

UPSWING SEEN IN DPRK PRECIOUS METAL EXPORTS

As North Korea faces a shortage of foreign currency exacerbated by economic sanctions since last year, Pyongyang's exports of precious metals has jumped considerably.

The Korea Trade-Investment Promotion Agency (KOTRA) recently released a report, "2006 North Korean Foreign Trade Trends", in which it stated that North Korea's foreign trade last year totaled 2.996 billion USD, 0.2 percent down from the previous year. Facing economic sanctions by the United States, Japan, and the European Union following the North's July 2006 missile tests and the October nuclear test, exports for the year amounted to only 947 million dollars, 5.2 percent down from 2005. At the same time, imports grew 2.3 percent to 2.049 billion USD, leaving the North with a trade deficit of more than one billion dollars.

The report indicates that, hampered with sanctions and sagging trade figures, one attempt by Pyongyang to rectify the foreign currency shortage was to boost the export of its precious metals. Last year, North Korea exported 470 million USD-worth of precious metals, a 3.6-fold increase over the 130 million USD-worth exported in 2005. As a percentage of overall DPRK exports, precious metals rose from .5 percent to 4.7 percent.

North Korea's troubles with a lack of foreign reserves can be seen in the limited nature of imports and exports of other goods. Japan's economic sanctions and move away from DPRK exports meant a 49.2 percent drop, down to 68.82 million USD, in the North's export of seafood and shellfish, while exports of Songyi mushrooms were cut by 52.5 percent (7.05 million USD) -- Huge reductions in two of North Korea's most important export items.

Despite floods in July of last year that negatively impacted agricultural production, North Korea was able to import only approximately 760 thousand tons of grain, a 100 thousand-ton drop from the amount imported in 2005, and the lowest amount imported since 1991.

On the other hand, North Korea imported no less than 366.2 million USD-worth of florescent lamps from China in 2006, nearly one thousand times more than the 37 thousand dollars-worth imported in 2005. According to KOTRA, “As North Korea expands its project to increase efficient use of electricity by replacing incandescent bulbs with florescent lights, the import of florescent bulbs from China has greatly increased.”

KOTRA went on to report, “In short, due to the worsening state of global conditions, Chinese international trade for last year can be summarized as stagnant...satisfactory resolution of the North Korean nuclear issue and rapid change in the U.S.-DPRK relationship could mean [Chinese] foreign trade could grow up to 2.7 - 3.5 billion USD, but currently, it appears as if there is a high probability that there will be stagnant conditions similar to last year.”