Information about domestic developments in the Democratic People’s Republic of Korea (DPRK) is not easy to obtain. In addition to occasional news available through various official North Korean sources as well as from foreign media, two regular events of a highly programmatic nature stand out, deserving particular attention. The political tone and strategy are set by the New Year joint editorial, usually appearing in early January. The annual plenary session of the People’s Assembly that usually takes place in spring in turn provides some impression of the official view on the status of the national economy. Since the overview section of this yearbook covers events from April 2006 to March 2007, the examination of the parliamentary reports comes first, followed by the major points of the New Year editorial, then a third section covering especially important events, and a fourth section in which other major and minor domestic developments are summarised.

I THE 2006 PARLIAMENTARY SESSION

The 2006 session of the North Korean parliament, the fourth session of the 11th Supreme People’s Assembly (SPA) (ch’oego inminhoeūi), took place on 11 April in Pyongyang. It discussed standard issues, including the work of the cabinet in the preceding year, the report on the implementation of the 2005 state budget and the new budget for 2006.

In line with the general policy of fostering the development and application of information technology, there was special emphasis on the importance of this field for the development of the DPRK’s economy and military, and a decision was passed ‘On stepping up the development of science and technology to give strong impetus to the building
of a great prosperous powerful nation’ (see below for more details). Premier Pak Pong Ju emphasised in accordance with the 2006 New Year joint editorial that the main economic task of the coming year was a significant increase in agricultural production. He also mentioned that the Cabinet would focus on ‘external economic work as required by the changing circumstances and realistic demand’ and the desire to expand exports, actively explore new markets, diversify foreign trade, and collaborate with overseas Koreans and foreigners including joint ventures. (The establishment of the Pyongyang Law Office in January 2007 was a significant development in this connection, since its main purpose is the provision of legal services related to economic co-operation with foreign countries.) A major goal of all these activities was the introduction of advanced technology.

In lieu of standard macroeconomic data, the yearly numbers for the development of budgetary revenue and expenditures are an almost unrivalled indicator for the growth of North Korea’s national economy. They are, however, rarely complete and the emphasis on specific issues tends to differ from year to year. Since 2002, no absolute numbers have been reported; rather, the vice-premier usually reports relative increase rates. Their analytical value lies mostly in a comparison with the data of preceding years.

The April 2006 session of the SPA heard that the state budgetary revenue (kukga yesan suip) had increased by 16.1 percent over the preceding year, while the state’s expenditure (kukga yesan chichul) reached 104.4 percent of the planned figure (in 2005, an expenditure increase of 11.4 percent was planned; since it actually grew by 4.4 percent more than planned, the increase rate would have been 15.8 percent). While the profits from state enterprises, the major source of state revenue, rose by 14.2 percent, the profits of cooperative organisations (hyopdong tanch’e) grew by a large 24.3 percent; revenue from social insurance grew by about 5.7 percent.

The DPRK spent 15.9 percent of its budget on national defence and 41.3 percent on various economic projects. Expenditure on agriculture, designated the key front of economic construction, increased by 32.5 percent over the previous year.

For the fiscal year 2006-07, the SPA was told, a growth rate of state budgetary revenue of 7.1 percent was expected. Income generated by cooperative organisations was expected to continue its high growth at 23.2 percent, while revenue from state enterprises would only increase by about 7.2 percent. A cautious comparison can per-