



# North Korea

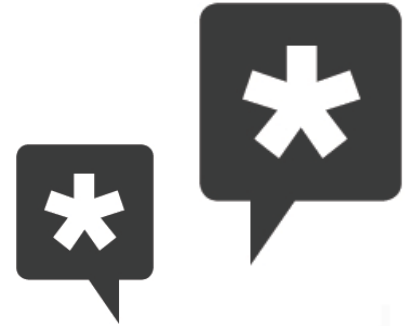
Is North Korea a good country to do business in now?

No.

## Here's why.

North Korea is a closed communist country and remains one of the world's most secretive nations. Its nuclear ambitions are a source of concern to the international community and the State's unwillingness to curtail to Western demands has made it a pariah nation. Tensions between North Korea and the international community heightened in May 2010, after an international investigation found North Korea guilty of torpedoing a South Korean navy vessel, which resulted in the deaths of 46 South Korean sailors. Tensions were already high following North Korean nuclear missile testing in 2009. All relations between North and South Korea have now ceased and the political situation remains unpredictable. Millions of North Koreans are starving but as of June 2011, the United States had refused to reinstate food aid.

## Fast Facts



**Population:** 22.8 million

**Language/s:** Korean

**Religion/s:** Traditionally Buddhist and Confucianist but autonomous religious activity is banned by the Communist state

**Land area:** 99,720 square km

**Currency:** North Korean won (KRW)

**Capital:** Pyongyang

**Internet domain:** .kp

**International dialing code:** +850

**Innovation ranking<sup>1</sup>:** Not ranked

**Digital economy ranking<sup>1</sup>:** Not ranked

### Macroeconomic indicators:<sup>1</sup>

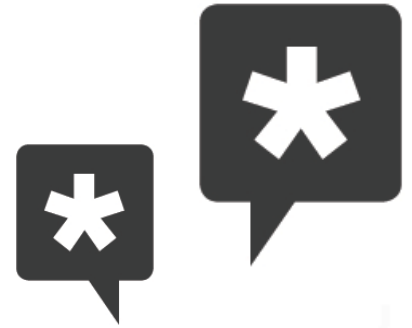
Owing to a lack of economic data from North Korea, which does not publish any reliable National Income Accounts data, we are unable to give reliable macroeconomic figures. The CIA estimated GDP per capita to be \$1,800 in 2009 with a real GDP growth rate of -0.9 per cent.

### Politics

North Korea is a communist state dictatorship. Following the failure of the North to take the South in the Korean War of 1950-1953, the North Korean dictator, Kim Il-sung introduced his philosophy of Juche, or self-reliance. Known as the Great Leader, Kim Il-sung ruled for half a century. His son Kim Jong-Il took over in 1994 as head of state, although the title of president has been granted to Kim Il-sung in eternity. With a heavily reliance on international aid to feed its people and a severe lack of potable drinking water, North Korea continues to spend billions on developing nuclear and other weapons, and maintains one of the world's largest standing armies.



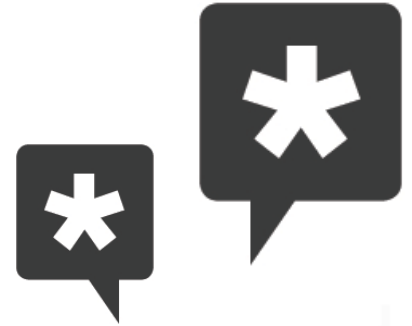
## Fast Facts



### Economy

North Korea is a centrally-directed economy and one of the most closed in the world. It faces chronic economic problems and a starving population, owing to severe flooding in 2007, a lack of arable land and a failure of planning. Sanctions imposed following nuclear missile testing in 2009 further hinder economic growth and development. The threat of more sanctions following the sinking of a South Korean naval vessel will cripple the economy even more. The country's biggest exports are military hardware, drugs and counterfeit products.





## References

<sup>1</sup> Taken from the Economist Intelligence Unit's report: 'A new ranking of the world's most innovative countries' that ranks innovation in 82 countries. Innovation is defined as the application of knowledge in a novel way, primarily for economic benefit. Companies deem it vitally important as a competitive tool. Government policymakers see it as essential for economic growth.

<sup>1</sup> Digital economy is the Economist Intelligence Unit's measure of the quality of a country's information and communications technology (ICT) infrastructure and the ability of its consumers, businesses and governments to use ICT to their benefit. When a country uses ICT to conduct more of its activities, the economy can become more transparent and efficient.

<sup>1</sup> Source: Organisation for Economic Co-operation and Development, [www.oecd.org](http://www.oecd.org) (Real GDP growth and inflation), and International Monetary Fund, [www.imf.org](http://www.imf.org) (GDP and GDP per capita). 2009 and 2010 figures are OECD and IMF staff predictions. Real GDP growth and inflation are defined in percentage change from previous period.



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