

## **NORTH KOREAN WON DROPPING IN VALUE**

Recently, the cost of living for North Koreans has become increasingly burdensome, as the value of the North Korean won (KPW) has steadily fallen. This phenomenon has been observed since the introduction of the July 1st measures in 2002, but the toll on poorer citizens is growing as money is concentrated in the hands of the elite.

A decent jumper jacket from China sells for 30,000 to 50,000 won, a kilogram of meat for 3,000 won, and a bottle of cooking oil for 2,700 won. North Koreans tell of taking 100,000 won to the market and, having only made a few purchases, leaving with an empty wallet.

Every month, a family of four requires 50 kilograms of rice (50,000 KPW or 1,000 won per kg) and 20 kg of corn (7,000 KPW or roughly 350 won per kg). On top of this, the expense of buying supplementary food items such as cooking oil, red pepper flakes, vinegar, garlic, and scallions is almost equivalent to the price of rice.

One North Korean woman (hereafter referred to as Ms. Kim) who sells noodles at the Hweryung Nammun market estimates her living expenses at 60,000 won per month. Ms. Kim, a housewife responsible for a family of three, earns about 2,000 to 3,000 won a day selling noodles. This amounts to roughly 60,000 won a month, which only covers food expenses. She cannot even dream of buying rice, let alone saving up to raise seed money for a business, as her income goes toward supplementary items like corn (23,000 KPW for 70 kg), cooking oil (2,700 KPW), and beans (950 KPW for 1 kg).

Ms. Kim's husband, who works at the Hweryung machine factory, receives a monthly salary of 4,000 won. This money is only enough to buy four kilograms of rice. Ms. Kim started selling noodles ten years ago, when it became clear that relying on her

husband's income would end in starvation for her family. She said that she has not put meat on the table for her child in a long time, as it is difficult to afford even one kilogram a month. With the exception of merchants who trade with overseas Chinese, workers who earn foreign currency, and those with relatives in China, the majority of Hweryung's residents live day to day.

With the recent order from the Ministry of Public Security to "cease selling, as rations will be provided starting in April," local markets have come under stricter regulation. This regulation has had the effect of raising the price of goods manufactured in China. Before the restriction, transactions took place at stalls and impromptu shops, but now buyers must hunt down merchants, which has led to a rise in prices.

On a related note, the dollar's weak performance in the international market has been reflected in the North Korean black market. The exchange rate remains pegged at one dollar to eight Chinese yuan, but the rate of the North Korean won to the dollar and to the yuan changes daily. North Korea does not have a fixed exchange rate, because individuals who offer money exchange services occasionally receive information on currency rates from China. Due to the dollar's recent weakness, the rate of the North Korean won to the dollar as well as to the yuan has been falling for several months.