

# NEWS RELEASE



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Lim Tae Ok: 82-2-759-4354 [lto@bok.or.kr](mailto:lto@bok.or.kr)

## Gross Domestic Product Estimates\* for North Korea in 2013

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

### **I . Economic Growth Rate**

- North Korea's real annual GDP increased by 1.1% in 2013.
- Construction sector production fell centering around civil engineering, however, agricultural production increased due to favorable weather condition and production in mineral resource such as coal and iron ore expanded.

### **North Korean GDP Growth**

																(%)
1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
-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	1.3	1.1	
(9.3)	(8.9)	(8.8)	(4.5)	(7.4)	(2.9)	(4.9)	(3.9)	(5.2)	(5.5)	(2.8)	(0.7)	(6.5)	(3.7)	(2.3)	(3.0)	

Note: Figures in parentheses represent South Korea's GDP growth rates, with the data up until 2000 based on the statistics with 2005 as reference year and those from 2001 with 2010 as reference year

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

- Production in the agriculture, forestry & fishing sector grew by 1.9% in 2013 (+3.9% in 2012), despite production declines in livestock such as pigs and poultry, as agricultural production expanded due to favorable weather conditions and appropriate pest control.
- Mining output rose by 2.1% (+0.8% in 2012), on the strength of increased coal and iron ore production.
- Manufacturing production grew by 1.1% (1.6% in 2012) despite slower growth in the light industries, as output in the heavy & chemical industries increased.
  - Light industry output registered a 1.4% increase (4.7% in 2012), as production of items such as food, textile & clothing products and shoes rose.
  - Production in the heavy & chemical industries grew by 1.0% (0.2% in 2012), as the output of chemical products -such as oil and coal- and fabricated metal products increased.
- Electricity, gas & water production expanded by 2.3% (1.6% in 2012), with increases in both thermal and hydroelectric power generation.
- Construction contracted by 1.0% (-1.6% in 2012) due to a decline in civil engineering such as the building of roads.
  - Building construction rose, centering around residential buildings, while civil engineering such as road paving shrank.
- The services sector grew by 0.3% overall (+0.1% in 2012), despite sluggishness of wholesale & retail trade, restaurants & accommodation sectors(+0.0%), as output increased in other sub-sectors such as government services (+0.3%) and transportation & communications (+0.7%).

## North Korean GDP Growth, by Industry

(%)

	North Korea			South Korea	
	2011	2012	2013	2012	2013
Agriculture, forestry & fishing	5.3	3.9	1.9	-0.9	5.8
Mining & manufacturing	-1.4	1.3	1.5	2.4	3.3
Mining	0.9	0.8	2.1	-0.3	7.6
Manufacturing	-3.0	1.6	1.1	2.4	3.3
(Light industry)	(-0.1)	(4.7)	(1.4)	(3.2)	(1.2)
(Heavy & chemical industry)	(-4.2)	(0.2)	(1.0)	(2.2)	(3.7)
Electricity, gas & water supply	-4.7	1.6	2.3	4.0	1.4
Construction	3.9	-1.6	-1.0	-1.8	3.6
Services	0.3	0.1	0.3	2.8	2.9
(Government)	(0.1)	(-0.2)	(0.3)	(2.3)	(1.9)
(Other services <sup>1)</sup> )	(0.6)	(0.8)	(0.4)	(2.9)	(3.1)
<b>GDP</b>	<b>0.8</b>	<b>1.3</b>	<b>1.1</b>	<b>2.3</b>	<b>3.0</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 shows increases in 2013 in the proportions of GDP (in nominal GDP terms) accounted for by the electricity, gas & water supply and the services sectors, and decreases in the shares of agriculture, forestry & fishing and mining & manufacturing.
  - The shares in total GDP contributed by agriculture, forestry & fishing fell by 1.0%p to 22.4%.
  - The share of mining & manufacturing declined by 0.2%p to record 35.7%, with that of manufacturing rising by 0.2%p (to 22.1%) while that of mining decreased by 0.4%p (to 13.6%).
  - The proportions accounted for by electricity, gas & water supply and services expanded by 0.6%p each, to stand at 4.1%, and 30.0% respectively.

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

	(nominal terms, %)				
	North Korea			South Korea	
	2011	2012	2013	2012	2013
Agriculture, forestry & fishing	23.1	23.4	22.4	2.5	2.3
Mining & manufacturing	36.5	35.9	35.7	31.2	31.3
Mining	14.6	14.0	13.6	0.2	0.2
Manufacturing	21.9	21.9	22.1	31.0	31.1
(Light industry)	(6.5)	(6.7)	(6.8)	(5.3)	(5.3)
(Heavy & chemical industry)	(15.4)	(15.2)	(15.4)	(25.7)	(25.8)
Electricity, gas & water supply	3.1	3.5	4.1	2.1	2.3
Construction	7.9	7.8	7.8	4.8	5.0
Services	29.4	29.4	30.0	59.5	59.1
(Government)	(21.2)	(21.3)	(21.7)	(10.5)	(10.6)
(Other services <sup>2)</sup> )	(8.1)	(8.2)	(8.4)	(49.0)	(48.5)
<b>GDP</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

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

### III. Gross National Income & External Trade

- North Korean gross national income (nominal GNI) was valued at 33.8 trillion won for 2013, 1/43 that of the South Korean economy.
- GNI per capita stood at 1.379 million won, approximately 1/21 of South Korea's.

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

	North Korea (A)		South Korea (B)		B/A	
	2012	2013	2012	2013	2012	2013
Nominal GNI (KRW trillion)	33.5 (3.2)	33.8 (1.1)	1,391.6 (3.8)	1,441.1 (3.6)	41.6	42.6
Per capita GNI (KRW 10 thousand)	137.1	137.9	2,782.9	2,869.5	20.3	20.8
Population (thousand)	24,427	24,545	50,004	50,220	2.0	2.0

Notes: Figures in parentheses represent the 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 South and North Korea) amounted to 7.34 billion dollars in 2013, up by 0.53 billion dollars from the 6.81 billion dollars during 2012.
  - Exports totaled 3.22 billion dollars, an increase of 11.7% over the year before.
    - Exports of minerals (14.4%) and textiles (+31.2%) both increased greatly.
  - Imports totaled 4.13 billion dollars, higher by 5.0% year-on-year.
    - Imports of machinery (-6.4%) and mineral products (-3.6%) decreased, while those of textiles (+20.4%) and plastic products (+27.5%) expanded by large amounts.

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

	(USD 100 million)					
	North Korea (A)		South Korea (B)		B/A	
	2012	2013	2012	2013	2012	2013
Trade Amount	68.1 (7.1)	73.4 (7.9)	10,674.5 (-1.1)	10,752.2 (0.7)	156.7	146.5
Exports	28.8 (3.3)	32.2 (11.7)	5,478.7 (-1.3)	5,596.3 (2.1)	190.2	173.8
Imports	39.3 (10.2)	41.3 (5.0)	5,195.8 (-0.9)	5,155.9 (-0.8)	132.2	124.8

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

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

- Bilateral trade between South and North Korea contracted by 42.4% year-on-year to record 1.14 billion dollars\* in 2013.

\* Kaesong Industrial Complex accounted for 99.7% of this.

- South-to-North trade shrank by 42.0%, as the trading of items such as electric & electronic goods (-46.6%) and textiles (-41.1%) decreased.
- North-to-South trade fell by 42.7%, due primarily to decreases in the trading of textiles (-45.2%) and of electric & electronic goods (-42.7%).

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

	(USD million, %)								
	2007	2008	2009	2010	2011	2012 (A)	2013 (B)	(B-A)	Rate of change (B/A)
South-to-North	1,032.6	888.1	744.8	868.3	800.2	897.2	520.6	-376.6	-42.0
North-to-South	765.3	932.3	934.3	1,043.9	913.7	1,074.0	615.2	-458.7	-42.7
Total	1,797.9	1,820.4	1,679.1	1,912.2	1,713.9	1,971.1	1,135.9	-835.3	-42.4

Source: Ministry of Unification

## North Korean GDP, by Economic Activity

	(KRW billion, %)					
	Real			Nominal		
	2012	2013	Rate of Change	2012	2013	Share (2013)
Agriculture, forestry & fishing	6,813.4	6,942.4	1.9	7,763.6	7,525.1	22.4
Mining & manufacturing	10,827.3	10,985.7	1.5	11,914.3	12,012.8	35.7
Mining	4,376.0	4,465.9	2.1	4,636.7	4,571.7	13.6
Manufacturing	6,450.8	6,520.9	1.1	7,277.6	7,441.2	22.1
Electricity, gas & water supply	1,124.2	1,149.9	2.3	1,175.9	1,365.4	4.1
Construction	2,448.5	2,424.1	-1.0	2,579.4	2,613.1	7.8
Services	9,280.7	9,312.4	0.3	9,778.7	10,097.8	30.0
Government	6,675.6	6,697.3	0.3	7,061.8	7,282.5	21.7
Other services	2,605.3	2,615.3	0.4	2,716.8	2,815.2	8.4
(Wholesale & retail trade)	130.6	130.5	0.0	129.8	132.4	0.4
(Transportation & Communication)	746.1	751.0	0.7	706.1	753.7	2.2
(Finance, Insurance & Real estate)	1,729.6	1,735.0	0.3	1,880.9	1,929.1	5.7
<b>GDP</b>	<b>30,512.1</b>	<b>30,839.2</b>	<b>1.1</b>	<b>33,211.9</b>	<b>33,614.2</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 basic data on North Korea's economic activities 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 thus follows the System of National Accounts (SNA)\*, which is also applied in GDP estimation for South Korea.

\* Nations in transition to market economies such as Russia and China 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.



## **Rebasing reference year of North Korean GDP**

The reference year of the National Income Statistics is updated every five year so as to keep the GDP statistics relevant to the changes in economic structure and production technologies.

In March the Bank of Korea updated the reference year of the Korean National Income Statistics from 2005 to 2010. In consequence, the South Korean economic growth rate, economic size, deflator and value-added ratios have all been revised.

GDP for North Korea is estimated using South Korean prices and value-added ratios. For proper comparison of the South Korean and North Korean economies, it is thus necessary to also change the reference year for North Korea's real GDP from 2005 to 2010.

The previous real GDP estimates chained at 2005 prices have been revised as well, since real GDP chained at 2010 prices is calculated using the current year's volume and reference year's prices. The real GDP estimates from 1990 to 2012 have also been revised, while the economic growth rate and rates of growth by economic activity over this period remain unchanged.