

MARKETS REACT TO RAINS

In the wake of missile tests and subsequent United Nations sanctions, prices are on the rise in North Korean markets. According to the latest survey by North Korean human rights group, “Good Friends,” heavy rains have caused distribution chains to break down, making it virtually impossible to get food where it needs to be. As a result, food prices are on the rise. Following the July flooding, much agricultural land was washed out, so that this year’s food production is predicted to be less than half of previous expectations. In addition, in northern areas not affected by the rains, drought conditions are causing grains to dry up, resulting in considerably less turn-out than last year.

Due to the hawkish policies of the North Korean government, both the U.N. and South Korea are considering halting food aid while DPRK food prices continue to climb. Other goods for sale in markets reflect little change in prices as compared to July, yet food prices in most regions continue to increase, as can be seen in the table below. In the beginning of August, rice prices in almost all regions rose above 1,000 (DPRK) won, and while corn remained relatively cheap, prices rose over 400 won in the countryside, and over 500 won in areas hit by flooding.

	Hamhung	Rajin	Chungjin	Hyeryung	Wonsan	Sariwon	Pyongyang
DPRK Rice	980 (770)	950	1000	1010	980 (700)	950 (650)	960 (700)
ROK Rice	960 (750)	950	1000	1000	950 (670)	940 (650)	950 (750)
Corn	500 (350)	300	400	250	320 (300)	300 (240)	300 (300)

DPRK Won per Kg; figures in parenthesis show prices at the beginning of July

North Korean areas including Kangwon-do, North and South Hwanghae-do, South Pyongan-do, and South Hamkyung-do experienced much devastation as rains poured down from the

fourteenth to the sixteenth of July. In addition to the loss of life and flooding of land, granaries were also damaged, ruining stocks that had previously been harvested. If this is true, grain prices in North Korea can be expected to continue to rise.