

# NEWS RELEASE



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## Gross Domestic Product Estimates\* for North Korea for 2011

\* Direct comparisons with other countries of North Korean economic indicators related to the National Accounts (such as its growth rate, industrial structure, economic size, and per capita GNI) are not advisable, as they are estimated based on South Korean prices and value added ratios for example.

### I. Economic Growth Rate

- North Korean real annual GDP increased by 0.8% in 2011.
- Manufacturing production fell centering around the heavy & chemical industry such as fabricated metal & machineries and chemical products, while agriculture, forestry & fishing output greatly increased owing to good harvests for example of rice and corn.

### North Korean GDP Growth

													(%)
1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
-4.3	-4.4	0.4	3.8	1.2	1.8	2.1	3.8	-1.0	-1.2	3.1	-0.9	-0.5	0.8
(9.3)	(8.9)	(8.8)	(4.0)	(7.2)	(2.8)	(4.6)	(4.0)	(5.2)	(5.1)	(2.3)	(0.3)	(6.3)	(3.6)

Note: Figures in parentheses represent South Korea's GDP growth rates.

## **(GDP Growth by Industry)**

- Production in the agriculture, forestry & fishing sector grew 5.3% in 2011 compared to the previous year, as weather conditions were favorable with more sunlight for example and farm produce expanded for instance on increased inputs of fertilizer.
- Mining output rose by 0.9% (-0.2% in 2010), on the strength of increased coal production.
  - Non-metallic minerals declined -1.7%, but coal production increased by 2.0%.
- Manufacturing production decreased by 3.0% (-0.3% in 2010), with outputs in both the light and heavy & chemical industries dropping.
  - Light industry output fell by 0.1% (-1.4% in 2010), as production declines in items such as textiles and shoes offset expansions in foodstuffs.
  - Production in the heavy & chemical industry dropped by 4.2% (+0.1% in 2010), as most sub-sectors including fabricated metal & machineries and chemical products saw decreased output.
- Electricity, gas & water production shrank by 4.7% (-0.8% in 2010), with the huge drop in thermal power generation offsetting the rise in hydroelectric power generation.
- Construction gained 3.9% (+0.3% in 2010), centering around residential building construction as part of the Pyeongyang modernization project.
  - Residential building constructions rose by 15.6%, while construction of non-residential buildings such as industrial facilities fell by 24.0%.
- The services sector grew by 0.3% on the whole (+0.2% in 2010), as despite the decline in the wholesale & retail trade and restaurants & accommodation sub-sectors (-0.2%) output, in other sub-sectors such as transportation & communications (+1.5%), finance, insurance & real estate (+0.3%) and government services (+0.1%) increased.

## North Korean GDP Growth, by Industry

(%)

	North Korea		South Korea		
	2009	2010	2011	2010	2011
Agriculture, forestry & fishing	-1.0	-2.1	5.3	-4.4	-2.0
Mining & manufacturing	-2.3	-0.3	-1.4	14.5	7.1
Mining	-0.9	-0.2	0.9	-8.5	-4.6
Manufacturing	-3.0	-0.3	-3.0	14.7	7.2
(Light industry)	(-2.1)	(-1.4)	(-0.1)	(5.9)	(2.0)
(Heavy & chemical industry)	(-3.5)	(0.1)	(-4.2)	(16.5)	(8.1)
Electricity, gas & water supply	0.0	-0.8	-4.7	4.3	2.9
Construction	0.8	0.3	3.9	-2.7	-4.6
Services	0.1	0.2	0.3	3.9	2.6
(Government)	(0.5)	(0.2)	(0.1)	(1.4)	(1.2)
(Other services <sup>1)</sup> )	(-0.8)	(0.3)	(0.6)	(4.5)	(2.9)
<b>GDP</b>	<b>-0.9</b>	<b>-0.5</b>	<b>0.8</b>	<b>6.3</b>	<b>3.6</b>

Note: 1) Includes sub-sectors such as wholesale & retail trade, restaurants & accommodation, transportation & communications and finance, insurance & real estate.

## II. Industrial Structure

- A look at North Korea's industrial structure in 2011 shows increases in the GDP shares (in nominal GDP terms) of agriculture, forestry & fishing and mining & manufacturing and decreases in the shares of electricity, gas & water supply, construction and services.
  - The share of agriculture, forestry & fishing expanded by 2.3%p to 23.1%.
  - That of mining & manufacturing rose by 0.2%p to 36.5%, with manufacturing remaining unchanged and mining slightly rising.
  - The shares of electricity, gas & water supply, construction and services declined by 0.8%p, 0.1%p and 1.6%p to record 3.1%, 7.9% and 29.4%, respectively.

## North Korean Industrial Structure<sup>1)</sup>

	(nominal terms, %)				
	North Korea			South Korea	
	2009	2010	2011	2010	2011
Agriculture, forestry & fishing	20.9	20.8	23.1	2.6	2.7
Mining & manufacturing	34.8	36.3	36.5	30.5	31.4
Mining	12.7	14.4	14.6	0.2	0.2
Manufacturing	22.1	21.9	21.9	30.3	31.2
(Light industry)	(7.0)	(6.6)	(6.5)	(4.7)	(4.8)
(Heavy & chemical industry)	(15.2)	(15.3)	(15.4)	(25.6)	(26.4)
Electricity, gas & water supply	4.1	3.9	3.1	2.0	2.0
Construction	8.0	8.0	7.9	6.3	5.9
Services	32.1	31.0	29.4	58.5	58.1
(Government)	(22.8)	(22.4)	(21.2)	(10.1)	(10.2)
(Other services <sup>2)</sup> )	(9.3)	(8.6)	(8.1)	(48.4)	(47.9)
GDP	100.0	100.0	100.0	100.0	100.0

Notes: 1) Proportion of each industry's output in nominal GDP.

2) Includes sub-sectors such as wholesale & retail trade, restaurants & accommodation, transportation & communications, finance, insurance & real estate.

### **III . Gross National Income & External Trade**

- North Korean gross national income (nominal GNI) was valued at 32.4 trillion won for 2011, one thirty-eighth (2.6%) that of the South Korean economy.
- GNI per capita stood at 1.334 million won, approximately one nineteenth (5.3%) that of South Korea.

## **Economic Scales and Per Capita GNI in South and North Korea**

	North Korea (A)		South Korea (B)		B/A	
	2010	2011	2010	2011	2010	2011
Nominal GNI (KRW trillion)	30.0 (4.9)	32.4 (8.0)	1,174.8 (9.8)	1,240.5 (5.6)	39.1	38.2
Per capita GNI (KRW 10 thousand)	124.2	133.4	2,377.5	2,492.0	19.1	18.7
Population (thousands)	24,187	24,308	49,410	49,779	2.0	2.0

Note: Figures in parentheses represent rates of growth over the previous years.

### **(External Trade)**

- The volume of North Korea's external trade (sum of exports and imports of goods, excluding trade between North and South Korea) amounted to 6.32 billion dollars during 2011, expanding by 2.14 billion dollars compared to 4.17 billion dollars during 2010.
  - Exports totaled 2.79 billion dollars, an increase of 84.2% compared to the year before.
    - Exports of items such as minerals (+138.1%) and textiles (+106.3%) increased greatly.
  - Imports totaled 3.53 billion dollars, growing by 32.6% year-on-year.
    - Imports for instance of textiles (+157.1%), processed foods (+106.0%) and chemical products (+39.6%) rose sharply, while those of plastic goods (-32.1%) declined.

### **External Trade of South and North Korea<sup>1)</sup>**

(USD 100 million)

	North Korea (A)		South Korea (B)		B/A	
	2010	2011	2010	2011	2010	2011
Trade Amount	41.7 (22.3)	63.2 (51.3)	8,916.0 (29.9)	10,796.3 (21.1)	213.8	170.8
Exports	15.1 (42.5)	27.9 (84.2)	4,663.8 (28.3)	5,552.1 (19.0)	308.9	199.0
Imports	26.6 (13.2)	35.3 (32.6)	4,252.1 (31.6)	5,244.1 (23.3)	159.9	148.6

Notes: 1) Excludes bilateral trade between North and South Korea.

2) Figures in parentheses represent rates of growth over the previous years.

- Bilateral trade between South and North Korea decreased by 10.4% year-on-year to record 1.71 billion dollars\* in 2011.

\* Kaesong Industrial Complex accounted for 99.1% of this trade.

- South-to-North trade shrank by 7.8% over 2010, as trade of items such as textiles (-13.5%) and electronic goods (-7.6%) decreased.
- North-to-South trade fell by 12.5%, as despite the increase in trade of electric & electronic goods (34.6%) that of others such as textiles (-20.9%) decreased.

### **Volume of Bilateral Trade between South and North Korea**

(USD million, %)

	2005	2006	2007	2008	2009	2010 (A)	2011 (B)	(B-A)	Rate of change (B/A)
South-to-North	715.5	830.2	1,032.6	888.1	744.8	868.3	800.2	-68.1	-7.8
North-to-South	340.3	519.5	765.3	932.3	934.3	1,043.9	913.7	-130.2	-12.5
Total	1,055.8	1,349.7	1,797.9	1,820.4	1,679.1	1,912.2	1,713.9	-198.3	-10.4

Source: Ministry of Unification

## North Korean GDP, by Economic Activity

	(KRW billion, %)					
	Real			Nominal		
	2010	2011	Rate of Change	2010	2011	Share (2011)
Agriculture, forestry & fishing	5,730.8	6,035.0	5.3	6,225.2	7,429.5	23.1
Mining & manufacturing	7,286.4	7,181.3	-1.4	10,848.2	11,775.3	36.5
Mining	2,573.5	2,597.2	0.9	4,300.4	4,702.5	14.6
Manufacturing	4,712.7	4,571.9	-3.0	6,547.8	7,072.8	21.9
Electricity, gas & water supply	1,197.6	1,140.9	-4.7	1,161.5	1,011.6	3.1
Construction	2,110.8	2,193.7	3.9	2,395.3	2,547.2	7.9
Services	8,271.4	8,293.3	0.3	9,249.7	9,464.3	29.4
Government	5,798.1	5,805.2	0.1	6,682.2	6,842.3	21.2
Other services	2,472.7	2,488.4	0.6	2,567.6	2,622.0	8.1
(Wholesale & retail trade)	119.1	118.9	-0.2	128.0	128.0	0.4
(Transportation & communication)	749.6	761.1	1.5	720.7	683.4	2.1
(Finance, insurance & real estate)	1,603.1	1,608.2	0.3	1,718.9	1,810.6	5.6
<b>GDP</b>	<b>24,596.8</b>	<b>24,792.9</b>	<b>0.8</b>	<b>29,879.9</b>	<b>32,227.8</b>	<b>100.0</b>

## **How North Korea's GDP is Estimated**

The Bank of Korea (BOK) has been estimating the "Gross Domestic Product of North Korea" annually since 1991, using the basic data on production quantities supplied by relevant institutions.

This estimation project has been undertaken for the purpose of evaluating the North Korean economy from South Korea's perspective and utilizing the results in policy-making.

The estimation therefore follows the System of National Accounts (SNA)\*, which is also applied in GDP estimation for South Korea.

\* Nations in transition to market economies also compile their GDP statistics based on the SNA, as is the practice in most market economies including South Korea.

GDP at current prices is estimated with the use of South Korean prices and value-added ratios.