

# NORTH KOREA

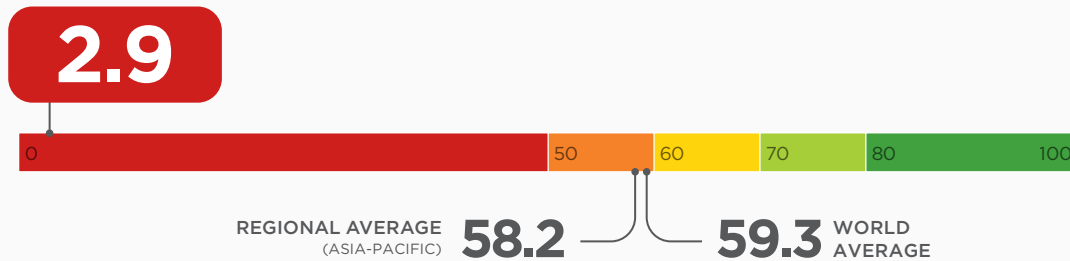
WORLD RANK: **176** | REGIONAL RANK: **39**

ECONOMIC FREEDOM STATUS: **REPRESSED**

**N**orth Korea continues its isolation from much of the rest of the world. Based on limited available information, North Korea's economic freedom score is 2.9, making its economy the least free in the 2023 *Index*. North Korea is ranked last out of 39 countries in the Asia-Pacific region.

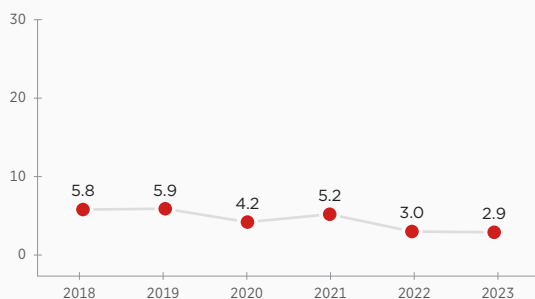
North Korea's dictatorial leadership remains unwilling to open or restructure its economy. Despite experimenting with a few market reforms, the regime adheres to the system of state command and control that has kept the country and its people near bankruptcy for decades. The Communist Party controls every aspect of economic activity.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.0

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
25.9 million

**GDP (PPP):**  
n/a  
n/a growth in 2021  
5-year compound annual growth n/a  
n/a per capita

**UNEMPLOYMENT:**  
n/a

**INFLATION (CPI):**  
n/a

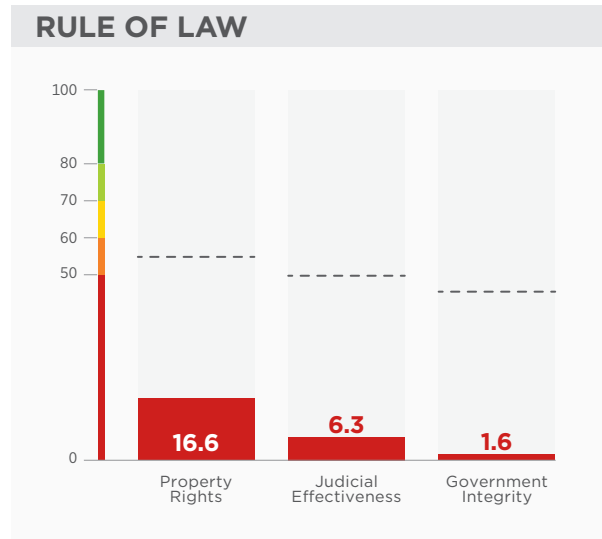
**FDI INFLOW:**  
\$18.1 million

**PUBLIC DEBT:**  
n/a

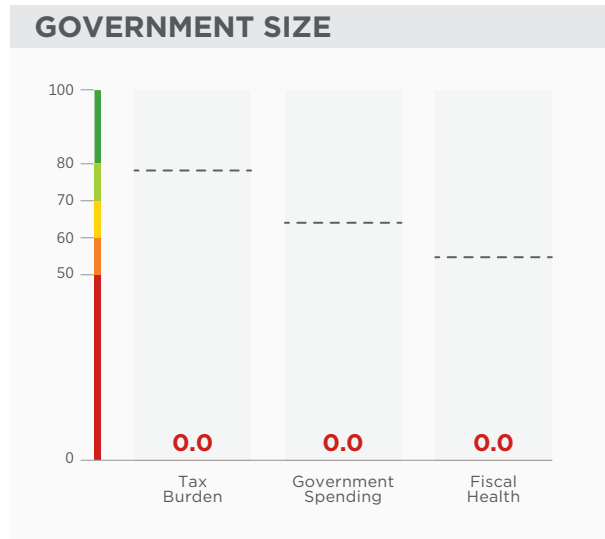
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Founding President Kim Il-sung's family has ruled the Democratic People's Republic of Korea (DPRK) since 1948. After years of self-imposed national isolation, Kim Il-sung's grandson, Kim Jong-un, initiated summits with South Korea, China, and the United States in 2018, but hopes for diplomatic progress were dashed when Pyongyang made clear its refusal to disarm its nuclear weapons program unilaterally. There has been little progress toward denuclearization, and in 2022, North Korea effectively declared itself a nuclear state. After decades of financial mismanagement, relative autarky, and resource misallocation, the DPRK has faced chronic economic problems and food shortages since the mid-1990s.

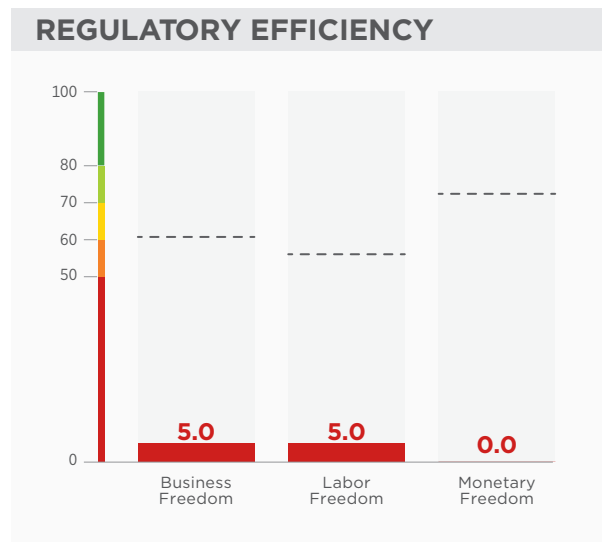
## 12 ECONOMIC FREEDOMS | NORTH KOREA



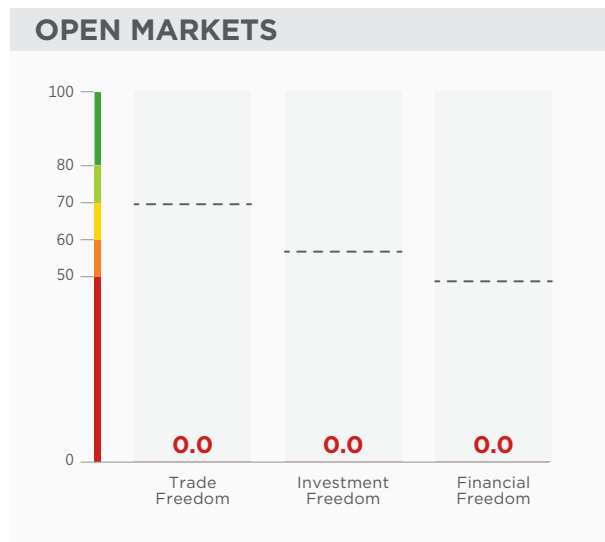
The overall rule of law is weak in North Korea. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



There is no effective tax system. The government controls all significant activity. The state sets production levels for most products, and state-owned industries account for nearly 100 percent of the country's GDP. The magnitude of North Korea's military spending further drains scarce resources.



Heavy state regulation of the economy continues through central planning and control. Entrepreneurial activity remains virtually impossible. Since the 2002 economic reforms, factory managers have had limited autonomy to set wages and offer incentives, but the government controls the labor market.



Trade and investment flows are controlled by the government. The dominant influence of the military establishment makes any meaningful near-term change unlikely. Access to financing is very limited and constrained by the repressive economic system, which remains firmly controlled by the state.