

Food Shortage in North Korea and International Assistance

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North Korea's Food Situation and Agricultural Problems

It has been a year since the demise of former North Korean leader, Kim Jong-il, and the advent of the new regime led by Kim Jong-un. North Korea's young leader, at his age of 29, has attracted international attention due to his background and experiences, such as his European study-abroad portfolio and frequent public appearances—just some of the attributes that were sharply distinguished from that of his father's. There were rampant speculations regarding economic reforms in North Korea as the country's official media has started to release more reports

on economic issues and reiterated the importance of revitalizing the economy after on March 2012 when the official mourning period for Kim Jong-il ended. However, there has been no significant progress in North Korea's economic policies during the past year with Kim Jong-un's leadership in place.

The implementation of new economic management policies, known as the "June 28 Measure," have not been officially announced. The main contents of this measure are said to be changes in the management system of cooperative farms, greater autonomy for state-owned enterprises, and reforms of wages and the distribution system.

Although there are some rumors that reforms in the agricultural sector have been implemented in some areas in North Korea on a trial basis, up until now, there are no signs of concrete reform measures being placed. It is believed that Kim Jong-un, whose utmost goal is to consolidate his political power, must have concerned that socioeconomic disorder and subsequent weakening of political control can take place when changes in its economic system and newly implemented policies fail. For the time being, it is not likely that new reform policies starkly distinguished from the previous ones are pushed ahead in the Kim Jong-un regime due to its emphasis on the adherence to political guidelines on the accomplishment of Kim Jong-il's previous instructions.

It is estimated that North Korea's food production increased in 2012. Food shortage in North Korea has been somewhat mitigated with the increase in domestic production of staple crops. According to an FAO/WFP Crop and Food Security Assessment Mission (CFSAM) in October 2012, food production in North Korea is estimated to reach 4.92 million tons in the 2012/13 marketing year. Harvests of staple crops, such as rice and maize, were relatively good in 2012, increasing by about 10%. However, food shortage is still a major problem in North Korea and vulnerable groups are continuously facing severe malnutrition. The FAO/WFP Mission (2012) anticipated that North Korea would lack 507,000 tons of food by fall of 2013 if there is no external assistance.

North Korea's food situation has been influenced by weather conditions on the state of its crops, its commercial import capacity, the amount of foreign food assistance and the supply of fertilizer, the price of domestic cereals in farmers' markets, and international food prices (Kwon and Nam 2010). These various contributory factors reflect the weak structure of the agriculture sector and related shortcom

ings in the economy.

The improved food yields in 2012 are mainly attributed to favorable weather conditions and more distribution of fertilizer, seeds, and farm machinery. The North Korean government increased the distribution of resources in its attempt to increase the production of food and consumer goods, placing top priority on the rehabilitation of light industries and agriculture, relating to the everyday lives of the ordinary people to prevent widespread criticism caused by food shortage. In the 2012 New Year joint editorial of North Korea's major newspapers, the regime highlighted the increase in food production as a major task, by stating that the "agricultural sector is the life-line in resolving livelihood problems of the people." In the same vein, the Rodong Sinmun carried a policy declared by Kim Jong-un on April 2012, the First Secretary of the Korean Workers' Party, that emphasized "the resolution of the bread-winning problem as its priority." It appears that the Kim Jong-un regime is putting more emphasis on alleviating food shortage for fear of possible social unrest and weakening political control that might be caused in the course of power succession.

North Korea's domestic production of fertilizer decreased to a level of about 10% of the total requirement throughout the period of the economic crisis. The production, however, has somewhat increased recently as the government invests more in the renovation of several major chemical fertilizer plants. North Korea resumed investment in chemical plants in the late 2000s (Lee 2010). For example, there were major repair works for the renewal of the facilities of Hungnam Fertilizer Enterprise, Namhung Youth Chemical Enterprise, and February 8 Vinylon Enterprise. On November 2011, it is reported that the Hungnam Fertilizer Enterprise expanded its manufacturing facilities and now has the capacity to produce

350,000 tons of nitrogenous fertilizer annually. Nevertheless, the operating rates of chemical plants are generally low due to lack of electricity and raw materials, along with the retarded normalization of transportation system, thus, the productions of fertilizer and chemical materials are still not considerable.

North Korea needs one million tons of chemical fertilizer annually and it has imported some of its required fertilizer from China. In the early 2000s, North Korea received fertilizer assistance from South Korea and various

international donors. The assistance, however, has stalled as its foreign relations have exacerbated due to its nuclear issue. As seen in Table 1 and Figure 1, North Korea's imports of fertilizer from China increased in the mid-2000s. The amount of imported fertilizer from China was worth of USD 41.23 million in 2010, and it increased more than twofold in 2011, reaching USD 95.89 million. From January to October 2012, it is reported that North Korea imported about 250,000 tons of fertilizer from China.

Table 1. North Korea's Imports of Fertilizer from China (Value)

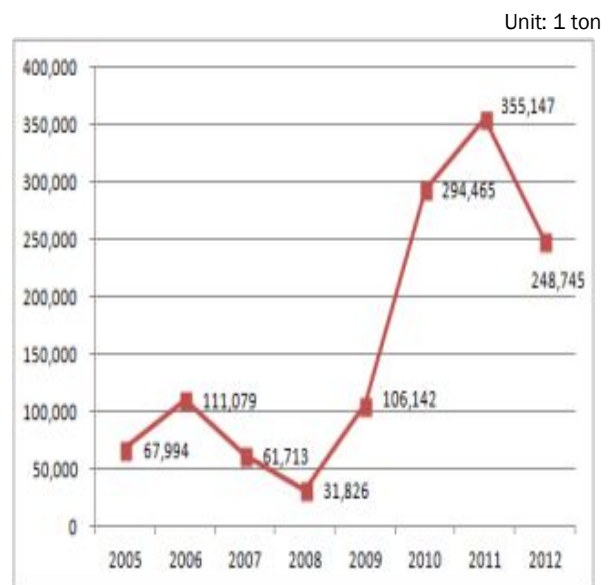
Unit: 1 USD

Year	Value	Rate of increase
2001	18,252,975	141.7
2002	19,975,285	9.4
2003	14,276,992	-28.5
2004	10,586,205	-25.8
2005	16,998,478	60.6
2006	25,548,120	50.3
2007	9,256,933	-63.8
2008	12,730,350	37.5
2009	22,289,894	75.1
2010	41,225,046	85
2011	95,889,570	132.6
2012	69,648,678	-27.4

Note: From January to October for 2012.
Source: Korea International Trade Association (<http://global.kita.net>).

North Korea is known to import grains from abroad, mainly from China. However, the imported amount failed to cover the food deficit due to the shortage of foreign exchange. North Korea is mainly importing staple grains, such as rice, bean, maize, and wheat, and they accounted for 200,000–300,000 tons annually. According to the data of the China Customs, North Korea imported 175,865 tons of grains

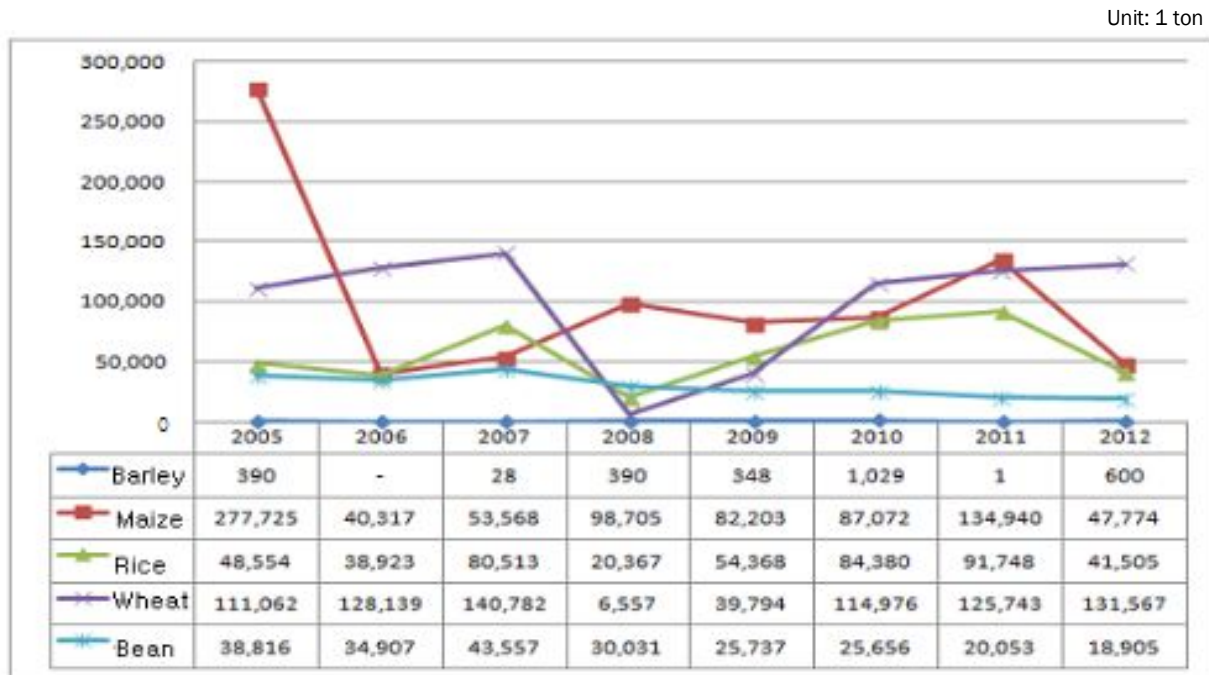
Figure 1. North Korea's Imports of Fertilizer from China (Amount)



Source: Korea International Trade Association.

from China in 2010 and 232,600 tons in 2011. By October 2012, helped by the slight increase in domestic food production, the value of grain imports from China recorded USD 41 million, falling far short of USD 71 million in the same period of the last year. In 2011, the monthly imports were the highest in October and November. However, it recorded a mere USD 2 million in October 2012.

Figure 2. North Korea's Imports of Grains from China



Note: From January to October for 2012.

Source: Korea International Trade Association(<http://global.kita.net>).

As food shortage in North Korea prevails, many North Korean residents are suffering from chronic malnutrition. In particular, vulnerable population groups, such as children and women, are confronted with severe health deterioration. It is reported that the food situation and people's standard of living differ significantly by region and by class. The major groups of vulnerable people faced with food insecurity in North Korea include the working-class families, women, children, and elderly (UN 2011, p. 9). Unlike the elite class to whom food is preferentially allocated or farmers who can save the distributed grains after harvests for their own use, working-class families rely on the government's public food distribution system (PDS) and cannot help facing considerable difficulties when PDS rations decrease. During the 2007/08 and 2010/11 marketing years, when it was left with bad harvests due to unfavorable weather conditions and less assistance from the outside, the average monthly allocation per person per

day was reportedly a mere 150–200 grams from May until the autumn harvest season. In 2012, with the increase in food production and more foreign assistance, the PDS ration was 390 grams by May; it dropped to 310 grams in August (FAO and WFP 2012). The FAO/WFP Mission (2012) recommended that the international community needs to support about 2.8 million vulnerable people in five North-Eastern provinces of North Korea.

International Humanitarian Assistance to North Korea

The North Korean government has made requests for food aid and relief goods from the international community since late 2010, while approaching dozens of foreign governments and international organizations to obtain outside assistance. It has been reported that the regime's attitude toward the operations of international organizations has become more

cooperative than previous transactions (UN 2011). For example, in addition to providing official government information on the public rationing system and other socioeconomic data, Pyongyang allowed members of the UN Rapid Food Security Assessment mission in February 2011 and EU delegations for food situation evaluation in March 2011 access to several cooperative farms and consumers' markets in urban areas. In response to North Korea's request for food assistance, the UN Central Emergency Response Fund provided USD 15 million in 2011 to UN agencies working in North Korea. The European Commission also announced the provision of EUR 10 million in food aid to North Korea on July 4th 2011.

According to the data of UNOCHA, the volume of humanitarian assistance to North Korea increased in 2012, recording USD 117 million by November. Most of the international assistance was used for nutritional aid and the provision for health and medical services. At present, six UN agencies and six European NGOs maintain its presence in North Korea (UN 2011). Resident UN organizations are the WFP, FAO, UNICEF, WHO, UNFPA, and UNDP. WFP is the primary channel of the international community's nutritional aid to North Korea.

However, international organizations working in North Korea are facing funding shortage.

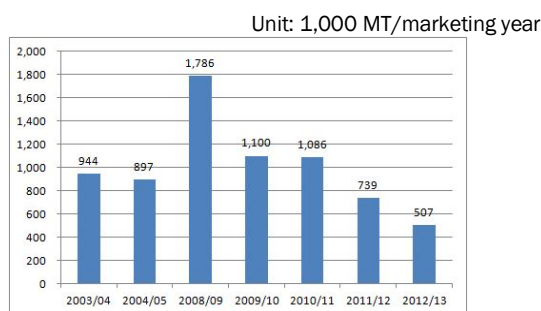
For example, UN agencies planned to mobilize about USD 210 million for food aid, agriculture rehabilitation projects, and medical services in 2011, but the total amount of international funds for North Korea was only USD 89 million. Nutritional assistance from WFP and humanitarian activities of other international organizations was also constrained due to shortfalls in funding in 2012. Although donor disbursement increased in the last two years in response to the deteriorating food situation, the declining trend in international assistance to North Korea will not be reversed unless the regime shifts its policy stance and starts to take positive actions to resolve its nuclear stalemate and improve foreign relations

Further Tasks to Relieve Food Shortage in North Korea

Implementing Reforms in the Agricultural Sectors

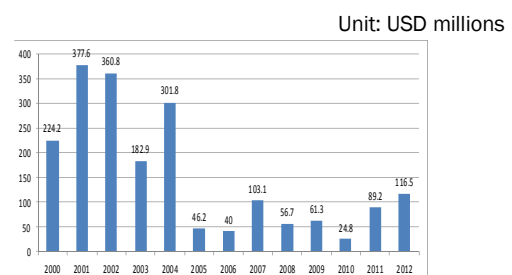
Improvement in the agricultural productivity through fundamental reforms in the agricultural sector would be the basis for resolving chronic food shortage. The North Korean authorities set forth to take partial policy changes in the agricultural sector in the 2000s in its bid to increase agricultural production. However, they failed to reap the fruit with the inefficien-

Figure 3. North Korea's Estimated Food Deficit



Sources: United Nations (2011), FAO/WFP (2012).

Figure 4. International Aid to North Korea



Sources: UNOCHA Financial Tracking Service (<http://fts.unocha.org>).

cy of the cooperative farm system and the insufficiency of agricultural factors (Kim and Ji 2006). Pyongyang pushed ahead with the projects, such as the readjustment of arable land, the improvement of irrigation canals and seed, and the expansion of double-cropping and cultivation areas of potato. In the late 2000s, it also started to put greater emphasis on raising the level of the production capability of light industries and agricultural sector for the improvement of the people's life as a major economic policy.

The regime's current agriculture policies related to the increase in inputs, such as fertilizer and farm machinery, the maintenance of agriculture infrastructure and reforestation, are considered to be those that were promoted during the time of Kim Jong-il (Kim 2012). On April 15, Kim Jong-un, in his first official public address, revealed his will to address food problems, saying that "it is the policy of the party that makes the people not tighten their belts again." However, reform measures in the agricultural sector are yet to be taken in the Kim Jong-un period. Partial reforms in the sector without dealing with the structural problem of cooperative farming will not bring a breakthrough.

Accordingly, North Korea in order to reform the agricultural sector, it should, above all, introduce family farming system and reform the crop purchase system for strengthening personal incentives and granting autonomy in production. Reflecting the cases of China and Vietnam, the enhancement of incentives of individual farmers and their families and the grant of greater autonomy played a key role in the increase in agricultural productivity in the initial stages of reforms. China abolished the people's commune system, a collective production system, and introduced various types of production responsibility system. With the introduction of production responsibility sys-

tem, an individual farm household became a base unit of production and incentives for individuals and autonomy of production strengthened while farmers were paying taxes instead. The increase in the revenues of farmers encouraged the development of nonstate-owned enterprises (Xiangzhen Qiye). As seen in the experiences of China and Vietnam, the North Korean authorities should introduce family farming and enhance the incentives for production.

Increasing the Transparency of Aid Distribution

North Korea needs to take cooperative measures for assuring international donors of its efforts to enhance monitoring arrangements and increase the transparency of aid distribution. There is great concern around the fair distribution of food and relief commodities for intended vulnerable groups; the regime's excessive control and uncooperative attitude to field assessment and monitoring has been a major factor in the hindrance of aid operations. Although conditions for international organizations operating in North Korea generally improved throughout the 2000s, the regime's attempts to tighten its control over field access and monitoring created tensions with the donor community. The regime did not allow international organizations access to certain regions for reasons of national security, field visits by foreign aid workers being restricted to areas in which their organizations already operated.

Along with the North Korean nuclear problem, a low level of transparency in the delivery of international assistance led to the disruption of support from several donor countries in the late 2000s. Therefore, North Korea needs to remove the regime's restrictions on field visits by international organizations. In addition to full access to project sites, suffi-

cient monitoring and evaluation activities should be guaranteed in order to improve both the quantity and quality of aid delivery.

Expanding International Cooperation Through the Improvement of Foreign Relations

Pyongyang should reinforce international cooperation in the agricultural sector by revitalizing economic cooperation between the two Koreas and improving relations with the international community. Until the mid-2000s, South Korean local governments and NGOs actively participated in projects for supporting North Korean agriculture. As an example, Korean Sharing Movement promoted projects, such as increasing the production of potatoes and transferring technologies of rice farming in North Korea. In 2005, it financed to establish a plant that manufactures and assembles farm machinery in Kangseo area, South Pyongan Province.

However, the stalemate over the North Korean nuclear projects and tightened international sanctions from the international community following its second nuclear test led to the halt or reduction in agricultural assistance from South Korea and agricultural cooperation programs initiated by international organizations. Pyongyang should be aware that it will be hard to address its currently stagnant agriculture production and food shortage without financial and technical assistance from the international community.

For the Kim Jong-un regime, in the second year since coming to power, the year 2013 can work as a critical moment for overcoming economic difficulties and improving foreign relations. In time with the change in the government in South Korea and political transitions in major countries such as the United States, China, Russia and Japan, if Pyongyang shows changes in its attitudes, including returning to the six-party talks, it can generate a new opportunity for enlarging economic cooperation with foreign countries. On the contrary, if Pyongyang takes further actions related to development of nuclear weaponry, the declining inter-Korean economic cooperation will last and Pyongyang will be further isolated with more serious international sanctions from the international community. If North Korea sets out to improve the relation with South Korea and shows its intent to settle the nuclear problem, then South Korea and neighboring countries will expand its socioeconomic development assistance, including agriculture. In this case, Pyongyang will be able to promote projects, such as restoration of agricultural facilities, acquisition of technologies, agricultural education, and establishment and maintenance of farming infrastructure sector in rural areas in cooperation with the international community. **KIEP**

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