

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

NORTH KOREA

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Pyongyang (capital)	Administrative and political capital; virtually no conventional foreign business presence remains under current sanctions	State administration; negligible conventional commercial activity
Rason Special Economic Zone (China/Russia border, northeast)	North Korea's oldest and most active special economic zone, dominated by Chinese joint ventures and coal/goods transshipment through Rajin port	Cross-border trade, coal transshipment, limited light manufacturing
Wonsan-Kalma coastal tourist zone (east coast)	Kim Jong Un's flagship \$1 billion-plus state tourism project, opened June 2025 with roughly 20,000-visitor capacity, currently open only to domestic visitors and Russian tour groups	State-run tourism; no conventional foreign investment access
Sinuiju (Yalu River, China border)	Principal overland trade crossing with China, carrying the bulk of North Korea's 98%-China-dependent official trade	Cross-border trade logistics
Kaesong Industrial Complex (inter-Korean border)	Former inter-Korean joint industrial zone, dormant since 2016 with inter-Korean trade now effectively zero	Formerly light manufacturing; currently inactive
Defense-industrial production facilities (nationwide)	Munitions and missile manufacturing base supplying Russia's war in Ukraine in exchange for technology, food, oil and tourism cooperation; a core driver of recent GDP growth and a primary international sanctions target	Arms and munitions production (not available to conventional investors)
Tumangang border crossing / Pyongyang-Moscow rail corridor	Key node in deepening North Korea-Russia economic and military cooperation, including a restarted passenger rail link	Cross-border logistics tied to the Russia relationship

INVESTOR ENTRY ROUTES

- None recommended at any conventional risk tolerance; North Korea remains subject to comprehensive UN, US, EU and allied sanctions that criminalize or severely restrict most foreign investment and trade
- Existing Chinese joint ventures in Rason represent the only materially active foreign-linked commercial activity, structured entirely outside Western financial and legal systems
- State-to-state cooperation with Russia (arms-for-resources, tourism, rail links) is expanding but is not accessible to conventional private investors
- Humanitarian and development-assistance engagement, where it occurs, is channeled through UN agencies and NGOs under sanctions-carve-out frameworks
- Monitoring-only engagement pending any genuine denuclearization or sanctions-relief process
- No special-economic-zone, tourism, or trade channel in North Korea currently offers standard investor protections, capital repatriation, or legal recourse

MARKET-ENTRY OBSERVATION

North Korea enters this Gateway Guide as the most sanctions-isolated and investment-inaccessible market in the entire Waverley series, and Waverley's assessment is unambiguous: this is not a market for conventional capital deployment under any foreseeable near-term scenario. The Bank of Korea estimates North Korea's economy grew 3.5% in 2025, a third consecutive year above 3% and a recovery to output levels last seen in 2017, but the drivers of that growth are themselves the reason conventional investment remains closed off: arms sales and troop deployments to Russia's war in Ukraine (more than 10,000 soldiers sent in 2024, with South Korea's intelligence service estimating roughly 2,000 killed), in exchange for Russian weapons technology, food, oil and tourism cooperation, alongside trade with China, which accounted for 98% of North Korea's official trade in 2024. Even so, North Korea's gross national income remains under 2% of South Korea's, and its 2025 exports of \$4.7 billion were under 0.1% of South Korea's, concentrated in niche goods like tungsten ore and wigs.

The security trajectory is deteriorating rather than stabilizing. Kim Jong Un ordered factories to increase missile production in 2026, is pursuing a nuclear-powered submarine program in direct response to a US-South Korea agreement allowing Seoul to build its own nuclear submarines, and has deepened a mutual-defense treaty relationship with Russia that Vladimir Putin has publicly described as an "invincible friendship." Domestically, the won has lost roughly three-quarters of its value against the dollar since May 2024, rice prices have risen 5.2-fold over the same period, and electricity and coal shortages persist despite the headline growth figures -- underscoring that even Bank of Korea estimates (North Korea publishes no regular national accounts) describe a garrison economy reorienting around arms production and great-power patronage rather than one opening to conventional foreign investment.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Comprehensive international sanctions	UN Security Council, US, EU and allied sanctions criminalize or severely restrict most trade, investment, finance and shipping involving North Korea	Treat any potential engagement as presumptively prohibited pending exhaustive legal review; assume no viable conventional structure exists
Escalating nuclear and missile program	Kim Jong Un ordered increased missile production in 2026 and is pursuing nuclear-powered submarines in response to US-South Korea naval cooperation	Treat as an active and worsening, not static, security-risk variable
Deepening Russia military alignment	North Korea has deployed over 10,000 troops to Russia's war in Ukraine under a mutual-defense treaty, receiving weapons technology and resources in exchange	Monitor for further escalation and its implications for sanctions enforcement and regional security
Currency collapse and inflation	The won has lost roughly three-quarters of its value against the dollar since May 2024, with rice prices up 5.2-fold over the same period	Assume no reliable local-currency financial system exists for conventional commercial purposes
Energy and infrastructure shortages	Persistent electricity and coal shortages continue despite headline GDP growth, reflecting a resource-constrained, defense-oriented economy	Treat infrastructure reliability as effectively unavailable for conventional commercial operations
Near-total trade dependency on China	China accounted for 98% of North Korea's official trade in 2024, with trade volumes still roughly half their 2014 peak	Any commercial engagement would need to be structured entirely through Chinese intermediaries, itself a significant compliance exposure
No rule of law or investor protections	The political system permits no independent legal recourse, capital repatriation guarantees, or ownership protections for foreign investors	Assume zero conventional legal or financial protection under any circumstance

INVESTOR RISK NOTE

Waverley's assessment is unambiguous: North Korea does not meet any threshold for conventional capital deployment and is the most sanctions-isolated, legally inaccessible market in this entire series. Comprehensive UN, US and allied sanctions, an escalating nuclear and missile program, deepening military alignment with Russia, a collapsed currency, and the complete absence of investor legal protections mean no conventional entry route exists. Waverley does not recommend any commercial engagement with North Korea under current conditions.

MARKET ACCESS

North Korea offers no meaningful conventional market access. Its nominal special-economic-zone framework (Rason, and formerly Kaesong) exists almost entirely outside Western financial and legal systems, UN Security Council resolutions criminalize most trade and investment categories, and the country maintains no capital-account convertibility, investor-protection treaties, or independent dispute-resolution mechanisms applicable to conventional foreign investors.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
State Affairs Commission (Kim Jong Un)	Sets all national policy, including the deepening alignment with Russia and the accelerating nuclear and missile program	Not a conventional investment counterparty; relevant only to understanding top-level policy direction
Ministry of External Economic Relations	Nominally administers foreign trade and investment policy, though actual activity is overwhelmingly channeled through Chinese intermediaries	Not a viable channel for conventional foreign investment under current sanctions
Rason Economic and Trade Zone Management Committee	Administers North Korea's most active special economic zone, dominated by Chinese joint ventures	Only materially active foreign-linked commercial authority, though outside Western legal and financial systems
Central Bank of the DPRK	Nominally manages monetary policy amid a currency that has lost roughly three-quarters of its value since May 2024	Not a reliable counterparty for conventional financial engagement
Chinese provincial trade authorities (Dandong, Jilin)	De facto gatekeepers for the 98% of North Korea's official trade that flows through China	Any engagement would need to be structured through these Chinese intermediaries, itself a significant compliance exposure
UN Security Council 1718 Sanctions Committee / Panel of Experts	Administers and monitors the sanctions regime that governs almost all permissible and prohibited activity involving North Korea	Essential reference point for any compliance review, though not an investment-facilitation body
UN agencies and international NGOs	Channel limited humanitarian and development assistance under sanctions carve-outs	Primary legitimate channel for any humanitarian engagement with North Korea

CURRENT INTERNATIONAL BUSINESS CHANNELS

Conventional business channels do not exist. What limited economic activity occurs runs almost entirely through Chinese intermediaries in Rason and along the Sinuiju border crossing, through state-to-state arrangements with Russia, or through UN and NGO humanitarian frameworks; no mainstream international banking, investment-promotion, or legal-recourse channel is available to conventional investors.

INVESTOR PROFILE BEST SUITED

Not recommended for any investor under current conditions. North Korea is not a viable market for conventional capital of any kind given comprehensive international sanctions, an escalating weapons program, and the complete absence of investor legal protections.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Do not proceed with conventional investment

Given comprehensive sanctions and the absence of any investor protections, the appropriate first step is recognizing that no conventional market-entry process applies.

STEP 2: If humanitarian engagement is the goal, use UN or NGO channels exclusively

Any legitimate engagement with North Korea should be structured through established UN agencies or NGOs operating under sanctions carve-outs.

STEP 3: Conduct exhaustive sanctions-compliance review for any adjacent exposure

Verify no indirect exposure to North Korea-linked entities, particularly in supply chains touching China or Russia.

STEP 4: Monitor the sanctions and security situation

Track UN Security Council, US and allied sanctions developments and the trajectory of North Korea's weapons programs.

STEP 5: Reassess only upon genuine denuclearization or sanctions-relief progress

Any future reassessment of North Korea's investment classification should be contingent on verifiable, internationally recognized progress on denuclearization and sanctions relief.

WAVERLEY'S ROLE

- Advise against any conventional commercial engagement with North Korea under current conditions
- Monitor sanctions, nuclear-program and Russia-alignment developments for any material change
- Where appropriate, point humanitarian-minded clients toward established UN or NGO channels rather than direct engagement
- Flag any genuine denuclearization or sanctions-relief process that would warrant reassessment of North Korea's investment classification

INVESTOR CALL TO ACTION

Waverley Gateway's assessment is unambiguous: North Korea does not currently warrant any form of conventional capital deployment given comprehensive international sanctions, an escalating nuclear and missile program, deepening military alignment with Russia, and the complete absence of investor legal protections -- Waverley does not recommend commercial engagement under current conditions.

Monitor sanctions and security trajectory -> Reassess only upon genuine denuclearization progress -> Humanitarian engagement only via UN/NGO channels -> No conventional entry route exists at this time

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

No conventional investment opportunity pipeline exists. The only materially active foreign-linked commercial activity is Chinese joint-venture trade through the Rason Special Economic Zone, which operates entirely outside Western financial and legal systems and is not accessible to conventional investors.

POSITIONING

North Korea sits at the absolute extreme of the risk spectrum in this series: comprehensive international sanctions, an actively escalating nuclear and missile program, deepening military alignment with Russia including troop deployments to Ukraine, and a currency that has lost three-quarters of its value in under two years.

Waverley's positioning could not be clearer: this is not a market for capital deployment of any kind. Where genuine humanitarian interest exists, it should be directed exclusively through established UN or NGO channels, and any future reassessment of North Korea's investment classification would require a credible, internationally verified process of denuclearization and sanctions relief that is not evident under current conditions.

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