

DPRK CRACKDOWN ON TRADING OFFICES FINDS CORRUPTION

It appears that from the end of last year through this January, North Korean Party, regional, cabinet and People's Committee officials have been carrying out inspections of trading companies, ordering massive layoffs and closings of companies where mis-management or other abnormalities are found.

In Yonhap News, a North Korean insider in Beijing, China was quoted on the 31st as saying, "Since November of last year, North Korean authorities have carried out inspections on trading companies under the control of each organization, with layoffs at most trading firms with abnormalities, deficits, or other mismanagement."

According to the source, over 100 trading companies are registered in Chungjin, South Hamkyung Province, but after the current housecleaning measures are enforced, only around 15 will remain in operation, with practically all problematic offices being closed down.

Another North Korean source in Shenyang, China reported, "These inspections include trading offices run by the Party, military, and other so-called 'powerful institutions', so across the board, there are no exceptions, and as to the growing intensity [of the inspections], they are much stronger and wider in scope than formal annual inspections that have been carried out in the past." "The order handed down at the end of last year to greatly reduce staff in the Party, military and Cabinet happens every year, but this year massive lay-offs in the workforce at trading companies appears to related to a different kind of personnel liquidation."

These inspections reportedly stem from an incident at the end of last July in which Oh Moon-hyuk, branch manager of the Ruengra 888 trading company in Yunsu, North Hamkyung Province, was executed after being implicated in the smuggling of timber. The trading company was responsible for the export of timber, and operates under the control of the Party's accounting bureau. The inside contact stated that because of this incident, North Korean authorities carried out further inspections, leading in October of last year to the dismissal of one official receiving vice-minister pay, and the broadening of the inspections nationwide.

Through the inspection-broadening measures, trade officials under the North Pyongan Province trade office also received an inspection party from the central government, causing many problems for Chinese traders who could not travel in from Dandong. Through these inspections, North Korean authorities reportedly uncovered several cases of embezzlement and misappropriation of company finances while the trading companies were exporting marine products or coal, iron ore, and other mining materials.

The goal of these inspections appears to have been the restoration of public order, just as the recent measures preventing women under the age of 45 from working in markets was a reaction to diminishing public discipline. In the future, price controls, regulations on export goods, or other government regulations regarding international trade are likely to be strengthened.