	1,886.6		World	2,117.0	
1	China	1,399.8	74.2%	Russia	726.5	34.3%
2	Canada	178.5	9.5%	China	658.2	31.1%
3	US	64.5	3.4%	R.O.K.	118.3	5.6%
4	Russia	57.2	3.0%	Japan	107.4	5.1%
5	Italy	55.8	3.0%	Germany	70.7	3.3%
6	R.O.K.	40.6	2.2%	US	50.2	2.4%
7	UK	17.2	0.9%	Singapore	45.9	2.2%
8	Japan	14.4	0.8%	Kazakhstan	38.0	1.8%
9	Germany	10.4	0.6%	Ukraine	32.9	1.6%
10	Ukraine	6.6	0.3%	Hong Kong	22.9	1.1%

e. Democratic People's Republic of Korea

		Exports	Share		Imports	Share
	World	1,854.0		World	3,242.0	
1	R.O.K.	765.0	41.3%	China	1,393.0	43.0%
2	China	584.0	31.5%	R.O.K.	1,032.0	31.8%
3	India	41.0	2.2%	India	660.0	20.4%
4	Russia	34.0	1.8%	Thailand	184.0	5.7%
5	Thailand	34.0	1.8%	Russia	126.0	3.9%
6	Germany	16.0	0.9%	Germany	34.0	10.%
7	Japan	0.0	0.0%	Japan	9.0	0.3%

f. Japan

		Exports	Share		Imports	Share
	World	714,327.0		World	622,243.3	
1	US	145,624.2	20.4%	China	127,922.4	20.6%
2	China	109,270.7	15.3%	US	72,410.0	11.6%
3	R.O.K.	54,333.5	7.6%	Saudi Arabia	35,287.0	5.7%
4	Hong Kong	38,909.4	5.4%	United Arab Emirates	32,361.8	5.2%
5	Thailand	25,612.0	3.6%	Australia	31,252.1	5.0%
6	Germany	22,636.2	3.2%	R.O.K.	27,307.1	4.4%
7	Singapore	21,839.4	3.1%	Indonesia	26,516.5	4.3%
8	Netherlands	18,561.6	2.6%	Germany	19,428.8	3.1%
9	UK	16,314.9	2.3%	Thailand	18,323.1	2.9%
10	Malaysia	15,055.8	2.1%	Malaysia	17,414.8	2.8%

** Source:*
- United Nations Statistics Division (UNSD) annual totals table (ATT) for China, ROK, Russia, Mongolia and Japan figures.
- United Nations Commodity Trade Statistics Database (UN Comtrade) for China, ROK, Russia, Mongolia and Japan figures.
- Congressional Research Service report "The North Korean Economy: Leverage and Policy Analysis" (August 26, 2008) for DPRK figures
- Asian Development Bank (ADB) - Key Indicators for Asia and the Pacific 2008.
- Japan External Trade Organization (JETRO)

** Note:*
- General Imports CIF by country of origin
- General Exports FOB by country of last known destination

Table 6-2 Commodity Export Structure in 2007 (In US $ Million)

	China	R.O.K.	Russia	Mongolia	Japan
All	1,217,775.7	371,477.1	352,266.4	1,886.6	714,327.0
Food & Live animals	30,742.8	2,635.3	6,938.3	27.7	3,069.7
Beverages & Tobacco	1,396.5	682.1	685.8	0.2	461.6
Crude materials, inedible, except fuels	9,116.3	4,188.8	14,428.1	1,338.9	8,953.4
Mineral fuels, lubricants, etc.	19,950.9	24,630.9	216,515.4	170.1	9,279.8
Animal, Veg. Oils, Fats, Wax	310.7	30.2	501.6	0.1	84.7
Chemicals, related products, nes.	60,314.4	37,540.1	14,684.2	2.6	65,191.3
Manufactured goods	219,877.0	52,041.3	54,234.3	68.1	83,627.9
Machinery, transport equipment	577,751.4	216,735.9	13,253.6	18.1	451,951.8
Misc. manufactured articles	296,139.2	32,232.4	2,551.4	25.8	52,491.8
Goods not classified by kind	2,176.5	760.0	28,473.6	234.9	39,215.0

Table 6-3 Commodity Import Structure in 2007 *(In US $ Million)*

	China	R.O.K.	Russia	Mongolia	Japan
All	955,955.9	356,841.0	199,726.0	2,117.0	622,243.3
Food & Live animals	11,499.6	13,629.0	20,602.1	195.3	45,475.2
Beverages & Tobacco	1,401.1	755.6	3,285.1	41.4	5,851.9
Crude materials, inedible, except fuels	117,915.3	24,071.3	5,627.0	10.2	49,538.5
Mineral fuels, lubricants, etc.	104,930.1	96,503.0	2,527.9	569.3	172,784.8
Animal, Veg. Oils, Fats, Wax	7,476.4	844.1	1,087.8	13.6	1,163.6
Chemicals, related products, nes.	107,420.5	32,336.9	20,988.0	126.5	45,521.2
Manufactured goods	102,877.3	51,929.1	25,351.9	326.4	60,475.0
Machinery, transport equipment	412,640.2	107,570.3	91,671.8	623.6	150,711.9
Misc. manufactured articles	87,330.8	27,491.3	17,471.3	210.7	79,538.9
Goods not classified by kind	2,464.7	1,710.3	11,113.2	0.0	11,182.3

** Source:*
- United Nations Commodity Trade Statistics Database (UN Comtrade)

** Note:*
- General Imports CIF by commodities of SITC, Rev.3
- General Exports FOB by commodities of SITC, Rev.3