

North Korean Issues Under the Pandemic



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North Korea with Zero Covid-19 Infections

Almost two years have passed since the World Health Organization (WHO) declared the spread of Covid-19 a pandemic on March 11, 2020. The development of vaccines and curative drugs are advancing, and countries across the globe are gradually adapting to the situation. The number of countries that are choosing to co-exist with Covid-19 is gradually increasing, centering on developed countries. It is too early yet to say with certainty, but humankind is on its way to overcoming the pandemic.

However, there is one place where the virus has not spread. That is North Korea. Immediately after the emergence of Covid-19 was announced, North Korea was one of the first countries to close its borders, strictly controlling exchanges not only between people, but of goods as well. While sanctions by the international community against North Korea were being strengthened, North Koreans residing overseas were banished from each country. Even China decided to make all North Koreans except for diplomats return to North Korea by February 2020. However, North Korean laborers who were unable to return to North Korea due to the borders closing had to remain in China with no work, and they are continuing to lead a difficult life. Having closed its borders so strictly, North Korea boasts that there has not been one Covid-19 infection. Initially, the wearing of masks was mandatory, but recently photos of people not wearing masks have been released. The international community has been endeavoring to supply Covid-19 diagnostic kits and vaccines to North Korea, but the country has been rejecting such support. If you were to look at this situation alone, North Korea is a Covid-19-free area.

In October 2020, the North Korean authorities issued a declaration that it would eradicate smuggling. While official trade was halted across the board in North Korea due to the borders closing, market merchants had continued to smuggle goods out of habit as a vested right. However, North Korea began to clamp down on even this. The smuggling which had been thriving in areas neighboring the border with China suddenly came to a halt as well. Such declarations were promulgated one after the other and in early 2021 a warning was issued that a penalty would be imposed on anyone touching foreign goods that had flowed into the river in the border areas. One North Korean source even claimed that the reason for North Korea rejecting support from the international community was because “the supply of diagnostic kits and vaccines is a trap to transmit the virus.”

At an extended meeting of the eighth Politburo of the Workers’ Party of Korea held on June 29, 2021, Ri Pyong Chol, the No. 1 in the Korean People’s Army (KPA), was ousted in a stunning move from his position as vice chairman of the Central Military Commission. Pak Jong Chon, chief of the military’s general staff and the No. 2 of the KPA, and party secretary Choe Sang Gon, were also replaced. Attention was paid to the possibility that a problem had emerged within the North Korean military as top-ranking military officials had been removed from their posts without any special reason, but it was reported that the reason was that they had breached the principle of border closure. Around May 2021, Ryanggang and Chagang provinces in North Korea were suffering from a severe food shortage, and Chairman Kim Jong Un issued a special order at a plenary session of the Central Committee of the Workers’ Party of Korea to release the military’s emergency rice stocks. However, as they were about to release the stockpiled rice, it was discovered that the food warehouses were empty, and food was hastily imported from China. This was the problem. They were held responsible for importing food, thereby breaching the border closure instruction by Kim. This was the extent to which North Korea had required thorough Covid-19 epidemic prevention. It seems that North Korea has closed its doors and is waiting for the virus to disappear from the entire world.

Border Closure More Terrifying for North Korean Residents than Sanctions

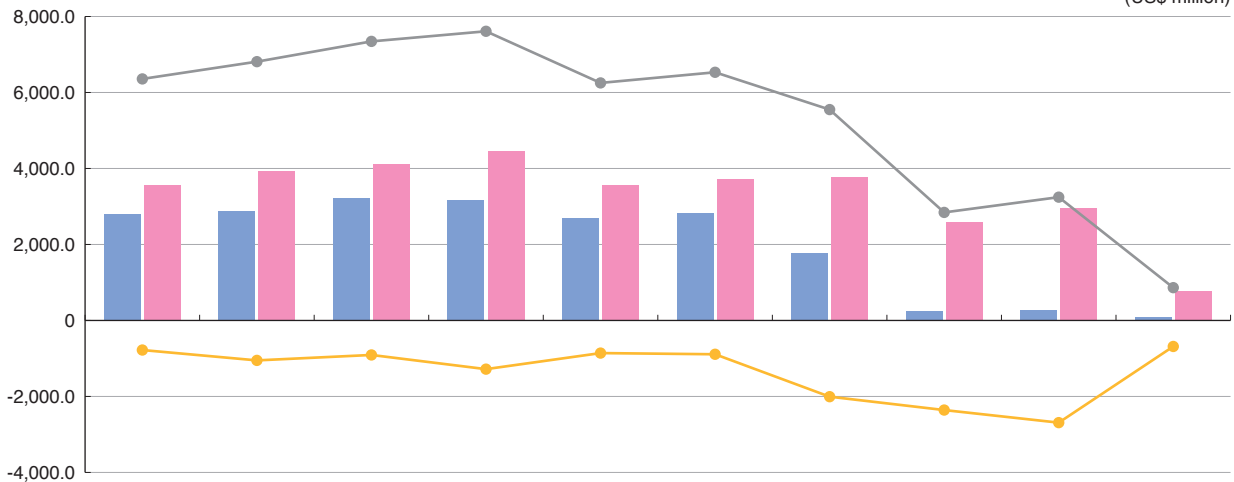
The reality of North Korea seems to be different from its official position and strict border closure. North Korean residents say that “the border closure is tougher than economic sanctions.” Because the forces of the economic sanctions are foreign countries, there are paths to avoid them, but the force of the border closure is the North Korean authorities, and it is more difficult to avoid.

As can be seen in the [Chart](#), up to 2019, before the borders were closed, North Korea’s exports fell drastically due to economic sanctions, but the decline in imports was relatively smaller. However, since the borders closed, North Korea’s imports also fell drastically. The decline in imports led to a shortage of goods that could not be procured in North Korea. Since the 2010s, small to medium-sized factories in North Korea have been using raw materials imported in compensation for the export of coal and other mineral resources to manufacture products to be supplied to the domestic market.

CHART

Changes in North Korea's foreign trade

(US\$ million)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Exports	2,789.40	2,880.10	3,218.40	3,164.70	2,696.50	2,820.90	1,771.90	242.70	277.80	89.30
Imports	3,567.70	3,931.20	4,126.40	4,446.20	3,555.30	3,710.80	3,778.10	2,600.80	2,967.20	773.70
Total	6,357.10	6,811.30	7,344.80	7,610.90	6,251.80	6,531.70	5,550.00	2,843.50	3,245.00	863.00
Balance	-778.30	-1,051.10	-908.00	-1,281.50	-858.80	-889.90	-2,006.20	-2,358.10	-2,689.40	-684.40

Source: Korea Trade-Investment Promotion Agency (KOTRA)

In April 2019, North Korea adopted a socialist corporate responsible management system as its basic doctrine for economic management through a constitutional revision. The socialist corporate responsible management system is a method to rent small to medium-sized state-owned factories from the relevant authorities and pay the state a usage fee and operate them independently. It was a phenomenon already widely seen in North Korea since the 2000s, but by stipulating it in the constitution, a legal measure was put into place for trade activities, which were conventionally conducted on a national scale, to be conducted by individual companies. However, since such factories relied almost completely on imports for raw materials, they were forced to halt operations as importing became more difficult due to the border closure, and a shortage of products occurred in the market. From the latter half of 2020 to the first half of 2021, the market prices for sugar, soybean oil, flour, ballpoint pens, and other products that relied on imports increased by more than tenfold. As the crisis situation in trade continued, the market exchange rate for dollars, which had been 8,000 North Korean won

to the dollar, fell to 5,000 North Korean won by the end of November 2021. This is believed to be a phenomenon accompanying the sharp fall in the demand for foreign currency in the market.

In North Korea, there is a saying, “The higher-ups have policies while the lower-downs have their own ways of getting around them.” If the North Korean authorities leverage policies to prevent Covid-19 by closing its borders, North Korean residents will take measures to survive. Throughout the two years of the pandemic, North Koreans have endured without taking measures, thinking that the borders would be opened again sooner or later. However, with signs of the border closure being extended for the long term, they have started to gradually prepare countermeasures. The price of imports starting to stabilize, although not to the same level as before, is evidence of this. They are starting to make goods as alternatives to sugar and soybean oil, and reducing the use of flour. Factories that use raw materials for which there are no alternatives have started to substitute their products for goods made from raw materials that can be procured domestically. However, even though they are taking

measures to survive, in general the lives of North Koreans are deteriorating dramatically compared to before the borders closed. It is being compared to the Arduous March of the 1990s. Even at this exact moment, North Koreans are enduring and waiting for the borders to be opened again.

North Korean Authorities Leveraging the Pandemic & Border Closure

In contrast to the difficulties faced by the North Koreans, the North Korean authorities are leveraging the pandemic and border closure. After the collapse of the Hanoi summit in February 2019, Kim stated in a speech on April 15, 2019, the birthday of Kim Il Sung, that he had “wrongly assumed that if relations with the United States improved, all would be resolved”. He went on to express that North Korea would go on a new path if the US did not change. On Dec. 31, 2019, at the eighth plenary session of the Central Committee of the Workers’ Party of Korea, a decision was made to “develop a frontal breakthrough strategy with the might of self-reliance as a prolonged fight would be unavoidable for the improvement of relations with the US”. After a preparatory period of one year, North Korea adopted a five-year national economic development plan for economic self-reliance (2021–2025) and a five-year plan for national defense technology development and weapons system development (2021–2025) at the eighth Congress of the Workers’ Party of Korea in January 2021. The five-year national economic development plan mainly explores economic development with a focus on the metal and chemical engineering industries to realize an independent economy using subterranean resources that can be procured within North Korea. This is simply a revival of the self-reliance route of the 1970s. At the core of the five-year plan for national defense technology development and weapons system development is sophistication of nuclear force and missile capabilities. Amidst rising suspicion of the resumption of operations of the Yongbyon nuclear complex, the test launch of various missiles concentrating in the latter half of 2021 was part of putting this plan into motion.

In addition to these, Kim highlighted his stance of emphasizing ideological education and control while stating that he himself had “resolved to go on an Arduous March” at the Conference of Cell Secretaries held in April 2021. In other words, he meant that in order to win the conflict with the US, North Koreans had to endure tough times and that social deviation would not be tolerated. He is leveraging the situation of the border closure and pandemic to

support such political intentions. Based on the Emergency Law on Prevention of Epidemics introduced at the Supreme People’s Assembly in the latter half of 2020, North Korea is controlling the activities of the people. In reality, it is contradictory to strengthen the application of the Emergency Law on Prevention of Epidemics in North Korea, where there are zero Covid-19 infected patients, but the North Korean authorities are further strengthening their control. They are severely punishing residents who come into contact with South Korean culture under the guise of eliminating anti-socialist elements. Recently a decree specifically mentioned actions such as listening to the music of South Korean boy band BTS and watching the drama *Squid Game*. This stance of strengthening control over residents using the pandemic as a catalyst is evidence that the response of North Koreans towards the self-rehabilitation and the Arduous March selected by Kim is weak.

Furthermore, North Korea is actively curbing the use of foreign currency in the market. In October 2020, a rumor started that a large moneychanger was executed in North Korea. Since then it is said that the sight of illegal moneychangers has disappeared from the market. Since about 10 years ago, North Korea has been establishing money exchanges in each area to exchange money at the market exchange rate. While the activities of illegal moneychangers aiming for exchange profits have not declined, triggered by the closing of borders, the use of foreign currency in the market and illegal exchanges have become subject to severe penalties and illegal foreign currency circulation has been interrupted. When considered from a different perspective, such phenomena can be interpreted as being measures by the North Korean authorities to absorb the market, which was a non-official department, into an official economic department. State-operated circulation has already replaced market circulation and in the case that the market circulation network is forcibly dismantled for the purpose of self-rehabilitation, there is a high possibility that it will lead to the collapse of the North Korean economy. Therefore, it can be interpreted that the North Korean authorities are endeavoring to secure control over the market economy by absorbing it into the official economy. To date, North Korea has gone back and forth on controlling and leaving the market alone in order to curb the proliferation of the market. However, North Korea has used the border closure and Covid-19 epidemic prevention as an opportunity to take control of the market.

However, because the spread of Covid-19 cannot be controlled artificially, it is presumed that mass infections are increasing within

North Korea. Around September 2021, it was said there was a mass outbreak among students who were mobilized to a farming village and they were quarantined. Because there is no system to determine infections of Covid-19 in North Korea and awareness of it among residents is low, it is presumed that infections are spreading without accurate knowledge of whether the mass infections currently occurring are of Covid-19. Furthermore, there has been news that overland distribution of goods will resume between Dandong in China and Sinuiju in North Korea, but the Chinese side has not opened the border for various reasons. This is seen to be because China is wary of Covid-19 coming in from North Korea.

Activation of Social Variables & International Variables

On Dec. 30, 2011, two weeks after the death of Kim Jong Il, the Politburo recommended Kim Jong Un as the Supreme Commander of the Korean People's Army and it has been 10 years since he took control. In realistic terms, Kim is the third "king" to ascend the throne of the Kim dynasty. During Kim Jong Il's time, the preamble of the North Korean constitution already expressed the term "Kim Il Sung's people" and the Kim family has built a political system in which the so-called Mount Paektu bloodline is recommended as king. During the early years of Kim's regime, the view that the regime would not last long prevailed due to the inexperience of the young Kim, concentrated nuclear development during the early years of his regime, indiscriminate purging of top officials, his violence, and other reasons. But 10 years later his regime still continues. His power has grown even stronger and he has become the oldest political leader in the Northeast Asia region. The risks stemming from North Korea, or the Kim dynasty, have become even more complex after two years of the pandemic.

Collective tensions within North Korea, and the external environment, are expected to work as variables on the course of risk events emerging from North Korea. Division among the ruling class and economic problems, which the outside world is concerned about the most, may not be the largest variables. Because Kim's power within North Korea is well-established, division among the ruling class does not mean seeking to claim Kim's throne. Rather, the possibility of division among top-ranking officials fighting to appeal to him may be higher.

However, in the current situation, because of the international isolation and border closure due to the pandemic, North Koreans are

missing the economic abundance of the past five to six years of the early years of Kim's regime and various frustrations are accumulating. It is said that young people are missing the times that they could be in contact with external culture, especially South Korean culture, relatively freely. If isolation and border closure should continue, the possibility that it will cause collective tension rises and it is possible that controls will be strengthened as well. Such a phenomenon is already emerging in some parts.

The problem of external interference is linked to international isolation. Unless North Korea breaks out of confrontation with the US and the international community as well as the structure of isolation, risks emerging from North Korea can only increase. The entire world is heading toward a direction of co-existence with Covid-19, thanks to vaccines and curative drugs. Because North Korea alone is rejecting vaccines and curative drugs, its escape from the pandemic will be delayed the most. The reason China will not open its border with North Korea is concern of the recurrence of Covid-19 spreading. The US is firmly maintaining a clear position that it will not compensate for mistaken actions. As long as North Korea continues its nuclear development, it is clear that it cannot escape from international isolation. China, which is concerned about its own conflict with the US, cannot remain on North Korea's side with regard to this problem alone.

As long as the current situation persists, North Korea's vulnerability will escalate. That said, the possibility that it will lead to the collapse of the North Korean establishment or the fall of Kim's regime is low. This is because the Kim regime will likely adhere to self-rehabilitation and somehow continue its "strategy of endurance" while threatening surrounding countries, and North Koreans will transition to a lifestyle that adapts to that. However, in the event that North Korea's relations with the US improve and it heads towards a path of reform and openness, the problem of the Kim regime's stability must be considered intensively. The possibility of North Koreans demanding change to the feudal dynasty will likely increase and the response of North Koreans who have been waiting for two years during the pandemic for the borders to be opened is expected to change. **JS**

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