



NORTH KOREA DICTATES NEW PRICES ON FEBRUARY 4

According to a report from the webzine Daily NK, authorities in the North posted notices at the entrances of all markets across the country in the afternoon of February 4, setting state-wide standard prices for 100 different goods. The prices went into effect the next day. The notice reportedly stated, "In the case of foods not being sold at state-set prices, the state will confiscate all goods."

The list of 100 items for which prices were set includes rice and corn, indicating that the government is allowing the sale of food items in markets (some of the prices can be seen in the table below). It appears, however, that the state-set prices are causing disruptions in the markets due to the significant difference between Pyongyang's pricing and the actual prices for which goods in the markets are being sold.

Currently, rice is selling for 350 won/Kg, more than 100 won more than state prices. Corn, costing 180 won/Kg, is trading at 50 won more than the government is demanding. In addition, cooking oil and pork are selling for 1,000 won, 300-400 won more than state-mandated prices. Sources in the North report that, while market traders put on the appearance of adhering to the state's regulation, many continue to trade at prices dictated by the markets.

Most previous attempts by North Korean authorities to clamp down on markets have failed, making it unlikely that this attempt to mandate prices will have any real impact. Actually, authorities have mandated 'market price caps' and regulated prices since the North's economic adjustment measures taken on July 1, 2002. The government has also banned the sale of grains and other food, but this has not helped the North reach its policy goals and, in fact, has done little but stimulate black market activities. Furthermore, one reason for the recent and significant rise in inflation is the lack of policy for improving the supply sector at a time when currency reforms led to a sudden jump in the purchasing power of farmers and laborers. This adds weight to the argument that these latest price controls will not be maintained with any consistency.

GOODS	PRICE (DPRK Won)
Rice (kg)	240
Corn (kg)	130
Pork (kg)	700



Beans (kg)	160
Cooking Oil (bottle)	600
Toothbrush	25
Toothpaste	50
Soap	50
Laundry Detergent	25
Athletic Shoes	500
Toilet Paper	50
Workbook	25 - 55
Lighter	70
Dress Shoes	1,300
Flashlight	500
Battery	100
Children's Clothes	1,500
Children's Padded Clothing	5,000
Socks	350
Apples (kg)	250
Egg	21