



DPRK PRICES, EXCHANGE RATE SKYROCKET AFTER SHELLING

After North Korea rained artillery onto Yeonpyeong Island, military tensions have continued to grow, impacting the price of rice and the currency exchange rate in the North's traditional markets. On December 13, NK Intellectual Solidarity reported that this has shaken the livelihoods on North Korean people. According to the group, rice has shot up 77 percent, from 900 won to 1600 won per kilogram, since the November 23 attack. The price of corn has also gone up by 50 percent, to 600 won per kilogram. At the same time, the exchange rate for Chinese yuan has risen, at least in the market in Hyeryong, from 220 to 350 won per yuan, a 59 percent increase.

Daily NK has also reported that post-Yeonpyeong food price increases have been significant, and as the Autumn harvest comes to a close in December, smaller rations to those working on collective farms is expected. A contact in North Hamgyong Province reported, "Rice prices that were 800-900 won [per kilogram] in mid-November shot up to 1100 won and have recently risen to 1300 won...people are reeling at the sudden rise in prices." According to the source, rice hit a high of 1900 won in the Hyeryong market around December 8-9.

The very first to reflect military tensions between the two Koreas were money handlers and wholesalers. A source in North Korea compared today's atmosphere with that experienced in 1993, and explained that as people's concerns about war increase, money traders become more conservative, tightening up the exchange of currency and therefore slowing the entire wholesale market, driving up prices. A survey by DailyNK from December 7-13 revealed that the exchange rate in Pyongyang rose from 1400 to 1750 won between November 24 and the end of the month, while the price of rice rose from 750 won to 1250 won per kilogram over the same period. In Sinuiji, the exchange rate rose from 1450 to 1800 won, while rice costs went up from



800 to 1300 won per kilogram. Hyesan showed similar trends, with the exchange rate rising from 1400 to 1800 won and rice rising from 900 to 1350 won per kilogram.

While food prices have fallen from their peak after the Yeonpyeong shelling, they are still high enough to cause significant difficulties for the average North Korean. Price hikes seen recently are three times as severe as those seen from 2000-2010, including the huge jump seen in 2005 when authorities attempted to reintroduce the central rationing system. Combined with last year's failed currency reform attempt, the latest price hikes have severely strained the livelihoods of most North Koreans.