

# THE | DIPLOMAT

---

---

THE KOREAS | ECONOMY | EAST ASIA

## Why Has North Korea Struggled to Normalize Trade With China?

Since North Korea slammed its borders shut in the initial stage of the pandemic, it has made several motions toward resuming normal trade. None has panned out.



By [Troy Stangarone](#)

November 25, 2021

---



An aerial view of the China-North Korea Friendship Bridge, left, and the Yalu River Broken Bridge over the Yalu River, on the border of China and North Korea in Dandong. Credit: [Depositphotos](#)

According to recent reports, North Korea and China are close to [resuming trade](#). However, this isn't the first time since the pandemic began that reports have suggested the two sides were close to restarting trade over land routes. Each has ultimately proved a false start.

With the rest of the world [having largely resumed](#) trade over a year ago, why is North Korea struggling to normalize trade?

Prospects were looking up earlier this year. There had [been multiple indications that North Korea](#) might loosen its border restrictions to allow more trade. After bottoming out in May, trade also seemed to be increasing. For four straight months trade increased and hit a new pandemic high in September. However, trade between North Korea and China [declined by 40 percent](#) in October.

October's decline was likely partially due to China's own [self-inflicted coal shortage](#), which followed a ban on Australian coal imports to punish Canberra for requesting an inquiry into

the origins of COVID-19. The resulting power shortages have [impacted the border region](#).

In addition, the [spread of the Delta variant](#) in China remains a significant drag on trade. While North Korea and China resumed regular rail service on November 1, rail service [had to be suspended](#) about a week later due to an outbreak of COVID-19 in Dandong. The lockdown in Dandong may last for a month.

[Enjoying this article? Click here to subscribe for full access. Just \\$5 a month.](#)

In addition to the outbreak in Dandong, China is now dealing with its most significant [outbreak of the Delta variant](#) in Dalian, another major city near the North Korean border.

The harsh reality is that those four months of China-North Korea trade growth masked a more difficult year. Since the pandemic began, trade between North Korea and China has been declining, and that has continued so far in 2021.

In 2020, Chinese exports to North Korea fell by 81 percent from 2019, while North Korea's exports to China declined by 78 percent. 2021 has not seen a recovery. Through October, imports from China had fallen from \$487.5 million in 2020 to just \$191.5 million this year, a 61 percent decline. North Korean exports to China didn't fall as drastically, but were still down 21 percent through October of last year and only amounted to \$35.6 million.

We shouldn't expect November trade numbers to be any better.

While the pandemic continues to impact trade, the primary reason North Korea and China have been unable to normalize trade is that both continue to follow zero COVID-19 policies. These include the use of [strict lockdowns](#) and tight

border controls to prevent the spread of COVID-19.

In China, cities can be [locked down for weeks](#) and undergo mass testing for COVID-19. These [local lockdowns](#) have resulted in idled factories and closed transportation links that have further added to global supply chain disruptions.

North Korea has taken a similarly strict approach, but more by necessity than choice. North Korea was among the first countries to tighten its borders when the pandemic began. On January 22, Pyongyang [halted tourism](#). Only a few days later it imposed border control measures. While in the process of shutting its border, it implemented its own emergency quarantine system on January 24.

Because North Korea did not have access to COVID-19 test kits, it extended the quarantine time for suspected infectious diseases from 14 to 30 days. North Korea initially put in place a [10-day quarantine](#) for goods entering the country, but has reportedly reduced that to [seven days](#) as part of its effort to resume train traffic.

Similar to China, North Korea has locked down entire cities, [such as Kaesong](#) along its border with South Korea, for suspected outbreaks (although Pyongyang has yet to confirm a single case of COVID-19 within the country). It also has in place [mask requirements](#), bans on non-state events, and restrictions on travel.

However, in some cases North Korea has taken stronger measures than China. It established a [buffer zone](#) along its border with China where troops are under order to fire on those who enter, and it is using [draconian level fines](#) and threats of being sent to a [labor camp](#) to enforce its domestic COVID-19 protocols.

[Enjoying this article? Click here to subscribe for full access. Just \\$5 a month.](#)

The need to suspend train service so quickly after resuming it at the beginning of November illustrates the challenges in normalizing trade under a zero COVID-19 policy.

In the absence of vaccines, therapeutics to treat COVID-19, and access to robust testing, North Korea has needed to maintain strict measures and limit its trade to forms that require [less human interaction](#) such as cargo trains. This means excluding regular use of trucks, which require more human interaction and therefore pose a greater risk of spreading COVID-19.

Even getting to this point has been a challenge. Earlier this year, North Korea developed its own [PCR test](#) with WHO help, which should allow it to better track COVID-19 cases among those dealing with trade. It has also constructed [quarantine facilities](#) along its border to decontaminate goods entering the country.

While the development of a PCR test and construction of quarantine facilities should help, capacity is likely to be an issue. Part of the WHO's recent shipment of [COVID-19 aid](#) to North Korea included masks and reactive agents for tests. It is unclear what capacity North Korea has for the production of its own tests without imports of reactive agents. It is also unclear how much cargo can be moved through North Korea's quarantine facilities with seven-day quarantines. Each of these factors, along with the inability to resume regular truck traffic, will be a constraint on North Korea's ability to import and export goods.

North Korean officials have also recently called for [better measures](#) to prevent the spread of COVID-19 along the border with China under

the expectation that conditions could worsen during the winter. In essence, North Korea is looking to tighten rather than loosen its quarantine provisions, which augurs an additional constraint on trade.

North Korea has also indicated that the public may need to endure [three more years of hardship](#) due to the pandemic. This suggests that North Korea does not expect trade with China to resume to pre-pandemic levels in the near future even if border restrictions are loosened.

As long as China and North Korea utilize versions of zero COVID-19 policies to prevent domestic spread of the coronavirus, trade will continue to face disruptions. Trade for the foreseeable future will likely be limited to rail service, but still face constraints from moving goods in and out of quarantine. As a result, trade levels will not likely reach pre-pandemic levels anytime soon. Until North Korea can manage these issues through the acquisition of vaccines, therapeutic drugs, and mass testing, it will continue to struggle to normalize trade with China.

## AUTHORS

---

### CONTRIBUTING AUTHOR

#### Troy Stangarone

Troy Stangarone is Senior Director and Fellow at the Korea Economic Institute of America (KEI).



[VIEW PROFILE](#)

## TAGS

---

[The Koreas](#) [Economy](#) [East Asia](#) [North Korea](#)

[China coronavirus quarantine](#) [China-North Korea border](#)

China-North Korea trade COVID-19 North Korea coronavirus

North Korea COVID-19 lockdown