

# THE WAVERLEY SERIES

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## NORTH KOREA

*An Insight of Investment, Trade and Economy*

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For Advisory & Partnership

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## NORTH KOREA — AT A GLANCE

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|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Capital</b>                                                  | Pyongyang                                                                                                                                                                                                                                                                                                                                                                    |
| <b>A sanctions-evading financial windfall</b>                   | Bloomberg Economics estimates North Korea earned as much as USD 22 billion in foreign revenue from 2022 to 2025, nearly quadruple the prior four-year period and the most financial firepower of Kim Jong Un's 15 years in power, despite UN sanctions specifically designed to deprive the regime of hard currency for its nuclear programme                                |
| <b>Sources of the windfall</b>                                  | An estimated USD 14 billion came from military support to Russia (arms and troop deployments) and USD 8 billion from trade with China; arms sales to Russia alone generated more than USD 10 billion between mid-2023 and the end of 2025, equivalent to more than a third of North Korea's entire estimated USD 27 billion GDP                                              |
| <b>Extreme trade concentration</b>                              | China accounted for 83.5% of North Korea's exports and 99.1% of its imports in 2024, with some estimates placing China's overall share of North Korean trade as high as 95%                                                                                                                                                                                                  |
| <b>Documented economic growth by external measures</b>          | The Bank of Korea, the standard outside source for data on an economy that publishes almost nothing itself, estimates North Korea is posting its strongest growth of the Kim Jong Un era; manufacturing has reached a 25-year high, roughly 10,000 new homes have been built in Pyongyang, and the World Bank estimates 3.5% GDP growth in 2025                              |
| <b>A severe, documented human cost of the Russia deployment</b> | An estimated 16,000 North Korean troops have been sent to fight for Russia, with South Korean intelligence estimating as many as 2,000 killed; documents recovered from a dead North Korean officer in Russia's Kursk region revealed troops were treated essentially as expendable infantry                                                                                 |
| <b>Continuing weapons transfers to Russia</b>                   | Ukrainian intelligence reported in August 2026 that Russia had received a new batch of 50 ballistic missiles from North Korea as of July 2026, including a new missile type designated Hwasong-11C; Russia reciprocates with advanced military technology and commodities including flour, pork and oil, which the regime resells domestically for profit                    |
| <b>Systematic forced overseas labour exploitation</b>           | North Korea exploits overseas workers, sent primarily to China and Russia but operating in an estimated 40 countries, through organisations reportedly including Office 39; workers are constantly monitored to prevent defection, work roughly 16-hour days for about USD 10 a month, and the programme generates an estimated USD 500 million in foreign currency annually |
| <b>Stark elite enrichment amid continued mass poverty</b>       | Despite the documented economic boom, prosperity has not reached ordinary citizens, with millions still living in extreme poverty; satellite imagery has documented Kim Jong Un's personal ownership of luxury palaces, a collection of more than 100 luxury European cars, a private jet and a multi-million-dollar yacht                                                   |
| <b>An accelerating, unresolved nuclear programme</b>            | North Korea continues developing nuclear weapons and ballistic missiles and is regarded as a de facto nuclear power, with independent analysis warning that Russian assistance including missile technology, satellite capabilities and                                                                                                                                      |

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|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | proliferation financing could further advance its nuclear arsenal and help it evade sanctions and monitoring                                                                                                                                                                                                         |
| Governing framework | Supreme Leader Kim Jong Un, head of the Workers' Party of Korea, whose regime maintains internal order through violence and surveillance, including public executions, and whose economic policy prioritises military buildup, political legitimisation and social control over broader civil and economic functions |

North Korea presents a genuinely extraordinary paradox: by every available external measure, its economy is booming at its fastest pace of Kim Jong Un's 15-year rule, generating a documented \$22 billion foreign-currency windfall since 2022. This boom is achieved specifically through comprehensive sanctions evasion, direct military support for Russia's invasion of Ukraine that has cost thousands of North Korean lives, and systematic forced overseas labour exploitation, while ordinary citizens remain in extreme poverty and the regime's leader has documented personal luxury holdings. This briefing finds no credible mainstream investment case for North Korea under current conditions.

## 1. INVESTMENT & FDI

***North Korea's entire current capital-generation model is built on sanctions evasion, war-linked arms sales and forced labour exploitation rather than any conventional investment framework.***

Bloomberg Economics estimates North Korea earned as much as \$22 billion in foreign revenue from 2022 to 2025, nearly quadruple the prior four-year period, comprising an estimated \$14 billion from military support to Russia and \$8 billion from trade with China; because Kim Jong Un remains blocked from the international banking system, much of this revenue is held outside North Korea's borders or received as goods and technology transfers rather than conventional capital. North Korea itself does not report economic data, and both the regime and its partners actively obfuscate illegal trade, meaning even these external estimates may under- or overstate the true figures.

- **A capital-generation model structurally incompatible with any conventional investment framework:** the specific reliance on arms sales, sanctions evasion and non-banked revenue transfers means there is no legitimate channel through which external investors could meaningfully or lawfully participate in this financial activity.
- **A regime deliberately excluded from, and evading, the international financial system:** North Korea's exclusion from international banking, combined with active obfuscation of its trade, represents a fundamental, sourced barrier to any conventional due diligence or investment engagement.

## 2. TRADE & BUSINESS

***North Korea's trade is overwhelmingly concentrated in a single partner, with arms sales to a country waging an active war of aggression representing its most significant recent revenue source.***

China accounted for 83.5% of North Korea's exports and 99.1% of its imports in 2024, with some estimates placing China's overall share of North Korean trade as high as 95%. Separately, arms sales to Russia generated more than \$10 billion between mid-2023 and the end of 2025, equivalent to more than a third of North Korea's

entire estimated \$27 billion GDP; in August 2026, Ukrainian intelligence reported Russia had received a new batch of 50 North Korean ballistic missiles as of the previous month, including a new type designated Hwasong-11C, with Russia reciprocating in advanced military technology and commodities including flour, pork and oil that the regime resells domestically for profit.

- **An extraordinarily concentrated trade relationship representing near-total dependence on a single partner:** the specific 99.1% import concentration figure represents one of the most extreme trade dependencies identified anywhere in this series.
- **A direct, quantified link between North Korea's core revenue and an active war of aggression:** the specific \$10 billion-plus in arms sales to a combatant nation, equivalent to over a third of national GDP, represents concrete, sourced evidence that North Korea's economic performance is directly tied to sustaining Russia's invasion of Ukraine.

### 3. MAJOR ECONOMIC DEVELOPMENTS

***A genuinely documented economic boom, the strongest of Kim Jong Un's rule, has been achieved specifically through war-linked arms sales that have cost thousands of North Korean soldiers' lives, even as ordinary citizens remain in extreme poverty and the regime's leader has documented personal luxury holdings.***

The Bank of Korea in Seoul, the standard outside source for data on an economy that publishes almost nothing about itself, estimates North Korea is posting its strongest growth since Kim Jong Un took power; manufacturing has reached a 25-year high, roughly 10,000 new homes have been built in Pyongyang, and the World Bank estimates 3.5% GDP growth in 2025, with the Wall Street Journal describing North Korea as 'the most surprising economic success story of 2026.' This performance coincides precisely with the period during which the full machinery of international sanctions, imposed with China and Russia's own agreement specifically to deprive Kim of hard currency for his nuclear programme, has been in place. An estimated 16,000 North Korean troops have been sent to fight for Russia, with South Korean intelligence estimating as many as 2,000 killed; documents recovered from a dead North Korean officer in Russia's Kursk region revealed the predicament facing these troops, who were treated essentially as expendable infantry, with one North Korean worker who fled to South Korea in 2022 describing conditions for overseas labourers as being treated as 'nothing but draft animals.' North Korea exploits overseas workers, sent primarily to China and Russia but operating in an estimated 40 countries across construction, textiles, medicine, information technology and food service, through organisations reportedly including Office 39; these workers are constantly monitored to prevent defection, work roughly 16-hour days for approximately \$10 a month, and the programme generates an estimated \$500 million in foreign currency annually. Despite this documented economic boom, prosperity has not reached ordinary citizens, with millions still living in extreme poverty; the regime has cracked down on black markets even as it exploits overseas labour for elite enrichment, and satellite imagery has documented Kim Jong Un's personal ownership of luxury palaces and residences across the country, a collection of more than 100 luxury European cars, a private jet, and a multi-million-dollar yacht. Domestically, Kim prioritises functions and expenditures related to military buildup, political legitimisation and social control over broader civil and economic functions, and has reallocated some commercial monopoly licenses, previously a major revenue source for party-state agencies generally, to specifically benefit the cabinet at the expense of the military; a five-year economic development campaign (2021-2025) ostensibly aimed at improving living conditions has achieved only limited results, though a relatively liberal attitude toward market activity has allowed roughly 450 officially sanctioned markets to operate, with local administrative bodies collecting a share of merchants' surplus through taxation or quasi-taxation. The regime continues developing nuclear weapons and ballistic missiles, is regarded as a de facto nuclear power, and is not currently prepared to pursue denuclearisation talks; independent analysis warns that Russian assistance including missile technology,

satellite capabilities and proliferation financing could further advance North Korea's nuclear arsenal and help it evade sanctions and monitoring efforts. The state maintains internal order through violence and surveillance, including public executions, a monopoly on the use of force that has remained unchallenged since the Korean War ended in July 1953.

- **A stark, documented irony directly undermining the sanctions regime's stated purpose:** the explicit finding that North Korea's fastest growth in over a decade coincides precisely with the full application of sanctions designed to prevent exactly this kind of financial strengthening represents a serious, sourced challenge to the effectiveness of the current international pressure campaign.
- **A severe, documented human cost directly underlying this economic performance:** the specific 16,000 troop deployment and estimated 2,000 deaths, illustrated by the Kursk region documents describing troops as expendable infantry, represents a serious, sourced human toll directly connected to North Korea's current revenue generation.
- **A systematic, quantified forced-labour exploitation programme generating substantial state revenue:** the specific 16-hour workdays, \$10 monthly wages, constant surveillance against defection, and \$500 million annual revenue figure together represent a serious, sourced system of labour exploitation directly funding the regime.
- **A stark, directly documented gap between regime enrichment and continued mass civilian poverty:** the specific satellite-documented luxury holdings, set against the explicit finding that millions remain in extreme poverty despite the broader economic boom, represents concrete, sourced evidence that this growth has not translated into broad-based welfare improvement.
- **A specific, internal power-redistribution detail relevant to understanding regime dynamics:** the direct reallocation of commercial monopoly licenses to benefit the cabinet at the military's expense represents a concrete, sourced governance detail beyond the broader military-versus-civilian spending framing.
- **A continuing, unresolved nuclear proliferation risk directly linked to the Russia relationship:** the specific warning about Russian missile technology and proliferation financing advancing North Korea's nuclear arsenal represents a serious, sourced international security concern directly tied to the same revenue relationship driving the current economic boom.

## 4. MAJOR PROJECTS & INFRASTRUCTURE

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***New housing construction in Pyongyang represents the most visible domestic infrastructure development, though it reflects regime-directed capital allocation rather than any conventional investment project.***

- **Approximately 10,000 new homes in Pyongyang:** described in Section 3, this construction represents a visible manifestation of the regime's current financial strength, directed entirely through state allocation rather than any external or private investment mechanism.
- **Manufacturing sector expansion:** reaching a 25-year high, described in Section 3, this growth is understood to be linked to the broader sanctions-evasion and Russia-trade dynamics rather than conventional industrial investment.

## 5. CONFERENCES, FORUMS & EXHIBITIONS

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No legitimate international investment conferences or forums involving North Korea exist, consistent with the country's comprehensive international sanctions status and its exclusion from conventional global investment platforms.

## 6. BUSINESS & INVESTMENT EVENTS

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No legitimate business or investment events were identified for this period; the developments described throughout this briefing pertain to sanctions evasion, military cooperation and state revenue generation rather than conventional business activity.

## 7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

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***Deepening military and economic ties with Russia and continued Chinese backing define North Korea's most consequential current international relationships, both directly implicated in its sanctions-evading revenue model.***

- **Russia:** the arms sales, troop deployments and reciprocal technology transfers described extensively in Sections 2 and 3 represent North Korea's most significant and rapidly deepening current international relationship, directly tied to Russia's war against Ukraine.
- **China:** accounting for the overwhelming majority of North Korea's trade, described in Section 2, China's continued backing, including President Xi Jinping's pledge of 'unwavering' support, represents North Korea's other central international relationship.
- **United States:** despite North Korea's pariah status, its leadership has reportedly been courted by US officials alongside those of China and Russia, though no substantive denuclearisation talks are currently underway.

## 8. SME & PRIVATE-SECTOR DEVELOPMENTS

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***Approximately 450 officially sanctioned domestic markets represent the only form of tolerated private economic activity, operating under close state fiscal control rather than any genuine private-sector framework.***

A relatively liberal attitude toward market expansion since Kim Jong Un's rise to power has allowed roughly 450 officially sanctioned markets to operate domestically, with local administrative bodies collecting a share of merchants' surplus through taxation or quasi-taxation; this represents the extent of tolerated private economic activity within North Korea's broader state-controlled system.

- **A narrow, closely controlled space for domestic private commerce:** the specific 450-market figure represents a concrete, sourced scale of tolerated activity, though this remains fundamentally distinct from any genuine private-sector or SME development framework recognisable to external investors.

## 9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

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***None recommended under current conditions.***

Given North Korea's comprehensive international sanctions status, its exclusion from the international banking system, its documented reliance on arms sales supporting an active war of aggression, systematic forced overseas labour exploitation, and an accelerating nuclear weapons programme, this briefing identifies no credible new investment opportunities for the current period.

## SUMMARY ASSESSMENT

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North Korea presents a genuinely extraordinary paradox: by every available external measure, its economy is booming at its fastest pace of Kim Jong Un's 15-year rule, generating a documented \$22 billion foreign-currency windfall since 2022. This boom is achieved specifically through comprehensive sanctions evasion, direct military support for Russia's invasion of Ukraine that has cost thousands of North Korean lives, and systematic forced overseas labour exploitation generating hundreds of millions of dollars annually.

**Ordinary citizens remain in extreme poverty despite this growth, while satellite imagery has documented the regime leader's personal luxury holdings, and the country continues advancing an unresolved nuclear weapons programme with reported Russian technical assistance. This briefing finds no credible mainstream investment case for North Korea under current conditions. This is a market to monitor for any genuine resolution of its international isolation and nuclear proliferation concerns, rather than one to recommend for investment at this time.**