

DPRK MARKETS STABLE, U.S. DOLLAR EXCHANGE RATE NOT

Prices in North Korean markets fluctuate slightly, but appear to be relatively stable.

An Internet media source focusing on North Korean news, “Daily NK,” is reporting that prices from the end of last year through the beginning of this year have remained steady. According to the results of a study that divided the country into northern and southern regions in order to compare markets, the cost of rice does vary according to region, but prices are all below 1,000 won per kilogram. Rice, the most sought-after good in North Korean markets, sets the tone for other prices. Rice prices vary by 100-200 won, depending on regional production, distribution, and a market’s distance to the country’s borders.

In the southern region, Sinuiju is both a border city and near North Korea’s ‘rice bowl’ region, and so its markets have some of the lowest prices in the country. In Sinuiju, domestic rice currently costs 850 won per kilogram, ROK rice 870 won, and Chinese rice 800 won. Aside from this variance and pork, which is selling for 2,500 won per kilo, prices are stable.

In the northern region, rice in Chungjin is relatively expensive. This is the result of a quarantine of the area due to the recent outbreak of scarlet fever. Both DPRK and ROK rice is being sold for 1,000 won, while Chinese rice is going for 900 won per kilo.

The reason rice is relatively stable at under 1,000 won per kilo is that, despite concerns from the international community surrounding the potential for another food crisis, the DPRK government claims to have sufficient stores to meet the domestic demand for rice. In addition, even if a rice shortage were expected in North Korea, there do not appear to be any measures restricting private capital or individual savings.

A look at the transactions occurring in North Korean markets suggests that a lean spring harvest will not have as severe of an impact as some have predicted. An insider revealed that the presence of private cash would allow shortages to be rectified by smuggling across the Chinese border.

North Korean currency is continually losing value. In the second half of last year, one USD was worth 2,950 won on the market, yet the exchange rate has now risen to 3,270 won per dollar. The Chinese yuan is now traded at 425 won, up 50 won. This sort of currency devaluation is one reason for rising prices.

That said, North Korea still faces chronic distribution shortfalls, and the amount of rations available drives the price of goods. Because of this, exchange rates have a negligible impact on market prices. Last year, joint-venture industries that had stored up diesel fuel and gasoline caused fuel costs to fall by 400-500 won over the course of one month as they expended reserves.