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## The underground economic aid from refugees to their families in North Korea

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By Choi Lyong

It is no longer unusual for you to see mobile phones in the Democratic People's Republic of Korea, aka North Korea. Some foreign travelers to the hermit state reportedly said that they were surprised at this because they did not expect to see mobile phones in this North Korea, renowned as one of the poorest and most closed states on earth. Clearly, this hermit country strictly controls the use of information technology in order to prevent a mass-communication among its citizens which could result in a democratic uprising. However, it did open its mobile market in 2008. Orascom, the Egyptian and only operator in the North Korean market, started its business in December 2008 and the company reported that there are more than 660,000 North Korean subscribers as of June 2011.<sup>[1]</sup> Yet there is a prohibitive fee for phone activation, of around NK₩630,000, which is approximately 700 USD, making these mobile phones one of the luxurious goods that can only be owned by North Korean officials and their families. Because the GDP per Capita of this country is around 1800 USD as of 2010, it is almost impossible for the common North Korean citizens to have their own mobile devices.<sup>[2]</sup> But in the border area between China and North Korea, many normal North Koreans use mobile phones. This is despite Orascom not operating in many parts of the border area yet. This situation puzzles the foreigners who visited there. Yet the answer for this puzzle is simple: **someone** outside the state gave them the mobile phones and the money for their operation. According to one NK refugee family in the UK, they have provided mobile phones to their family members in the border area, keep in touch with them through these phones, and even financially support them. This article briefly introduces the operation of the underground economy between the North Korean people in the Sino-North Korean border and NK refugees in other countries based on an interview with the refugees in the United Kingdom (where the biggest number of NK defectors live).<sup>[3]</sup>

First and foremost, how could the NK refugees send money and mobile devices to their family members in the border area? The hint for this question is “border area.” Since the mid- 1990s, many North Koreans who lived in the region neighboring China have attempted illegal entry into China for new lives (Some North Korean refugee called this an escape for “Chinese dream”). And some of these people have settled in the China side of the border region. Due to economic hardship and legal problems, they have a difficult time making a living in China. This harsh environment motivated them to jump in a risky job, “brokering.” These mediators link NK defectors in China or elsewhere with North Koreans in the border area.



Once the brokers receive a request, the commission, and the goods to be delivered (usually money or mobile phones) from their clients, these former defectors prepare to enter North Korea. On the North Korean border, the KPA, the Korean People's Army, stands guard. However, they do not check the illegal entry of these old defectors in many cases. Due to the extremely low wage for their military service, about 4 USD a month even for a company officer, the brokers are able to enter their old country once they bribe the guards or establish a close relationship with the NK border authority.<sup>[4]</sup> Once entering the DPRK, these brokers do their job of delivering a letter, money, and/or a mobile phone to designated North Korean(s). These mobile phones operate with Chinese SIM cards and operate in the limited region of the North Korea border region where the Chinese mobile signal can reach. Needless to say, the subscription and operation fee for the mobile devices are already paid by a “client”, NK refugees who requested this mission to the brokers.

Importantly, the North Korean government is not pleased with this illegal inflow of foreign capital to its territory, which is huge in relative terms to its official economy. Firstly, this black money can be used for another escape from NK: The defectors have to bribe the border guards for their safe journey to China. Therefore, the inflow of massive money from abroad to DPRK can boost the exodus. In order to prevent this Pyongyang reinforced the border security. The agents of NK State Political Security Department, the CIA of DPRK, watch the KPA guards and even other agents. This double- or triple- security system does not work properly in practice though. This system just increases the amount of bribes that the brokers or refugees provide, but due to their economically superior condition, the brokers and clients do not feel the price is prohibitive.<sup>[5]</sup> Consequently, it does not prevent the illegal entry or exit of people after all. In other words, unless Pyongyang improves its economy and can pay higher wage to these guards, it will not properly control the inflow of foreign capital into its land and the security of state, especially in the border area.

[1] DailyNK, 11 August, 2011, <http://www.dailynk.com/english/read.php?cataId=nk00100&num=8047>

[2] Korea, North”. *The World Factbook*. 2009. <https://www.cia.gov/library/publications/the-world-factbook/geos/kn.html#Econ>. Retrieved 2010-05-17. However, there can be a serious bias in this statistic value due to the accumulation of wealth in the Kim Jungil regime. That is, the common people gain far less than the average, 1800 USD. For instance, the normal workers earn approximately 26.64 USD only. See Hangeyoreh, 22 April, 2005 <http://www.hani.co.kr/arti/politics/defense/28190.html>

[3] There are 581 NK refugees reside in Britain as of 2010. UNHCR Statistical Online Population Database, <http://apps.who.int/globalatlas/dataQuery/reportData.asp?rptType=1>

[4] This rate is based on the current exchange rate for North Korean Won to USD. The company officers of DPRK earn around 50 USD annually. Compared to its GDP per capita, 1800 USD

[5] Remember that just one USD is half of the common wage in North Korea.

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