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## The North Korean Food Situation: Too Early to Break Out the Champagne

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**Stephan Haggard and Marcus Noland explain that “Although preliminary reports on the 2008 harvest are certainly good news, our assessment is that North Korea remains at risk. The immediate post-harvest period is always one of relief, but credible reports by outside observers noted that stocks were largely depleted by last summer; even with a good harvest total supply remains on knife’s edge.”**

North Korea has suffered chronic hunger problems for two decades. A famine in the 1990s killed up to one million people and shortages have remained endemic. Most observers believe that the recent harvest is the best in years, but even under optimistic scenarios, food-related distress is likely to continue.

Last year’s experience was severe. The United Nations estimated that North Korea experienced a 1.6 million metric ton (MMT) grain shortfall. Although other estimates, including ours, came to less alarming conclusions, there can be little doubt that the balance between the demand and supply of grain in mid-2008 hit its most precarious point since the 1990s famine.<sup>1</sup>

Looking forward, there are three key issues of concern for North Korea’s food situation: the overall availability of food, its distribution across the population, and the future of the international aid program. Although preliminary reports on the 2008 harvest are certainly good news, our assessment is that North Korea remains at risk. The immediate post-harvest period is always one of relief, but credible reports by outside observers noted that stocks were largely depleted by last summer; even with a good harvest total supply remains on knife’s edge. Given the uneven distribution of food across the population, particular groups are likely to experience severe distress, even if there is a surplus at the aggregate level. The availability of aid will depend on a more forthcoming posture on the part of North Korea toward the donor community and the nuclear issue, but such accommodation is currently not in evidence.

Most of the food consumed in North Korea is produced locally while aid and imports account for the rest. The poor harvest of 2007 was compounded by inadequate external supply: provocative missile and nuclear tests undercut diplomatic support for humanitarian aid, while the spike in global grain prices in 2008 impeded North Korea’s ability to import grain. The government-run distribution system broke down, and those without sufficient resources were forced to cut back or go without. Reports of shortages even extended to military units. As a result, hunger related deaths of an unknown magnitude occurred in 2008.

North Korea was able to secure a commitment of up to 500,000 metric tons of grain aid from the United States in May 2008. Negotiations over the aid package yielded some marginal improvements in monitoring and aid began arriving at the end of June. In December, however, a dispute broke out between the North Korean and U.S. governments over North Korean adherence to the May monitoring protocol, and deliveries slowed to a trickle.

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Looking forward, the biggest unknown is the size of the 2008 fall harvest. The three most widely used sources of information are the UN’s Food and Agriculture Organization (FAO), the South Korean Ministry of Food, Agriculture, Forest and Fisheries’ Rural Development Administration, and the U.S. Department of Agriculture’s Foreign Agricultural Service.

The FAO estimates that North Korean grain production fell for three consecutive harvests reaching 3.43 MMT in 2008-2009, equivalent to unmilled cereal production of 4.21 MMT. The USDA estimates that corn, milled rice, and wheat output will rise roughly 5 percent to 3.11 MMT in 2008-2009. Adding the production of potatoes, pulses, and other grains that the USDA does not estimate would probably generate an overall cereal equivalent somewhat larger than the FAO’s estimate. The South Korean Rural Development administration estimates that agricultural production will rise from 4.01 MMT in 2007-2008 to 4.31 MMT in 2008-2009, a 7.5 percent increase. These are only modest improvements over what is widely acknowledged as the very bad harvest of 2007.

In recent years commercial imports have been on the order of 0.2 MMT and aid has varied between 0.2-0.5 MMT. Added together, this suggests that total availability should be on the order of 3.8-5.0 MMT if aid continues at past levels and the price increases of 2008 do not recur.

The FAO-World Food Program (WFP) estimates that minimum human consumption demand is 3.94 MMT and total demand for all uses is 5.13 MMT which would imply that North Korea would be heading into 2009 with a deficit. However, we believe that the FAO-WFP human consumption estimate may be upwardly biased and that 3.15 MMT may be a sufficient target, implying a minimum total demand of 4.34 MMT. Under these assumptions about domestic supply and demand, and with any significant aid or imports, North Korea should have a small surplus relative to a minimum human needs standard. However, under duress, the military stockpiles were released in 2008 and it is likely that the government will attempt to re-stock, limiting the supply available for public consumption.

Moreover, food is unevenly distributed within North Korea, both across regions and across socio-economic groups. The reported relatively good rice harvest (grown primarily in the southwest) and relatively poor corn harvest (grown primarily in the northeast) would reinforce these tendencies; one could simultaneously observe improvements in one part of the country and deterioration in the traditionally hard-hit northeastern provinces.

The good harvest should be treated with caution. Overall grain balances in North Korea remain perilously close to the survival margin, and the uneven distribution of food across regions and socioeconomic groups makes it likely that some will continue to go without. Economic reform could further boost domestic production and an improvement in its external relations could facilitate renewed imports and aid. But if anything, the government appears to be moving in the wrong direction on both fronts.

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1. Stephan Haggard and Marcus Noland, “Famine in North Korea Redux?” (working paper, East-West Center Working Papers Economics Series, No. 97, East West Center, Honolulu, October 2008).