

# Gross Domestic Product Estimates<sup>\*</sup> for North Korea in 2010

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

North Korea's real annual GDP decreased by 0.5% in 2010, marking a second consecutive year of contraction.

The negative growth was attributable mainly to sluggish agriculture, forestry & fishing production due largely to deteriorating weather conditions, and to the continued decline in manufacturing output centering around the light industries.

#### North Korean GDP Growth

_													%
	1990	<b>′</b> 95	2000	′01	′02	′03	′04	<i>'</i> 05	′06	<b>′</b> 07	′08	′09	<b>'</b> 10
	-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
	(9.3)	(8.9)	(8.8)	(4.0)	(7.2)	(2.8)	(4.6)	(4.0)	(5.2)	(5.1)	(2.3)	(0.3)	(6.2)

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

#### (GDP Growth by Industry)

Production in the agriculture, forestry & fishing sector fell 2.1% in 2010 compared to the previous year, as agricultural output slumped due mostly to cold weather damage and the typhoon.

Mining output declined 0.2%, owing to a sharp decrease in coal production which offset the increases in metallic and non-metallic minerals.

Manufacturing production decreased by 0.3%. Light industry output dropped 1.4%, as the declines in food & beverages and tobacco production offset the expansions in textiles & clothes and shoes. Production in the heavy industries meanwhile increased 0.1%, led mostly by rises in steel, fabricated metals & machinery and non-ferrous metal output.

Electricity, gas & water production fell by 0.8% owing to a drop in thermal power generation.

The construction sector saw a 0.3% rise, due to an increase in civil engineering.

The services sector grew by 0.2% on the whole, as the sluggishness in the wholesale & retail trade and restaurants & accommodation sub-sectors (-1.4%) eased and transportation & communications (+0.7%) and finance, insurance & real estate (+0.3%) output increased.

%					
		North Korea	South		
	2008	<i>'</i> 09	<b>'10</b>	2009	<b>'10</b>
Agriculture, forestry & fishing Mining &	8.0	-1.0	-2.1	3.2	-4.3
manufacturing	2.5	-2.3	-0.3	-1.5	14.6
Mining	2.4	-0.9	-0.2	-0.8	-7.8
Manufacturing	2.6	-3.0	-0.3	-1.5	14.8
(Light industry)	(1.3)	(-2.1)	(-1.4)	(-5.2)	(9.5)
(Heavy industry)	(3.2)	(-3.5)	(0.1)	(-0.8)	(15.9)
Electricity, gas & water supply	6.0	0.0	-0.8	4.1	4.7
Construction	1.1	0.8	0.3	1.8	-0.1
Services	0.7	0.1	0.2	1.2	3.5
(Government)	(0.3)	(0.5)	(0.2)	(3.1)	(1.5)
(Other services)	(1.7)	(-0.8)	(0.3)	(0.7)	(3.9)
GDP	3.1	-0.9	-0.5	0.3	6.2

# North Korean GDP Growth, by Industry

## (Industrial Structure)

A look at North Korea's industrial structure in 2010 shows a rise in the GDP share of mining & manufacturing led by mining and decreases in the shares of services, electricity, gas & water supply, and agriculture, forestry & fishing.

			nomi	nominal terms, %			
_		North Korea	South Korea				
	2008	<b>'</b> 09	<b>'10</b>	2009	<b>′10</b>		
Agriculture, forestry & fishing	21.6	20.9	20.8	2.8	2.6		
Mining & manufacturing	34.6	34.8	36.3	28.0	30.8		
Mining	12.1	12.7	14.4	0.2	0.2		
Manufacturing	22.5	22.1	21.9	27.8	30.6		
(Light industry)	(6.7)	(7.0)	(6.6)	(4.8)	(4.9)		
(Heavy industry)	(15.8)	(15.2)	(15.3)	(23.0)	(25.6)		
Electricity, gas & water supply	3.4	4.1	3.9	1.8	2.0		
Construction	8.3	8.0	8.0	6.9	6.5		
Services	32.2	32.1	31.0	60.4	58.2		
(Government)	(22.8)	(22.8)	(22.4)	(10.9)	(10.2)		
(Other services)	(9.4)	(9.3)	(8.6)	(49.5)	(47.9)		
GDP	100.0	100.0	100.0	100.0	100.0		

#### **North Korean Industrial Structure**

## (Gross National Income)

The North Korean economy was valued at 30,049 billion won (nominal GNI) for 2010, one thirty-ninth (2.6%) the size of the South Korean economy, and its per capita GNI stood at 1.242 million, approximately one nineteenth (5.3%) that of South Korea.

	North Ko	orea (A)	South Ke	B/A		
	2009	<i>'</i> 10	2009	<b>′10</b>	′09	<i>'</i> 10
Nominal GNI (KRW billion)	28,634.6	30,048.7	1,069,738.0	1,173,123	37.4	39.0
Per capita GNI (KRW 10 thousand)	119.0	124.2	2,195.0	2,400.0	18.4	19.3

## (External Trade)

North Korea's trading volume (goods-based) amounted to 4,170 million dollars during 2010, 1/214 that of South Korea.

Its exports rose by 42.5% during the year, and imports by 13.2%.

					:	\$100 million	
	North Kore	ea (A)	South K	orea (B)	B/A		
	2009	<i>'</i> 10	2009	2009 '10		<b>'</b> 10	
Trade Amount	34.1	41.7	6,866.1	8,915.9	201.2	213.6	
Exports	10.6	15.1	3,635.3	4,663.8	342.3	308.1	
Imports	23.5	26.6	3,230.8	4,252.1	137.4	159.8	

#### **External Trade of South and North Korea**

Note: Bilateral trade between North and South Korea excluded.

Bilateral trade between South and North Korea increased 13.9% year-on-year to total 1.91 billion dollars in 2010.

South-to-North trade expanded by 16.6% over 2009, as the increase in raw and semi-processed material exports to the Gaeseong Industrial Complex offset the contraction in private party trade and government humanitarian support. North-to-South trade meanwhile climbed 11.7%, owing to an expansion in imports from the Gaeseong Industrial Complex.

## Volume of Bilateral Trade between South and North Korea

								\$	million, %
	2004	<i>'</i> 05	′06	′07	′08	′09(A)	′10(B)	(B-A)	Rate of Increase (B/A)
South-to-North	439.0	715.5	830.2	1,032.6	888.1	744.8	868.3	123.5	16.6
North-to-South	258.0	340.3	519.5	765.3	932.3	934.3	1,043.9	109.6	11.7
Total	724.2	697.0	1,055.8	1,349.7	1,797.9	1,820.4	1,912.2	233.1	13.9

# 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.