

Chaos reportedly erupts after North Korea revalues currency

Move restricts amount of old bills that can be traded for new, wipes out personal savings

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TOKYO -- Chaos reportedly erupted in [North Korea](#) on Tuesday after the government of Kim Jong Il revalued the country's currency, sharply restricting the amount of old bills that could be traded for new and wiping out personal savings.

The revaluation and exchange limits triggered panic and anger, particularly among market traders with substantial hoards of old North Korean won -- much of which has apparently become worthless, according to news agency reports from [South Korea](#) and [China](#) and from groups with contacts in North Korea.

The sudden currency move appeared to be part of a continuing effort by the government to [crack down](#) on private markets, which have become an essential part of the food-supply system in chronically hungry North Korea.

In recent years, some market traders have stashed away substantial amounts of cash, while establishing themselves in profitable businesses that the government struggles to control.

But under the rules of the new currency system, the wealth of these traders has largely disappeared, unless it is held in Euros, dollars or Chinese yuan.

The revaluation replaces 1,000 won notes with 10 won notes, but strictly limits the amount of old currency that can be exchanged, news reports said.

According to two web-based groups with sources in the North, that limit was set Monday at 100,000 won, which at current black-market rates amounts to just \$40. All North Korean currency that individuals possess in excess of that amount becomes worthless, under the revaluation.

Amid widespread protests, the limit was slightly raised to 150,000 won (about \$60) in cash and 300,000 won (\$120) in bank savings, according to DailyNK, an online news organization that has informants in the North.

"I worked like a dog for two months for the winter, but the money became useless paper overnight," a resident of Sinuiju, a city that borders China, was quoted as saying on the web site of Good Friends, a Seoul-based aid organizations with informants in the North.

China's Xinhua news agency said in a report from Pyongyang that state-run shops were closed Tuesday as sales staff posted new prices on goods.

The exchange of old currency for new began Monday and will end on Sunday, Xinhua said, adding that the government did not explain why the revaluation had occurred.

The move shocked local markets in the North Korean capital, according to Yonhap, a news agency in Seoul.

"Many citizens in Pyongyang were taken aback and in confusion," according to a person quoted by Yonhap. "Those who were worried about their hidden assets rushed to the black market to exchange them for yuan or U.S. dollars. The yuan and the dollar jumped."

In the past year, North Korea has put increasing pressure on local markets, closing several large ones and limiting the range of goods that can be sold in them.

The government has also criminalized everyday market behavior, while creating a new kind of gulag for those it deems economic criminals, according to a [report](#) released this fall by the East-West Center, a research organization established by Congress to promote understanding of Asia.

The report says security forces in North Korea have broad discretion to detain without trial nearly anyone who buys or sells in the local markets. But if traders can pay bribes, security officials will often leave them alone, the report says.

If the currency move substantially cripples the operation of local markets in the North, the consequences could be severe for the millions of

people who now depend on them for food. U.N. officials have estimated that as much as half the calories consumed by North Koreans comes from food bought in markets.

South Korean officials said last month that North Korea appears to be on the brink of another severe food crisis, with stocks of food likely to run short by March of next year.

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