



Regular Food Rations not provided as Prices Soar and Food Shortages Grow in DPRK

Over the last five months, regular food rations have not been provided even to those in the capital city of Pyongyang, indicating the severity of food shortages in North Korea. According to the ROK Ministry of Unification, rice and corn were added to the list of goods with controlled prices in at least one market in Pyongyang. A list of controlled goods with state-set upper price limits has been distributed to each market throughout North Korea since 2003. While prices may vary slightly, comparing them with earlier price caps gives a good indication of the availability of goods.

The July appearance of rice and corn on the list of restricted goods, neither of which has been on the list even as far back as February, when strict market controls were enacted in the aftermath of failed currency reform measures, indicates that the ration system is not operating normally, even in Pyongyang. It also means that not only are officials not receiving normal rations, but that average residents are relying more on markets for their food. One Unification Ministry official stated, "Rice was on the list of controlled goods in markets outside of Pyongyang in February, but couldn't be found in markets in the capital city...in July, rice and corn emerged [as items with price caps] in Pyongyang markets." The official also explained that as the food ration system collapsed even in Pyongyang, the issuance of price caps on rice and corn was an indication that more people were turning to the markets to buy these staples.

Looking at other goods on the list, it appears that agricultural goods cost 3~7 times more in July than in February, and manufactured goods were as much as 7 times more expensive. Necessary goods, both agricultural and manufactured, have grown considerably more expensive in North Korea over just five months. More specifically, beans were up 3.6-fold; chicken, 3.3-fold; lettuce, 3-fold; apples, 6.3-fold; rice and corn, 2-fold. Ball-point pens and other daily-use items were up 5~6-fold. In July, rice sold for 550 won per kilogram, while corn was priced at 280 won per kilo.

The price caps are upper limits set by North Korean authorities, but the reality is that goods are often sold at higher prices. The shortage of agricultural goods, and the fact that the Chinese



Yuan has appreciated 3-fold since February, has led to these record price-hikes. On May 26, Workers' Party of Korea (WPK) authorities issued a decree, "Regarding Korea's Current Food Situation," calling for residents to fend for themselves. As prices skyrocketed on agricultural goods, one measure adopted by North Korean authorities has been to more than double exports of iron ore from Musan, North Hamgyong Province to China, while drastically increasing the import of corn. This increased import of corn has brought down the price of rice from 1,200 to 900 won per kilogram in Musan, while corn itself has fallen from 600 to 500 won. On the other hand, the drop in the foreign currency exchange rate in mid-July caused a shortage of dollars, driving the price of rice up to as high as 1,200 won per kilogram in some regions.