



DPRK FOOD PRICES UNSTABLE AS LEAN SEASON APPROACHES

The price of rice in North Korean markets, steadily declining until the end of March, saw an upswing in April. Rising prices indicate early concerns over food shortages expected during the lean crop season of May-June.

Recently, in the Nammun Market of Hyeryeong City, rice that sold for 300 Won/Kg at the end of March was priced at 500 Won/Kg, and when there were no special rations delivered on the 'Day of the Sun', Kim Il Sung's birthday (April 15), rumors spread that no state rations would be forthcoming, driving market prices up further.

Pyongyang itself was not immune to the rising prices. As rations were handed to Pyongyang residents in March, rice fell to as low as 200 Won/Kg in the Seongyo Market, but by April 15, it had climbed back to 300 Won/Kg with rumors of upcoming shortages.

In the past, rice prices have fluctuated due to rumors of rations and/or food shortages, but since the latest currency reform, prices have been much more susceptible to people's emotional concerns. Daily NK has been watching rice prices in Hyeryeong's Nammun Market since February, and concluded that as rumors of price increases spread, price tags in markets shot up, at which time sellers felt the urge to dump their goods, bringing prices back down.

Immediately following last year's currency reforms, North Korean authorities ordered the closing of markets. These markets reopened on February 5. Authorities had also dictated that rice be sold for 24 Won/Kg, but the time markets reopened, a 'compromise plan' allowed prices to climb to 240 Won/Kg. Within a month (March 7), prices shot up to 1,500 Won, only to crash



back down weeks later (April 2) to 300 Won. Such drastic price fluctuations indicate a limited availability of food in the markets. This kind of seesawing prices reflects a lack of trust in authorities. As residents lost faith in North Korean authorities, they tried to sell their holdings, but differences in domestic prices, exchange rates, and black markets meant severe price instability.

From December to January, restrictions on the use of foreign currency, along with a sharp drop-off in rice trading, really drove up prices. However, authorities' restrictions on foreign currency began to waiver, and this, combined with the launch of investigations into illegal hoarding of food supplies by businesses and foreign trading companies, led to an influx of rice into markets, bringing prices back down.

Now, with the future of rations in question even in Pyongyang and other major cities, rice prices are again on the rise. With many people predicting that economic conditions and food supplies will be lean in the near future, market prices will likely continue to increase. In North Korea, the price of rice is an important index, reflecting economic stability.